



Working together

Re-focusing public accountability to achieve better lives

NZIER report to the New Zealand Productivity Commission

February 2023



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Key points

This report for the New Zealand Productivity Commission reviews the economics of accountability. In it, we discuss how the system of public accountability in Aotearoa New Zealand can contribute to increasing the productivity and effectiveness of the social assistance system.

A more productive system is one that uses the economy's scarce resources better to improve peoples' lives. Our particular focus is the role of accountability in the systems used to assist people experiencing persistent disadvantage.

The specific questions that we have been asked to address are:

- What are the relevant macro-level public accountability settings and boundaries for addressing persistent disadvantage?
- How do macro-level public accountability settings drive current system outcomes in relation to addressing persistent disadvantage?
- What might a new macro-level accountability framework look like?
- How might Te Ao Māori values produce different macro-level accountability settings and drive better outcomes?
- What are some of the concrete steps that can be taken to realise the new settings?

The term 'accountability' means different things to different people. But we have identified some clear first principles that can support a different approach to accountability that should result in a social assistance system that works better and is more efficient and cost-effective.

The Productivity Commission's interim report is the latest in a long line of studies to show that despite being a supposed policy priority, the current system for addressing persistent disadvantage has demonstrably failed.

In considering our proposals, the question is not whether they are perfect but whether they are better than a system that is failing. Put another way, do we continue with a system that is not working or try one that might?

Framing the discussion

Accountability and addressing persistent disadvantage are both large, complex, and much-studied topics.

Developing an accountability system that will allow successive governments to better address persistent disadvantage requires two steps. First, we needed to gain a clear understanding of each topic, which at first sight have little in common (one is about the exercise of power within the public sector, the other a difficult social policy challenge). Then, we needed a clear framework to combine the relevant findings from developing that understanding into a coherent, effective and practical accountability system.

The framework that we have used is Amartya Sen's version of the capability approach. The success of any system, policy or programme is measured by whether it increases the



freedom that people have to live a life that they value. This approach is deliberately flexible and does not impose on people a pre-determined idea of what is good for them.

Once the overall goals of policy are understood, the next steps are to design the individual policy interventions needed to achieve them and determine what accountability regimes best suit the institutions and people designing and delivering those policies. That is, an accountability system for addressing persistent disadvantage must be designed from the bottom up.

Persistent disadvantage

The Commission's definition of persistent disadvantage emphasises that it has multiple dimensions, some of which interact to make the combined effect even worse.

The evidence on why some people experience persistent disadvantage while others with similar characteristics do not is still developing. It is clear that the group of people affected is very diverse. While Māori, Pacific peoples, some recent immigrants and people with disabilities figure disproportionately, there are also many Pākehā experiencing persistent disadvantage.

The causes of persistent disadvantage can be a complex and often interlinked combination of personal experiences, such as family violence, addiction or loss of economic opportunities, and wider systemic issues, including our colonial history, racism, sexism, ableism, and how power is shared and exercised throughout society.

Expanding our knowledge of causes, who is impacted and how is important. But we currently know enough to see where our existing approaches to addressing persistent disadvantage need to change.

Existing responses are failing

Policy advisers, the academic community and wider civil society have been calling for additional assistance to be provided for people experiencing persistent disadvantage for more than 30 years. Despite clear evidence of a problem and knowledge of different approaches that can improve people's lives, successive governments have continued to use a failed approach to address the issue.

The New Zealand social assistance system was designed to provide uniform, low-cost services delivered at scale. This approach generally works reasonably well for people not experiencing or at risk of experiencing persistent disadvantage – those with simple or limited needs. Improvements are possible, but they will proceed on a different basis and are outside the scope of this report.

This system does not work well for people with multiple, complex, ongoing needs. Efforts to increase collaboration and make the component parts of the system 'join up' better have made limited progress at the margin.

Policy changes are needed to address persistent disadvantage

Decades of failing to take the required steps to address a major policy issue affecting thousands of people, many of whom are marginalised, abused and discriminated against, point to systemic failures in our political system.



Having reviewed the theory and evidence surrounding accountability systems, we have concluded that there are flaws in the New Zealand approach to conditioning the exercise of political and administrative power that support a failed approach to addressing persistent disadvantage.

What is accountability?

The literature contains a clear warning that accountability is an elusive term, with many meanings.

While it is diverse, there is sufficient commonality of thinking to allow some first principles for defining an accountability regime to be determined.

At its heart, accountability is about power. This report focuses on how New Zealand governments can be encouraged through accountability to better exercise their powers to address persistent disadvantage.

Accountability is a relationship between someone exercising power and another person on whose behalf they are exercising that power. That relationship takes place within an accountability system.

The system obliges the person exercising power to explain and justify their conduct, to answer questions and receive the judgement of the person they are acting for. That judgement may involve consequences (which can include learning as well as 'punishment').

In public administration, accountability has three dimensions.

A 'democratic' dimension is focused on ensuring that individuals and organisations are held responsible for their actions and decisions and are not able to avoid or evade responsibility for any negative outcomes. Accountability systems put into effect a 'democratic chain of delegation' from voters, to parliament, Ministers and then officials and those who deliver assistance and provide services.

'Constitutional' accountability promotes transparency, honesty and ethical behaviour. It is essential that accountability arrangements prevent or reveal abuses of public authority.

A 'learning' dimension supports ongoing improvement at a system, organisation, and individual level and is a key tool to ensure governments deliver on their promises.

How does the New Zealand accountability system work?

New Zealand's formal public accountability system is based on a British parliamentary accountability model with the respective roles of Parliament and the Crown in financing government programmes as its cornerstones.

There is currently a direct, linear, vertical accountability structure that starts with officials and goes through departments to Ministers, to Parliament, and then to the public. Where the Crown contracts social assistance services, government agencies and local government currently impose the accountabilities to which they are subject to non-government providers via complex, transactional contracts.

These contracts require extensive reporting of how inputs are used and what outputs are produced. There is significantly less emphasis on what outcomes are to be delivered and limited focus on learning and improving, particularly at the systems level.

Where expected results are specified, there are few real consequences to failing to meet them, and they do not create a feedback loop that embeds ongoing improvements through testing, learning and adapting.

New Zealand's current accountability system is not fit for purpose

New Zealand's current system of public accountability operates within a wider constitutional context that lacks many of the protections present in other democracies: we have a single level of a sovereign government, elected to a single house of parliament, which is dominated by Ministers, who operate within an unwritten, and thus very flexible constitution that guarantees few civil or political rights.

This system largely ignores Te Tiriti o Waitangi. As the founding constitutional document of Aotearoa New Zealand, Te Tiriti o Waitangi should feature prominently in our formal accountability system. Instead, it is largely absent. This is a fundamental flaw with wide implications.

Te Ao Māori values emphasise taking a broader and longer-term view of accountability than Te Ao Pākehā. In particular, accountability in Te Ao Māori includes accountability to unborn generations ('being a good ancestor') and the environment.

The challenge in a bicultural context is how to navigate these fundamental differences in values.

Tikanga Māori has much to teach us about building and maintaining trusted relationships and strengthening accountability through sincere engagement and discussion.

But the current state of the partnership between the partners to Te Tiriti o Waitangi does not yet provide a foundation upon which agreed improvements in accountability could readily be built. We hope that over time, the Crown will honour its obligations under Te Tiriti, provide redress for past breaches and act as a genuine partner. As this occurs, we expect increasing dialogue and debate about the common elements and differences in the partners' respective views on accountability will shape future improvements. In the meantime, addressing persistent disadvantage will need to incorporate additional, non-constitutional elements into our accountability system to ensure that Māori can exercise tino rangatiratanga and mana motuhake.

It does not support effective responses to persistent disadvantage...

Overall, the accountability system in Aotearoa New Zealand is backwards-looking, focused on shifting blame, stifles innovation and confuses voluminous reporting for effective holding to account. In short, it fails to ensure that the assistance provided to people experiencing persistent disadvantage helps them to live better lives. Some assistance is actively harmful; some gets in the way; some is wasteful, and some assistance that needs to exist does not.

Even if the accountability system discloses that intended results have not been achieved, those who should be held to account can always find someone else to blame: Ministers can claim they are not responsible for the acts of 'operationally independent' government agencies or were poorly advised; agencies can claim that they are underfunded or that their advice was not followed; front-line staff can claim that they were following procedures set by head office; non-government organisations (NGOs) can claim too much paperwork

diverts resources from providing assistance; local government can cite funding systems that do not support providing social services.

What can people who are experiencing persistent disadvantage claim? Where is their voice?

All too frequently, it is absent.

These deficiencies mean other aspects of our accountability system must carry more weight. They also suggest that there would be value in longer-term consideration of additional constitutional protections. The Auditor General has recommended a review of accountability arrangements: this is the appropriate forum for discussion of these issues.

...and has led to widespread 'pseudo accountability'

Combined, the result is a system of what we term pseudo accountability.

While much effort is expended setting up and operating apparently robust accountability responsibilities and reporting against them, the reality is that the chain of democratic accountability and the ability of accountability to achieve learnings are weak. Too much time and effort are spent on looking backwards, seeking to uncover petty controversies.

A stronger, more balanced approach is needed...

The current system of accountability in Aotearoa New Zealand relies heavily on the methods and processes of constitutional accountability. As a consequence, there are simultaneously claims of an 'accountability deficit' on the democratic and learning dimensions and an 'accountability overload' on the constitutional accountability front.

We recommend a strengthened, more balanced approach that emphasises the accountability methods that focus on learning and using the power of democratic accountability to achieve better results.

...that focuses on supporting what works...

Accountability systems should focus on ensuring the effectiveness of assistance to address persistent disadvantage.

Effectiveness essentially means, "does assistance work in supporting people to lead better lives?". Determining whether assistance is working requires listening to the people it is designed to help, learning from their experiences and making adjustments as needed. Assistance that works will address both the specific causes of disadvantage faced by each person and whānau and more general, systemic issues. It will focus on prevention, provide crisis support, and build the capacity and capability of both staff and providers over time.

Where there is clear evidence that a programme or approach is not working, the relevant accountability system needs to force a response from decision-makers. A successful accountability system for assisting people experiencing persistent disadvantage does not just seek to assign blame or impose sanctions after the fact but encourages all decision-makers to proactively seek ongoing improvements.



... encourages efficient solutions...

Accountability should also encourage the efficient use of effective solutions.

Efficiency is about using our limited resources as a country to best effect. Governments have multiple calls on the resources available to them, and difficult choices need to be made between competing priorities. 'Just spend more' on issue X is rarely the right solution, not least because it implies spending less on issue Y.

This is not a call for crude cost-cutting. Addressing persistent disadvantage will involve examining the difference between the benefits and costs of different options, ensuring that both monetary and wider costs and benefits are counted, and taking a long-term view. Upfront investment in prevention and addressing the extensive unmet needs that currently exist may well raise short-term spending but is likely to reduce costs over time.

...and centres accountability to people experiencing persistent disadvantage

All the evidence of 'what works' and exhortations from civil society to try alternative approaches will continue to come to nothing if decision-makers and their advisers are not made more accountable to the people they are supposed to be helping.

As it stands, these people have the least political power. Despite ongoing increases in expenditure on social assistance, their specific needs are often ignored by politicians courting the votes of those in the middle of the political and socio-economic spectrum.

It is here that we see the reality of Churchill's quip that democracy is the worst form of Government except for all those other types that have been tried.

To address this power imbalance, we recommend a range of changes that will make all those who exercise power when it comes to people experiencing persistent disadvantage more accountable to those people. This applies to everyone in the 'chain of democratic accountability', from front-line staff and the managers and leaders of the organisations walking with them on their journey to a better life, to Ministers and even to Parliament.

Accountability involves an element of 'build it and they will come': putting an appropriate accountability system in place can greatly increase the likelihood that the 'democratic chain of delegation' will work effectively and efficiently, that waste fraud and abuse are minimised and that system-wide learning leads to ongoing improvement. But it is no perfect guarantee. In democracies, elections remain the best way for voters to pick their preferred delegates and hold them to account.

A new legislative framework is needed ...

In the absence of wider constitutional protections, we recommend introducing a new legislative accountability regime for persistent disadvantage that has enduring political support across the whole of Parliament.

Our aim is for this system to achieve the constitutional status now enjoyed by the fiscal responsibility provisions of the Public Finance Act.

... based on clear principles...

The new regime should set clear principles within which policy should be conducted and require the government of the day to state its short- and long-term objectives in measurable terms and explain how it proposes to meet those objectives. Officials should be empowered to independently monitor progress and report.

... that centres whānau voice ...

The accountability system needs to rebalance power by centring the voices of people experiencing persistent disadvantage and their families and communities. Devoting time and resources to building trusted relationships and ensuring people are respected and listened to will lead to policies and programmes that provide whānau with the assistance and resources they need to change their lives.

Non-parliamentary voices – particularly those of people experiencing disadvantage, their families and communities – should also figure prominently in the scoping, design, delivery and evaluation of progress. This will require adequate resourcing of engagement with a wide range of people to ensure genuine accessibility. We mean ‘accessibility’ in the widest sense, including on economic, social, cultural and disability grounds.

... using a variety of accountability mechanisms ...

Informal accountability networks that use day-to-day interactions between those assisting people experiencing persistent disadvantage and their funders are undervalued as a powerful improvement mechanism. Providers of different types of services often share best practice with each other and there are professional standards bodies with coverage of staff working for multiple employers.

NGOs operate within a network of formal and informal accountability. More reliance should be placed on these networks to ensure honesty and probity, allowing contracts to focus on desired outcomes and the outputs that will deliver them. Those that are registered charities, for example, are now required to disclose information about their operations. Provisions in contracts with government agencies that duplicate other accountability mechanism should be removed. Organisations operating in diverse contexts have demonstrated that informal accountability networks can change lives. The results generated by Manaaki Tairāwhiti and the South Auckland Social Wellbeing Board, among others, give us confidence that this approach can be applied more widely to improve the lives of more people experiencing persistent disadvantage.

... and promoting learning.

Prioritising the learning dimensions of accountability requires a significant mindset shift away from seeking to assign blame and towards looking at adverse events as opportunities for improvement. One example that could be extended, with modifications, is the adverse events system in the health sector. This approach focuses on learning from events which have caused harm to patients.

A new coordinating Minister...

At the ministerial level, a single senior Minister should be appointed to take overall responsibility for coordinating activities to address persistent disadvantage.

There are, and have been in the past, Ministers with partial responsibility for persistent disadvantage – for example, the roles of the Minister for Child Poverty Reduction and the former Minister for Social Investment contain many elements relevant to addressing persistent disadvantage. But there has been no one Minister responsible for the key elements we have identified as being essential to addressing ongoing disadvantage – including taking responsibility for tackling underlying systemic issues such as power imbalances, racism, sexism and ableism, and centring the voices of whānau in the commissioning, design, delivery and evaluation of assistance.

... leading a specialist department ...

That Minister should be advised by a dedicated, expert staff on what additional assistance is required for people experiencing or at risk of experiencing persistent disadvantage, including prevention, crisis management and capacity and capability building. Equally importantly, staff should provide advice on what parts of the uniform system should not apply. For example, instead of a person or whānau with several complex needs being subject to multiple – and repeated – individual eligibility assessments for specific services, we recommend a single, enduring, overarching assessment of eligibility for assistance that can be updated as needed but which stays in effect until it is revoked.

... supported by Place-Based Initiatives ...

At the systems level, we need to develop a new administrative approach to addressing persistent disadvantage. People with the most complex and enduring needs will still need to access some ‘mainstream’ services (such as New Zealand superannuation or Working for Families), but there also needs to be a parallel supplementary system that is accountable for providing additional assistance to meet their wider needs.

We propose that a network of Place-Based Initiatives (PBIs) be established to work with people experiencing persistent disadvantage. Manaaki Tairāwhiti and the South Auckland Social Wellbeing Board show that structure is less important than objectives and way of working. We envisage a range of different PBIs operating across the motu. Some could be iwi-or faith based; some could operate nationally, others regionally, or even down to the community level. Their jurisdictions could overlap, allowing people experiencing persistent disadvantage to choose from whom they seek support and assistance.

PBIs should be empowered, in culturally appropriate and respectful ways that are consistent with the Privacy Act, to use data held across the government to identify people who might be eligible for additional assistance.

PBIs would be accountable to the people they are assisting and to the Crown for the public money they expend and their performance. The new specialist department would be responsible for overseeing the network of PBIs, but in a very light touch way that does not resemble the current system for contracting with NGOs.



... employing lead community workers to help whānau build better lives

Once those people are identified, a front-line worker would be assigned to walk with people experiencing persistent disadvantage on their journey to a better life. Their responsibilities would be much broader than those of a traditional 'navigator' tasked with helping whānau access available services. As a working name, we refer to this person as a 'lead community worker'. This emphasises both their leadership role and that they are there to help whānau build trust and community and identify and access any assistance they need.

Lead community workers would build trusted relationships with whānau, understand their needs and priorities and work with them to develop and implement a plan for improving their lives. They would have principal, and in some cases exclusive, authority to gather information required to plan and deliver support.

The lead community worker would be empowered to take control of the entire package of assistance provided to an individual or whānau, within carefully defined and monitored limits. They would make a holistic assessment of the needs identified by whānau and where necessary, approve enduring and overarching eligibility for support, thereby removing the need for people experiencing multiple, ongoing challenges to repeatedly prove that they need help.

The lead community worker would also be empowered to authorise additional assistance identified by the whānau they are working with. They would, in some cases, jointly with the whānau, become a budget holder. The ethos would be to do 'whatever it takes within the budget' to improve the lives of the whānau they are supporting.

A plan of how people working with a lead community worker might progress to needing different, and possibly less, assistance would be developed.

We propose that individual lead community workers would be supported by teams of peers and supervisors on a day-to-day basis..

Being ready for change

While having at face value a sophisticated public accountability system that produces large volumes of material, in our view, New Zealand's current approach provides, at best, a false sense of security and, at worst, a shield behind which inefficiency and ineffectiveness can be hidden.

Better accountability will drive assistance that leads to better lives. This means more focus on demonstrating the effectiveness of assistance and value for money and learning and much less on simply reporting activities, inputs and outputs. It also requires active feedback loops designed to address systemic causes of persistent disadvantage and recalibrate power imbalances.

The recommendations we set out in section 5 below will support a more balanced system of accountability. This will lead to three key changes:

- Process improvement will become a positive, proactive element of policy development and programme administration
- Programmes and providers that are not effective will be supported to improve or discontinued and replaced with effective programmes

- Underlying systemic issues and power imbalances will be addressed and dismantled over time.

We are realists: any improvements in the system of accountability will only come about in New Zealand if a government wants to hold itself and its successors to a higher level of accountability than the status quo. Bodies like the Productivity Commission and the Office of the Auditor-General have important advisory roles, but they are not final decision-makers. In addition, while the Commission has made important contributions to this debate, including in its earlier *More effective social services inquiry*, it presently lacks the resourcing and organisational remit to provide further detailed advice on the benefits of improving the productivity of the social assistance system.

The Productivity Commission should take the opportunity of its current inquiry to make the case again for reform and provide Aotearoa New Zealand with a blueprint for what it considers is required.

We encourage them to pose a challenge to all those exercising their power to reduce persistent disadvantage: why are you not prepared to be held to greater account for addressing this issue?



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1 Introduction

The consequences for quality of life of having multiple disadvantages far exceed the sum of their individual effects. (Stiglitz, Sen, and Fitoussi 2010, 15)

This report is about how the mechanisms and processes of public accountability in Aotearoa New Zealand can increase the productivity and effectiveness of the social services system¹ in addressing persistent disadvantage. It was commissioned by the New Zealand Productivity Commission as part of its *A fair chance for all* inquiry.

The Commission wants to better understand how current accountability settings in Aotearoa influence outcomes² for people experiencing persistent disadvantage, what might need to change to improve outcomes, and how these changes could be implemented.

The specific questions that we have been asked to address are:

- What are the relevant macro-level public accountability settings and boundaries for addressing persistent disadvantage?
- How do macro-level public accountability settings drive current system outcomes in relation to addressing persistent disadvantage?
- What might a new macro-level accountability framework look like?
- How might Te Ao Māori values produce different macro-level accountability settings and drive better outcomes?
- What are some of the concrete steps that can be taken to realise the new settings?

The focus on ‘concrete steps’ is important. While it can be (relatively) easy to describe what a new system should look like at a high level, working out how to achieve the desired changes is much harder. Given the time we had to prepare this report, we have set out some of the practical steps that we suggest should take place. But they are often a sketch, rather than a detailed implementation plan.

1.1 Our approach

Persistent disadvantage, accountability, productivity and systems of government can all be studied from various perspectives. In preparing this report, we have primarily applied an economic approach.

¹ The terms social welfare, social security, social services and the welfare state appear frequently in the literature and in popular discourse and are often used interchangeably, especially when used to describe government organisations. In its 2015 report *More effective social services*, the Productivity Commission defined social services as “services dedicated to enhancing people’s economic and social wellbeing by helping them lead more stable, healthy, self-sufficient and fulfilling lives” (New Zealand Productivity Commission 2015a, 27). We adopt that definition in this report.

² We define what we mean by outcomes in more detail in section 1.4.

Economics is concerned with how people and the societies in which they live use the scarce resources available to them:

Economics is the science that studies human behaviour as a relationship between ends and scarce means which have alternative uses. (Robbins 1945, 16)

In developing this definition, Lord Robbins suggested that there are four key elements to the “conditions of human existence”: that ends are various; that the means to achieve those ends are limited; that the means to achieve those ends have alternative uses; and that different ends have different importance (ibid., 12). Examining persistent disadvantage in terms of these four conditions reminds us that the government, and society, must make choices about how resources are applied.

Our study explores how accountability systems can lead to better choices when the government is seeking to address persistent disadvantage in New Zealand, and, importantly, what ‘better’ means.

1.2 The relationship between accountability and policy

As we will discuss in more detail below, the concept of accountability is only indirectly connected to particular policy approaches. In a democracy and especially in policy areas where exercising value judgements³ is necessary to determine what policies to pursue, accountability systems should not be constructed to force a particular policy. If one government seeks to use the instruments of accountability to bind its successors to follow its approach, rather than enshrining agreed, flexible policy principles, then experience suggests that those accountability systems themselves will not endure.⁴

Accountability, therefore, involves conditioning the exercise of power rather than specifying precise outcomes. Accountability is needed because modern societies involve a myriad of examples where people in government, from political leaders to front-line staff, are involved in undertaking activities on behalf of voters. It is often both practical and efficient for voters to delegate the details of what will be done to others. Accountability is about ensuring those delegated activities are performed in an acceptable way.

1.3 Better lives are the ultimate goal

There is an emerging consensus that the overarching aim of governments should be to maximise the wellbeing of their people, given the resources they have as a nation⁵. The

³ Value judgements are ethical statements that cannot be proven true or evaluated on the basis of empirical evidence (Boadway and Bruce 1984, 135).

⁴ An example from history is the ill-fated ‘Accord’ on retirement income, where in 1993, the main political parties represented in Parliament sought to bind successive governments to a particular approach to universal age benefits. The contents of the Accord were legislated, in the form of the Retirement Income Act 1993, which also set up an independent policy monitoring framework. Within four years, the supposedly agreed principles underlying superannuation were abandoned by the government of the day, which had a different make-up to the government in power when the Accord was signed. (The National Party formed a majority government when the Accord was signed but had joined in coalition with New Zealand First after the 1996 election. New Zealand First was not a party to the Accord). See Thompson (1996) for a description of the details of the Accord.

⁵ In 2008, French president Nicolas Sarkozy appointed a commission tasked with identifying the limits of Gross Domestic Product (GDP) as a measure of economic performance and social progress. The Commission’s three principals were Joseph Stiglitz, a Nobel Prize-winning economist and frequent critic of neoliberal economic policy; Amartya Sen, also a Nobel winner and a contributor of major thinking on the issues of ethics and economics; and Jean-Paul Fitoussi, a French economist who is now a

focus should be on the wellbeing of individuals and their families, whānau,⁶ hapū and iwi, and communities, as opposed to national averages.⁷

In this report, we have used Amartya Sen's capability approach to assess alternative ways to achieve this aim.⁸ We have used this approach in other work addressing a range of policy issues, as we find it to be a robust way of thinking about what constitutes wellbeing.⁹ The Treasury's Living Standards Framework draws on Sen's approach.¹⁰

Under the capability approach, at the level of the individual or whānau, the aim should be to ensure people have the freedom to live a life they value and have reason to value (Sen 2000).

In Sen's capability approach, the success of any policy or programme is measured by whether it increases the freedom that people have to live a life that they value.¹¹ We use the capability approach to structure questions about wellbeing, not as an authoritative statement of what constitutes a valuable life. The lives that different people want to live are not universal: people have different preferences and priorities.

1.3.1 The capability approach and indigenous wellbeing

Sen's initial work on developing what became the capability approach drew on aid programmes in the developing world.¹² The freedom of individuals to make decisions, as opposed to group decision-making, was the primary focus.¹³

Subsequent developments have demonstrated that Sen's approach can be used to assess the wellbeing of groups of people in more collective contexts. However, it was not developed by indigenous people and does not reflect wider indigenous perspectives of value (Watene 2016).

Professor of Economics at the Institut d'études politiques de Paris. The Stiglitz–Sen–Fitoussi Commission presented its report and detailed commissioned studies in 2009 (Stiglitz, Sen, and Fitoussi 2010). While the commissioners were clear that GDP is not an appropriate measure of either economic performance or social progress, they did not recommend a single index that could replace GDP. Rather, they recommended that governments use a range of measures when assessing performance and policy. The OECD separately developed a multi-dimensional wellbeing framework (OECD 2023) and the New Zealand Treasury has developed a local version (The Treasury 2022a).

⁶ In keeping with modern practice, in this report, we will often use te reo Māori and English words interchangeably. When we refer to 'whānau', for example, we mean any family, not just those who are Māori.

⁷ See Thompson (2022) for a recent discussion on the various theories of distributive justice that can be used to determine whether one combination of individual outcomes is better than another.

⁸ In a lifetime of work, Amartya Sen has sought to answer the question of what constitutes a good life. The result is a normative framework he calls 'the capability approach'. Sen's work on this issue started with his 1979 Tanner Lecture "Equality of what?" (Sen 1979b). Key contributions are Sen (Sen 1979a; 1989; 1993; 1999; 2000) For a good summary of the capabilities approach, see Dalziel and Saunders (2014b) and Dalziel et al. (2018). Robeyns (2005) provides a more technical survey and Robeyns (2017) is an open-access, book-length non-technical summary.

⁹ See Fry and Wilson (2017; 2018; 2022a) and Wilson and Fry (2019).

¹⁰ See Hall (2019).

¹¹ Paul Dalziel and his co-authors note that the choices that affect wellbeing are made at different levels of social interactions and in many different places and in different contexts (Dalziel, Saunders, and Saunders 2018, 12). Some are made by people themselves, some by whānau, or communities, or countries or even globally. But while decisions are made at different levels, the effect of those decisions, under the capability approach, are measured by the effect they have on the wellbeing on individuals.

¹² The World Development Report produced annually by the World Bank, for example, is based on an application of the capability approach (Fukuda-Parr 2003).

¹³ For example, while children live in families and what happens within those families can have a material impact on them, Sen notes that the intra-family division of resources, not just the level of those resources, is important in determining the wellbeing of all family members. Sen has always been concerned about the effect of decisions of fathers regarding the education of their daughters (Sen 2000, 139).

There is an ongoing debate in the literature about the suitability of the capability approach for assessing the wellbeing of indigenous peoples and whether its focus on the wellbeing of individuals is appropriate for people who place importance on collective decision-making and the wellbeing of groups.¹⁴ This literature proposes modifications and additions to the capability approach to incorporate indigenous world views that enable collective values to be centred, and we view these as helpful. Michael Murphy, for example, while accepting that freedom for indigenous people must be understood to include the collective capability for self-determination, suggests that this can be incorporated into the traditional capability approach (Murphy 2014, 325).

As Pākehā economists, it is not for us to co-opt indigenous frameworks nor to expect Māori to do our work for us. We expect those who take this work forward will exercise tino rangatiratanga and mana motuhake and use their own frameworks. As we continue to develop partnership relationships with Māori, educate ourselves and expand our own capabilities, we are navigating the evolution of how we address these important issues in our own mahi.

Having reviewed this debate, we consider that the capability approach is appropriate for this study, provided we and our readers acknowledge that our framework is simply a way of organising **questions** about what is important to people. It pointedly **does not provide the answers** to those questions. It is not a statement of the things that make up a good life, at least in Sen's work.¹⁵ Under the capability approach, it is up to people (and communities) to decide what they value and have reason to value. A good life is not something someone else chooses for you because they think they know what is good for you. As Sen states:

... people have to be seen... as being actively involved – given the opportunity – in shaping their own destiny, and not just as passive recipients of the fruits of cunning development plans. (Sen 1999, 53)

That said, moving forward, further consideration of collective decision-making within the capability approach would be prudent.¹⁶

1.3.2 Social assistance in the capability approach

Assessed through the lens of Sen's capability approach, the rationale behind social assistance is not just to increase people's resources but also to influence their ability to convert resources into lives they value and have reason to value. Put another way, providing resources is not the end of social policy itself but rather a means to the end of good lives (Wilson and Fry 2019). As Enrica Chiappero Martinetti notes:

Income and consumption are only rough measures of the quality of life because they are not able to fully describe what people can really achieve with these resources, because they can hide strong differences and inequalities among people. (Chiappero Martinetti 2000, 207)¹⁷

¹⁴ We discuss some major contributions to this literature in Appendix A.

¹⁵ Another pioneer of the capability approach is the American philosopher, Martha Nussbaum, who has produced a list of the capabilities that she thinks everyone needs if they are to be regarded as truly living well (Nussbaum 2013, 32).

¹⁶ We thank Haemata Ltd for this suggestion.

¹⁷ We discuss the respective contributions that the level of resources and the ability to convert resources into the freedom to lead a good life in more detail in Wilson and Fry (2019).

The capability approach therefore distinguishes between things that are *instrumental* to a better life – things that people can use to lead lives they value – and things that are *intrinsically* valuable – things that in their own right result in an improvement in wellbeing. Income is an instrument of wellbeing:

To be free from mistrust, to be spared from the frustrations and paranoia that corruption induces, to live without the misery of discrimination and arbitrary domination, to enjoy institutional integrity and transparency, to feel like one belongs and has standing in a community – these are all forms of direct value that accrue to people and improve their personal wellbeing. (Hall 2019, 42)

Intrinsic value may depend on context: generally speaking, in Anglo-Saxon cultures, individual autonomy and agency are viewed as intrinsically valuable; for Māori, so is connection to whakapapa.¹⁸

In Sen's framework, persistent disadvantage can be understood as persistently not having the freedom to lead an intrinsically valued life.¹⁹ In more common parlance, we might think of people experiencing disadvantage as facing persistent constraints. These could range from the effects of abuse and neglect on their aspirations to lacking access to the resources and capabilities needed to build a life they value.

1.4 The elusive quest for better outcomes

While 'better outcomes' is often the goal of policy, one persistent difficulty is the need to define what 'outcomes' means in practice. The term 'outcomes' has many meanings in the literature. Some authors, for example, distinguish between 'outcomes' and 'impacts', with outcomes meaning the immediate effect of an activity or output, while 'impacts' have a wider, often longer-term meaning.

For example, the UK Council for Disabled Children states:

All outcomes answer the question 'so what?' What difference have our actions and interventions (outputs) made in the lives of children, young people and families?

...

Impact can be thought of as what difference this output (activity or action) has made to professionals or the system, where outcomes are what difference this output (activity or action) has made to children, young people and families. (Council for Disabled Children 2021, 2)

Outcomes can be both intended and unintended. Intended outcomes are sometimes known as goals. Outcomes are normally measured against a counterfactual: what would have happened without the intervention. Thus, the method of assessment is 'with and without', not 'before and after'.

¹⁸ This can be recognised by the social assistance system. Consider the definition of **mana tamaiti (tamariki)** in Section 2 of the Oranga Tamariki Act 1989, where it is stated to mean: "the intrinsic value and inherent dignity derived from a child's or young person's whakapapa (genealogy) and their belonging to a whānau, hapū, iwi, or family group, in accordance with tikanga Māori or its equivalent in the culture of the child or young person."

¹⁹ Freedom is an important element of Sen's approach. The title of one of his key contributions is *Development as Freedom* (Sen 2000).



Another taxonomy in relation to the result of interventions is to distinguish between an immediate effect, a long-term change in wellbeing attributed to the intervention and longer-term changes in a social indicator (like the percentage of people experiencing low incomes).²⁰ Changes in long-term indicators are the result of many factors – so targets based on such indicators are very difficult to evaluate in practice, especially if causal mechanism are not well understood or widely contested.

In this paper, we are using ‘outcomes’ to mean the results of government interventions (Ussher and Kibblewhite 2001). That is, we are concerned with how society or a part of it has changed as a result of a government activity. We are interested in both short-term effects and longer-term changes to society.

We are specifically examining how government interventions can improve the lives of people experiencing persistent disadvantage. Applying the capability approach gives us the information needed to judge whether that has happened (have substantive freedoms increased?)²¹

We freely acknowledge that creating specific and measurable policy outcomes is far from an exact science.

As the Parliamentary Commissioner for the Environment, speaking in a different context, recently said:

[S]etting an aspirational goal without knowing how you will get there is risky. We are very good at aspirational goals. Net zero by 2050, predator free by 2050. Getting there is about hard work, consistent evaluation of that work and being as candid about what doesn't work as the things that do. (Upton 2022a, 3)

Even if it is possible to specify desired outcomes clearly, an enduring challenge in developing accountability regimes to address social assistance is how to assign responsibility for failing to **reach** a goal. Take the example of education. If the goal is to lift reading performance in a group of students and some students in a class do not reach the desired improvement in the desired timeframe, determining why the goal might not have been reached is a complex task. The immediately obvious response might be to blame the school and the teachers. But there can be many other factors at play:

- The students may have learning difficulties that will affect their ability to learn to read
- The students and their whānau may be experiencing persistent disadvantage, which impacts on learning abilities
- The goal may have been unachievable (e.g. too high advanced for their age) for any group of students, regardless of ability
- The teacher and the school in question may not have been given the resources needed to achieve the goal.

This inability to assign responsibility for achieving, or especially not achieving, outcomes has been one of the major factors that has worked against the use of outcomes-based

²⁰ See Cotterell and Crothers (2011) for a discussion of the early use of social indicators in New Zealand.

²¹ See Wilson and Fry (2019) and the references it cites for a discussion on how to operationalise the capability approach.

incentives and contracting in the public (and indeed private) sectors (Government Outcomes Lab 2023).

Particular difficulties arise when trying to hold collaborating organisation to account for outcomes. Stephen Page suggests five main reasons (Page 2004, 591):

- Reasonable people can disagree on what to measure and what data should be used
- Providers may either doubt their abilities to perform to the required standard (this is especially when reporting for outcomes is imposed on existing providers, rather than being part of a new arrangement) or because they fear that they will be held accountable for matters outside their control that impact on outcomes
- The focus on measuring specific results may misdirect efforts away from harder to achieve outcomes (this is seen when educators ‘teach to the test’ and ignore other educational aims)
- Accountability for results requires more than just a new set of rules, but ‘a “complete mental reorientation” on the part of public managers, their authorisers and stakeholders, their staff and collaborators, and citizens themselves’ (ibid., 592)
- Clarity is required on who is to be accountable for what to whom.

A common concern with using outcomes-based performance measures is that providers will ‘game’ any system to improve the appearance of their performance. Some common examples that lead to perverse results are:

- ‘cherry-picking’, where providers do not accept people into a programme if they are unlikely to achieve the desired outcomes
- ‘creaming’, where they only accept the easiest individuals to assist and
- ‘parking’, neglecting to assist difficult cases (Government Outcomes Lab 2023, 6).

One reason these opportunities exist is that outcomes-based contracting has often been used as a way of reducing the costs (Bohm et al. 2022). Thus, the focus is often on obtaining the lowest-cost bids. A realisation that effective assistance for people experiencing persistent disadvantage may, at least in the short-term be more expensive is an important culture shift that should underly any use of outcome-based contracting. While this should not be licence for excessive costs, and tools like long-term cost benefit analysis have an important role to play in selecting individual programmes and approaches, the unintended consequences of OBCs should remain top of mind.

Many of the concerns with a results or outcomes-based management and contracting have been successfully overcome in some places where they have been applied (Government Outcomes Lab 2023, 8). The keys to success seem to be:

- A clear purpose for using outcomes-based contracts, and that purpose is understood by all parties to the contract and wider stakeholders
- Contracts are designed carefully, based on the circumstances of the case in question, rather than using generic templates
- Any contract includes transitional provisions to allow the new approaches to be phased in over an agreed timeframe, rather than be seen as a ‘big bang’.
- Evaluation should be built into any contract and agreed in advance, and then conducted transparently with a learning focus in mind (ibid.).



Realism must be part of any change in the approach to addressing persistent disadvantage. But at the same time, perfection should not be the goal. As we will see, the current system for addressing persistent disadvantage has demonstrably failed. The question to consider, therefore, is not whether a new system is perfect, but whether it is better than a system that is failing. Put another way, should the government continue with a system that is not working, or try one that could?

1.5 Accountability and persistent disadvantage

A key finding from our analysis of the accountability literature is that context is vital in designing accountability systems. So, before discussing the accountability systems needed to support effective policy, we need to understand the context within which we are working.

The recurring themes in this report, which all have direct and fundamental implications for accountability, are:

- The importance of honouring Te Tiriti o Waitangi.
- How systemic problems, power imbalances, and underlying societal issues all play a role in perpetuating persistent disadvantage at the individual, whānau and community level.
- How people experience disadvantage in ways that are unique to their cultures, histories, and experiences in Aotearoa New Zealand and elsewhere.
- The need for all organisations and their workforces to, with humility, seek to understand and respect the lives of people experiencing persistent disadvantage. People providing assistance should seek to educate themselves first rather than expecting people already living stressful lives to repeatedly take the time to prove that they are struggling.
- The importance of relationships and trust in addressing persistent disadvantage; why lack of trust can be an important contributor to disadvantage, and the need to listen and understand before acting.
- Why assisting people to make changes in their lives is not simply an issue of delivering more resources via more efficient service providers. Building capabilities to turn resources into a good life must accompany any additional support.
- Why there is no simple 'cure' for persistent disadvantage. For many people, assistance will need to be ongoing, but the type of assistance needed may change over time. The mantra should be to listen, work together, learn, adapt and then listen again.

In section 4 below, we outline our proposals to change the New Zealand accountability system to directly address each of these points.

1.6 How better accountability helps to improve peoples' lives

Accountability can play an important role in addressing persistent disadvantage. It can have positive influences on the development and implementation of effective policies and programmes, which must be balanced against negative effects on risk-taking and



innovation.²² However, the goal is to help people lead better lives, not have better accountability systems for their own sake.²³

As we will discuss in greater detail in section 2, our current understanding of the nature, causes and appropriate responses to persistent disadvantage is still developing. This has important implications for what programmes should be put in place and what accountability arrangements should be used to drive effective policy.

What we do know suggests that any accountability system intended to assist in reducing disadvantage should include the following specific elements (which, as we note in a series of parenthetical comments, are yet to be embedded in the current New Zealand public accountability system):

- A focus on accountability to the people experiencing, or at risk of experiencing, persistent disadvantage,²⁴ built on a foundation of trusted relationships (the current system is based on vertical accountability from front-line staff and contracted agencies to agencies, Ministers and Parliament. The voices of people being assisted are rarely heard)
- Greater incentives to assess the effectiveness of policies and programmes (while technically contained within current accountability mechanisms, the effectiveness of policies is seldom subject to independent scrutiny)
- A recognition of the benefits of empowering front-line workers and co-ordinating the operations of a network of different providers (front-line staff are often constrained in their ability to be flexible and innovative, and many providers are overloaded with compliance obligations that do little to improve performance)
- Light-touch methods of promoting honesty and integrity, which build on the day-to-day operations of organisations (the current public accountability system, especially when third-party providers are involved, involves a high compliance cost approach that produces a lot of reports and exposes the occasional scandal, but does not focus on ongoing improvement).

When it comes to addressing persistent disadvantage, governments need to:

- clearly articulate their objectives across all portfolios
- set out the policies and programmes they propose to achieve those objectives

²² As we discuss in Section 3.5, one criticism of accountability regimes is that they result in ‘accountability overload’, where compliance activities can stifle flexibility, innovation and risk-taking. See Besley and Ghatak (2003) for a conceptual discussion of the effectiveness of accountability on the activities of NGOs.

²³ Aries Arugay, however, goes further and suggests that accountability can be pursued for its own sake:

Accountability through democratic means also provides guarantees that the most vulnerable groups in society and those discriminated on the basis of identity, age, income, disability, power and sexual orientation can claim their human rights to health, education, water and other public services on the same basis as other citizens. Therefore democratic accountability not only involves popular control over decision-making; it also means ensuring inclusiveness in the entire process, with safeguards that marginalized and disempowered groups are given equal access, opportunities and resources to voice their demands and participate in holding those in power to account. Accountability should not only be appreciated because it leads to more efficient services. It must be pursued for its own sake as an exercise in active and social citizenship. (Arugay 2016, 8, internal citations omitted.)

²⁴ While we will almost always be interested in both people actually experiencing persistent disadvantage and those at risk of doing so, for reasons of language economy we may often just refer to the former.



- have their actions and outcomes subject to independent scrutiny, including ensuring the voices of people experiencing persistent disadvantage are heard, and
- commit to making changes if policies and programmes are not effective.

Getting such a commitment from our political leaders, and holding them to it, is a necessary condition for change. Doing so would represent a fundamental shift in our system of government.²⁵

1.7 An enduring challenge

Addressing disadvantage has been a policy goal for decades. In its 2015 report on *More effective social services*, the Productivity Commission concluded that a new approach, requiring a major shift in thinking and structures, was required to make a real difference for the most disadvantaged New Zealanders (New Zealand Productivity Commission 2015, iii). Tellingly, the Commission said:

The weaknesses identified by the Commission are not new. Many have been noted for decades and remain despite attempts to address them. Numerous government reviews over the past 20 years have identified remarkably consistent lists of issues, and proposed similarly consistent solutions. (ibid., 65)

And yet, here we are seven years later, writing a report on what accountability changes are needed to address persistent disadvantage.

The key question we have identified in our research leading up to this report is how, in a democracy, the elected representatives who have the power to set accountability rules can be made to agree to be more accountable for addressing persistent disadvantage. We answer this question in the rest of this report.

1.8 Outline

In the following sections of this report, we discuss:

- Persistent disadvantage: what it is, what the policy objectives should be and what we know about the system changes needed to make improvements
- Accountability: theory, mechanisms, how to incorporate Te Ao Māori and other world views, and current practice in Aotearoa New Zealand
- Making better use of accountability to address persistent disadvantage and
- The challenge to policy makers to accept more accountability.

The literature we have reviewed comes from countries with a variety of constitutional and social structures.²⁶ We have, therefore, needed to extract relevant principles and adapt them to the context of Aotearoa New Zealand today.

²⁵ We discuss in sections 2.5.6 and 3.9.2 some examples where governments have become bound by such commitments.

²⁶ Authors from the United States write within the strong 'separation of powers' framework that underpins the United States' system of government. In that framework, the parliament (Congress) has an independent role in the oversight of the actions of the President and the Executive branch. The Courts have a separate independent role in ensuring that legislation is constitutional, especially when it comes to the rights contained in Bill of Rights. Writers from Commonwealth countries are more familiar with the 'Westminster' system of responsible government, where ministers are members of the governing political parties and where the principle of 'parliamentary sovereignty' limits the role of the Courts. European literature is mixed, given the different constitutional structures in place there. The more modern European writers place significant weight on the structures and practices of the European Union, a type of supra-national structure that has no real counterpart in New Zealand.



2 Persistent disadvantage

In determining how to respond to persistent disadvantage, it is important to understand both its causes and impacts. As the Productivity Commission notes in Chapter 4 of its interim report for the *A fair chance for all* inquiry (New Zealand Productivity Commission 2022a), an understanding of effects is more developed than an understanding of causes.²⁷

In this section, we examine what is currently understood about the causes and consequences of persistent disadvantage and what that implies for developing suitable accountability regimes.

2.1 A diverse population

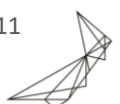
While understanding of who is experiencing persistent disadvantage at the individual and whānau level is still developing, the Productivity Commission's interim report shows that proportionately greater numbers of sole parents, Māori and Pacific and disabled people are more likely to face choices that are so constrained that they limit their ability to live better lives (New Zealand Productivity Commission 2022a, 37 ff). Although robust data on recent migrants, particularly refugees, is harder to come by, there is also evidence that people migrating from certain places or arriving under certain conditions are also more likely to experience persistent disadvantage (New Zealand Productivity Commission 2022c, 91).²⁸

But as the Commission noted:

While some population groups were more likely to be in persistent disadvantage, compared to the average New Zealand population, being part of the group does not mean they are experiencing persistent disadvantage. Approximately two-thirds of sole parents and nearly three-quarters of Māori or Pacific peoples did not experience persistent income poverty or persistent exclusion in 2013 and 2018. (New Zealand Productivity Commission 2022a, 38)

²⁷ Given the difficulty in determining causation in the absence of a clear counterfactual, this may always be the case. Nonetheless, policy decisions must be made in the absence of complete information. This tension is evident in other research, for example see New Zealand Productivity Commission (2022d) and Boston and Chapple (2014). The Children's Commissioner's Expert Advisory Group on Solutions to Child Poverty issued a working paper on the causes of child poverty that deliberately focused on what it called proximate causes rather than the more fundamental or underlying causes. Thus they discussed attributes that are often associated with poverty, like low market income and poor housing, rather than developing a comprehensive theory of why some people experience disadvantage while others do not (Children's Commissioner's Expert Advisory Group on Solutions to Child Poverty 2012). The latest technical report of the New Zealand Child Poverty Monitor likewise presents granular analysis of the distribution of the incidence of poverty through examining factors including low income, housing quality and access to primary health care (Duncanson et al. 2021). Similarly, international evidence often focuses on income and consumption, rather than looking for underlying causes. See, for example Duncan and Le Menestrel (2019) and Public Health Scotland (2021).

²⁸ As the Commission has acknowledged, better data on people in these groups is needed to ensure appropriate outreach and support can be provided.



Responding to multiple cultural perspectives will be an important and ongoing element of social policy development in Aotearoa, as we move to greater acceptance of the benefits of diversity and the limits of assimilationist thinking.²⁹

High levels of emigration of New Zealand citizens and immigration of people from the rest of the world have resulted in Aotearoa having a large foreign-born population, which has added to the ethnic diversity of the country.³⁰

We have limited data on how many immigrants are experiencing persistent disadvantage and whether there is an ethnic dimension involved. Data published by the Productivity Commission suggest that Pacific peoples are over-represented in statistics on persistent disadvantage, but that does not record if they are more recent immigrants or New Zealand-born people (New Zealand Productivity Commission 2022a, 37 ff).³¹ Submissions provided to the Commission by Asian Family Services have also identified a dearth of data, research and policy regarding persistent disadvantage in Asian and migrant communities (Asian Family Services 2022a; 2022b).

The changing face of Aotearoa is an important context for developing policy to address persistent disadvantage. The evidence suggests that some members of most groups in New Zealand experience persistent disadvantage. These groups have different world views. Accountability settings, therefore, need to accommodate a growing number of voices without any being diluted.

2.2 Most people in Aotearoa are doing well

One very important piece of context to this report is that a significant majority of people in Aotearoa New Zealand are satisfied with their lives.

The Treasury has developed a 'net wellbeing' score across the eight domains of wellbeing in Stats NZ's General Social Survey that allows it to examine the distribution of self-reported wellbeing.³²

²⁹ As David Williams comments:

Successive government policies of racial amalgamation, assimilation, and integration from 1840 right through to the early 1970s all assumed that civilisation and integration were a one-way process. Māori learned from the Pakeha; Pakeha had little or nothing to learn from Māori. For reasons thought by governments at the time to be beneficial for Māori, much of our history since 1840 has included the denigration of Māori language and of Māori tribal and cultural knowledge systems. These were considered to be relics of a bygone superstitious past and irrelevant to a modern people in the contemporary world. The collectivism of Māori societies had to be replaced with the individualism of progress. This policy was most apparent in the eradication of 'beastly communism' by the workings of the Native Land Court. The court was established under a series of Native Land Acts from 1862 onwards to substitute customary tenures of land with an individualised form of freehold tenure and to facilitate alienation of the freehold land interests to settlers or Crown purchase agents. Assimilation and individualisation were also the underlying premises of Crown policies towards Māori on the whole gamut of state interventions such as in health, education, housing and criminal justice. (Williams 2004 internal citations omitted)

³⁰ Stats NZ reports that just over 14 percent of the population of Aotearoa identifies as Māori, New Zealand-born Europeans make up just over half the population and people of European ethnicity – half of whom were born in the United Kingdom – are still the largest single group of immigrants. Two-thirds of Pacific peoples and about a quarter of the Asian population were born in New Zealand.

³¹ We have written elsewhere on the wellbeing of immigrants (Fry and Wilson 2017; 2018; 2021; Wilson and Fry 2020; 2022) and the Productivity Commission's recent inquiry into immigration settings, which at time of writing is still awaiting a government response, also discussed this issue. See both the Commission's final report (New Zealand Productivity Commission 2022b) and its companion piece *Immigration by the Numbers* (New Zealand Productivity Commission 2022c).

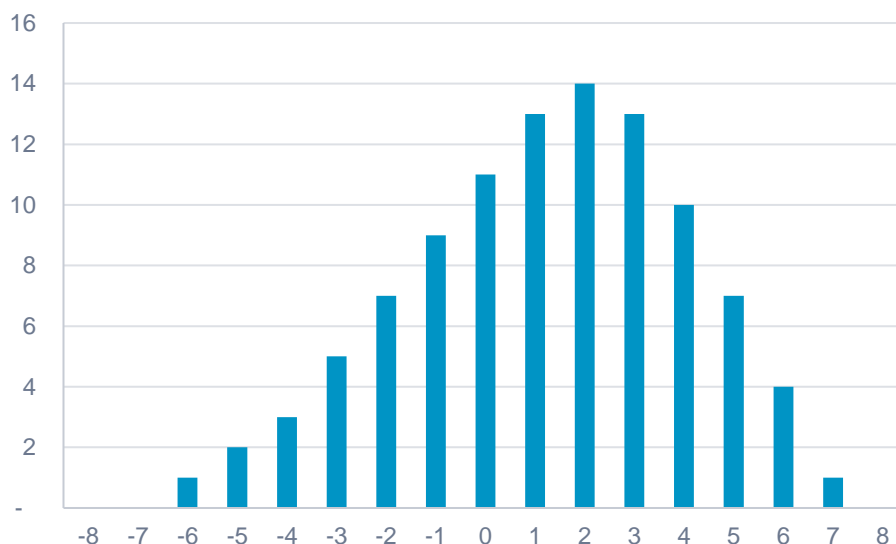
³² This score combines people's wellbeing into a single number. The higher the score, the better a person's life. To calculate the score, low wellbeing in any given domain is assigned a value of -1, high wellbeing as +1, a middling position as 0. The scores for each domain are then added. So, a person who had low wellbeing on all domains would have a score of minus eight, while a person with high wellbeing would have a score of positive eight. See Figure 3 in McLeod (2018) for a detailed description of the measure.



As Figure 1 illustrates, most people (73 percent of the population) had a score of zero (representing a middling rather than neutral position) or more. The most common score was positive two.

Figure 1 Many people are doing well

Net wellbeing distribution, combined 2014/2016 data, percentage of people aged 15+



Source: The Treasury (2022b, 48)

In its recent Wellbeing Report, The Treasury said:

About 5% to 10% of the population are experiencing low wellbeing in at least four areas. Disabled people, sole parents, Māori and Pacific Peoples are overrepresented in groups of people that experience low wellbeing in multiple areas. (The Treasury 2022b, 6)³³

In a companion report (Reid and Evans 2022), the Treasury used its He Ara Waiora wellbeing framework to develop a broad overview of Māori wellbeing.³⁴ While there is evidence that waiora is improving, there are also persistent gaps with the rest of the population.

Māori experience lower wellbeing on average than other groups of people across many areas, including income, material hardship, health and housing. Most of these gaps are closing slowly at best. In particular, Māori experience

³³ As we discuss in section 2.1 on page 17, the Productivity Commission defines disadvantage as languishing, which is associated with three domains: being left out, doing without and being income poor (New Zealand Productivity Commission 2022a, ix). Measuring the number of people who, on this definition, are persistently disadvantaged is a complex task. While on some measures it might be a limited group, research shows that there is a larger group of people who might currently not be experiencing disadvantage who are at risk of doing so. The Productivity Commission's interim report finds that on current measures, between four and seventeen percent of the population experience persistent disadvantage. Their final report will include further data and analysis, including on the subjective wellbeing of people experiencing persistent disadvantage relative to the rest of the population. That analysis may narrow the degree of uncertainty regarding the size of the most disadvantaged group.

³⁴ We are not aware of any similarly comprehensive studies of other ethnic groups in New Zealand, especially ones that apply a culturally appropriate wellbeing framework.



increasing rates of psychological distress, high levels of discrimination and low trust in government institutions. (ibid., 61)

The ‘on average’ point is important: some Māori do well, but many do not. As Simon Chapple has noted:

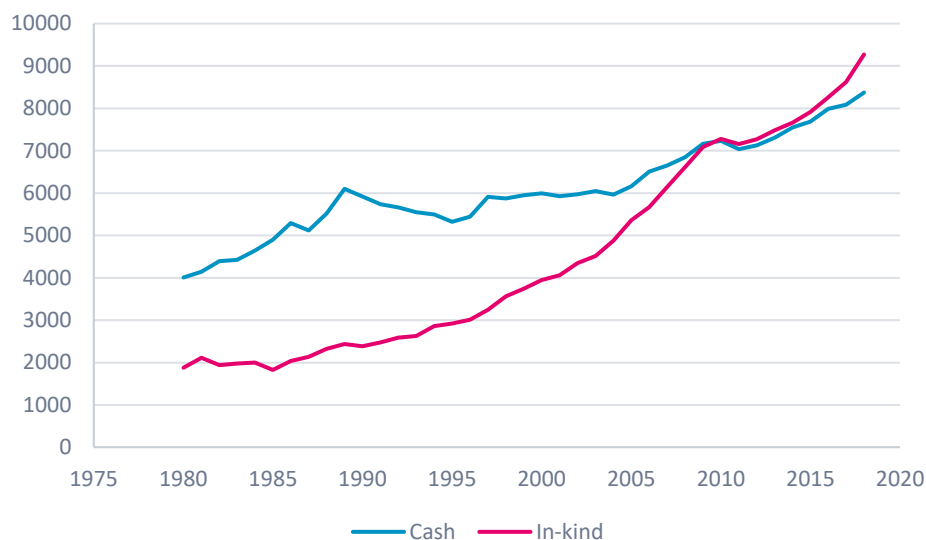
Popular rhetoric to the contrary, Māori do not share a common experience of socioeconomic disadvantage. The Māori ethnic group is not a group whose boundaries are well defined by socio-economic failure. Socio-economic differences amongst Māori as a group overwhelm socio-economic differences between Māori and other groups. Māori ethnicity is not socio-economic destiny. (Chapple 2000, 11)

The available evidence in New Zealand shows that most people never experience persistent disadvantage. This does not mean that it is not an important issue. But what it does mean is that policy needs to be able to identify those people who are experiencing persistent disadvantage, and people at risk of doing so, out of the much larger group of people doing well.³⁵

2.3 The current system is not addressing persistent disadvantage

While different governments in Aotearoa New Zealand can and do differ sharply on their views of the causes of and cures for poor social outcomes, they share a common aim of avoiding them and have committed considerable policy effort, and resulting expenditure, to addressing it.

Figure 2 Total spending on social assistance³⁶



Source: The OECD Social Expenditure Database (SOCX)

³⁵ We discuss the implications of this finding in section 2.5.1.

³⁶ This includes spending on family assistance, unemployment benefits, active labour market programmes, and housing. It excludes age-related pensions, health and education.



Reflecting this, total spending on social assistance has increased significantly since 1980. Figure 2 shows public spending on social assistance, adjusted for both the increase in population and inflation.³⁷ Of note are the increases in real per capita non-cash in-kind spending, which is now greater than cash payments.³⁸ This sort of spending, which generally involves the provision of services directly to people, can be more easily be devolved to third-party providers than the payment of cash benefits.

2.4 Underlying drivers and impacts

Disadvantage is not evenly distributed across the population of Aotearoa (New Zealand Productivity Commission 2022a, 41).³⁹ Nor is it simply the result of random forces that can impact on anyone at any time.

As the Commission notes, a large volume of research concludes that insufficient resources can create toxic stress and negatively impact child development (ibid., 53). In a background paper prepared for the Commission's interim report, Kate Prickett and her colleagues find that over the first eight years of life, close to ten percent of children are disadvantaged for most of their early childhood, while more than half of children live in families that are always advantaged, (Prickett et al. 2022, 6).

While lack of access to resources is a key contributor to persistent disadvantage, there are other underlying drivers. Drawing on three longitudinal research programmes, including the Dunedin Multidisciplinary Health and Development Study ('the Dunedin study'), Jay Belsky and his colleagues suggest that experience of disadvantage is probabilistic, not deterministic (Belsky et al. 2020, 6). That is, while there are known risk factors, not everyone with these risk factors will go on to experience persistent disadvantage.

Risk factors include inherited or acquired developmental vulnerabilities (for example, cognitive limitations, difficult temperaments, or genetic predispositions, such as depression). The environment in which a child grows up can also exacerbate risk. Children who experience inadequate parenting, disrupted family bonds, poverty, absent fathers and family conflict are at greater risk. There are frequently 'dosage effects': the more frequent and the larger the number of different types of experiences of victimisation, such as bullying and family or sexual violence someone has, the greater the negative impact is likely to be.⁴⁰

Some people who might be predisposed to disadvantage because of their life experiences or family history will possess protective factors that help them to live good lives despite this. For example, a person who is genetically more likely to experience depression may be less susceptible if they have a loving family, a strong community or

³⁷ The OECD data set we have used to create Figure 2 includes spending up to the end of 2018, so does not incorporate some of the current government's spending decisions, especially those related to supporting people and the economy through COVID-19.

³⁸ While spread across a wide range of programmes, much of the increase in benefits in kind has been through large increases in payments for early childhood education, housing and Kiwisaver tax credits.

³⁹ The Commission is currently undertaking but has not yet completed quantitative analysis examining factors that contribute to the complexity and duration of disadvantage over time using principal component analysis, including demographics, a range of variables reported in the GSS and HES, and life events.

⁴⁰ See for example the discussion in chapter 14 on child maltreatment and violent behaviour (Belsky et al. 2020).



caring friends.⁴¹ Others may have access to and seek to adopt protective behaviours such as taking parenting classes or getting counselling in order to learn new ways to deal with their children:

By helping families with day-to-day tasks and parenting skills, family-based interventions can prevent or remedy dysfunctions that are harmful to child well-being and development. Family-based interventions play a crucial role in improving children's living environments, and are important for parents with limited access to material and/or cultural resources to help children learn and develop. (OECD 2019, 108)

Belsky and his colleagues also suggest that knowing more about underlying risks could enable more effective targeting of prevention programmes, such as for teens who are more likely to become addicted to smoking because of their genetics (Belsky et al. 2020, 246).

In its Interim report, the Commission identified several underlying contextual factors which contribute to persistent disadvantage, and noted that to improve outcomes, we will need to grapple with “confronting issues like the ongoing impacts of colonisation, institutional and systemic racism, and who holds power” (New Zealand Productivity Commission 2022a, 2).

The physical and economic environment in which people live can also lead to disadvantage. Whānau who live in unsafe communities with low levels of resources, poor housing and job opportunities, or failing schools, are more vulnerable.

History, context and connections can all lead to an absence of flourishing. For whānau Māori, the legacy of settler colonisation, including confiscation of resources, denial of the right to exercise tino rangatiratanga and mana motuhake and suppression of tikanga and te reo Māori are critical factors, as are current systemic racism and discrimination (Haemata Limited 2022a).

Pacific families have their own, distinct history of colonialism⁴² and have experienced racism, discrimination and economic exploitation in New Zealand as both migrants and the descendants of migrants (Fry and Wilson 2018, 16). Migrants from other countries also face discrimination in New Zealand. We discuss the issues facing families with origins in Asia in a case study in section 2.5.5 beginning on page 25.

Many factors can curtail people's freedom to live a life they value and increase their likelihood of experiencing persistent disadvantage.⁴³ For example, the choices people with disabilities face may be constrained by discrimination, ableist policies and practices

⁴¹ Note however that understanding of the linkages between genetic and environmental influences is still developing and is relatively contested. For a discussion of these issues in the context of the Dunedin Study, see Belsky et al. (2020, 296–99).

⁴² While the pathway to colonisation of the Pacific was chaotic, all the Pacific Island states were once colonies of a European power, and most are now independent (Chand 2010, 4–6). The nature of colonisation in each country was, however, different and each has its own legacy of foreign rule. Unlike New Zealand, colonisation of the Pacific followed the pattern often seen in Africa and Asia, where a small colonial administration and citizens of the colonial power exercised political and economic control but were not joined by large groups of settlers. There was, however, substantial inter-island migration of labourers, as well as migration from Asia (for example, Indians employed in the sugar trade in Fiji) (Munro 1990). The general aim was exploitation of resources, rather than building a large European settlement. (LeFevre 2015). The abhorrent practice of slavery – ‘blackbirding’ – where island residents were forced, coerced and tricked into going to Australia to work in settler plantations was rife (McIntyre 1997; 1999; Flanagan, Wilkie, and Iuliano 2003; Salesa 2019; Foster 2020; Stead and Davies 2021).

⁴³ We are grateful to Te Aorangi Murphy-Fell for highlighting many other ways in which the right to choose can be taken away from people. These include situations of coercive control where people experience threats to obey and are unable to escape and make autonomous decisions. This could occur, for example, because of family violence, modern slavery, sex trafficking, gang involvement or religious control.



and an absence of necessary accommodations due to systems that do not consider their needs. People who have experienced trauma (such as refugee families and those who have lived through the Christchurch earthquakes or recent floods) are often inadequately supported, including as a result of shortages of mental health services.

Whatever the initial causes of persistent disadvantage, maladaptive and dysfunctional responses to it (such as family and sexual violence) and coping strategies (drugs, alcohol) are often transmitted across generations. For individuals and whānau with identities that intersect, the cumulative risks can be greater.

2.5 How to assist people experiencing persistent disadvantage

Almost everyone experiencing persistent disadvantage will currently be in receipt of multiple forms of government assistance, which depending on their circumstances, can include Working-for-Families tax credits, main benefits, publicly financed health care, accommodation assistance, and crisis care following family violence. These services are provided by specialised government agencies. In this, they share the experiences of many people who are not experiencing persistent disadvantage.

In the 2015 *More effective social services* inquiry, the Productivity Commission noted that while existing specialised services worked well for many people:

The situation is quite different for clients with complex needs – particularly when these needs are inter-dependent so that treating some needs but not others is likely to be ineffective. (New Zealand Productivity Commission 2015, 2)

The Commission introduced a ‘quadrant diagram’, reproduced in Figure 3, that distinguished the extent to which people could get the help they need based on the complexity of their needs and their capacity to navigate the available services (New Zealand Productivity Commission 2015, 3). Many people experiencing persistent disadvantage are likely represented by Quadrant D because they have highly complex needs and low capacity to coordinate services by themselves (Fry 2022, 9–10).⁴⁴

This suggestion has led to the development of several ‘navigator’ services, where people experiencing disadvantage are assisted in accessing the services to which they may be entitled. Some examples include:

- Budget 2020 allocated \$41.25 million over two years to create 141 Community Connector positions. Community Connection Service seeks to offer flexible support to people with high and complex needs to meet short-term goals by connecting them with support and services (Ministry of Social Development 2022a)
- Kaiārahi o te Kooti-a-whānau: Family Court Navigators help whānau with information, guidance and support on their journey through the Family Court (Ministry of Justice 2022)
- Intensive Case Management and Navigator Initiatives in Emergency Housing. The Initiatives involve providing intensive, personalised, single point of contact support

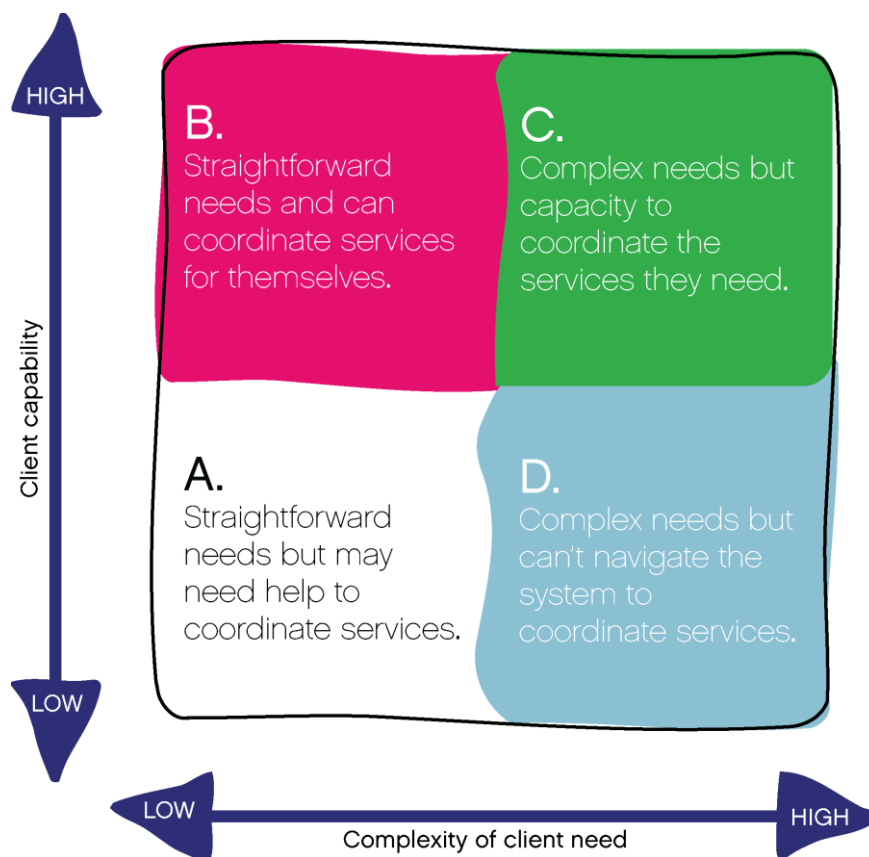
⁴⁴ An insidious feedback loop can be at play here because the existence of unmet needs also influences the capacity to seek support.



for whānau to engage with public and private housing and sustain housing in the long term (Ministry of Social Development 2022b)

- While its introduction pre-dated the Commission's 2015 report, Whānau Ora has evolved over time and increasingly includes some elements of the navigator model. Whānau Ora supports whānau to build on their strengths and achieve their aspirations, addressing individual needs within the context of whānau or families and their culture (Te Puni Kōkiri 2023).
- Manaaki Tairāwhiti, kaiurungi (people who steer the waka) to build trusted relationships with whānau and support them to identify and meet their needs and goals. Kaiurungi help connect whānau to agencies, organisations and communities (Fry 2022, 57).

Figure 3 The Productivity Commission's original quadrant diagram



Source: Productivity Commission (2015)

2.5.1 Using a general system to solve a specific problem

The failure of successive governments to make progress in reducing persistent disadvantage has in part occurred because they have sought to accommodate people experiencing persistent disadvantage within a system of uniform, standardised, siloed, specialist services that works well for most of the population (New Zealand Productivity Commission 2015, 53):



Dealing with individuals and families with multiple, complex needs is a particular challenge and is where the current system markedly under-performs. This challenge is not unique to New Zealand, and defies simple solutions. What is clear is that well-intentioned people are attempting to solve complex problems in somewhat of a vacuum of information about what works, why it works, how well it works, who it works for and how much it costs. And fragmented budgets and decision rights frustrate these people.

It is also clear that exhortation – calls to “do better”, “collaborate more” or “innovate” – is insufficient to drive behavioural or system change. Change initiatives need to be properly grounded in an understanding of people, the organisations in which people work and the incentives that they face – in short, a whole-of-system approach. (New Zealand Productivity Commission 2015, 9)

The social assistance system in Aotearoa has developed over decades based mostly on standardised services where there are economies of scale (New Zealand Productivity Commission 2015, 248; Fry and Wilson 2022a, 44).⁴⁵ This often means seeking national uniformity,⁴⁶ specialisation, centralisation, and automation. Eligibility criteria are a key tool intended to target assistance to where it is most needed. In practice, however, many people experiencing persistent disadvantage either do not seek the help they need due to a lack of understanding and trust in the system or do not get the help they need from the system because it fails to identify and address their needs.⁴⁷

New Zealand has separate, specialised ministries for social welfare assistance, health, education, social housing, care and protection of children, and police. The core functions of these agencies are often highly centralised. One example is the cash benefit system, where benefits rates are the same nationally for people with the same characteristics, administration is highly computerised, and discretion is minimised.

In cases of assistance provided in-kind, standard procedures are often promulgated that are followed by all staff providing assistance.⁴⁸ Discretion is minimised (sometimes via prescriptive legislation that regulates eligibility and entitlements), and efficiency is an important success criterion. Overall, ‘success’ is often measured by the number of people assisted rather than by the quality or effectiveness of the services they received.⁴⁹

2.5.2 Developing a parallel system

The Commission’s key insight from the 2015 inquiry was that the complexity of the current social services system, combined with the effects of persistent disadvantage on

⁴⁵ We agree with the Productivity Commission’s assessment that the existing ‘mainstream’ system of standardised, specialised social assistance works well for many people with similar, and relatively uncomplicated needs (New Zealand Productivity Commission 2015, 2).

⁴⁶ A strong egalitarian sense is also behind the idea of uniform service provision. The recent restructuring of the health system in New Zealand is motivated in part by a desire to remove disparities in care across regions (sometimes called the ‘postcode lottery’ of care) (Health Transition Unit 2021). We note that these concerns are not unique to New Zealand – see for example Russell et al (2013) and Crump et al. (2015) in relation to the National Health Service in the United Kingdom.

⁴⁷ For example, the bureaucratic nature of the system may make accessing assistance too arduous, or it may be discriminatory.

⁴⁸ Examples include Oranga Tamariki (2019); Ministry of Education (2021); Ministry for Social Development (2023) and Ministry of Health (2023).

⁴⁹ Standard specialised services often require thresholds to be met before someone can receive help. This approach has developed over many decades as an effective tool to manage short-term costs. However, when a person or whānau experiences multiple challenges over an extended period, a focus on short-term cost containment can lead to poorer outcomes as stress builds, issues compound and severity escalates which can potentially be more costly in the long run.



the capacity of people to work within that system, was a barrier to people experiencing persistent disadvantage accessing currently available services.

Their solution – the ‘navigator model’ – assumed, however that both complexity and capacity were fixed and that a ‘work around’ was needed to help people get the services that they needed. It also assumed that service delivery is the appropriate response to disadvantage, and that the services needed to address disadvantage already exist (Fry and Wilson 2022a).

We suggest (as noted in the Commission’s more recent work – see New Zealand Productivity Commission 2022a) that more fundamental changes need to be made for people experiencing persistent disadvantage. In effect, a parallel system is needed.

While continuing to receive some services provided by centralised agencies, especially health services and cash transfers, we propose that a complementary support system be established that offers additional, individualised support to people experiencing persistent disadvantage, based on their assessment of what is required. So, rather than being assisted by a navigator to select which of the available range of services they will receive, people will work with supporters to describe the changes they want to make in their lives and then develop a plan to achieve them. This plan will likely include a range of existing services and some new types of support, which may need to be commissioned from an appropriate provider.⁵⁰

People experiencing persistent disadvantage may have had negative prior experiences with publicly-provided services (e.g. education, health, Corrections, Oranga Tamariki) and may not disclose the support they need due to a lack of trust (Fry 2022, 2). There are, unfortunately, many instances where the state’s actions have made things worse (and often significantly so) for people experiencing persistent disadvantage.⁵¹ So they may need the support of a trusted person to help them identify, articulate and prioritise their unaddressed needs. Once the full range of unmet needs are surfaced, it will take time and resources to develop appropriate responses.

In short, to support people experiencing persistent disadvantage in building better lives, the available assistance needs to be both more comprehensive, and simpler to access.

Figure 4 develops the Commission’s original quadrant diagram. The axes are ‘complexity’ and ‘coverage’. In contrast with the original, complexity here is about the complexity of the social assistance system, not the complexity of the needs of a person. ‘Coverage’ has a very wide meaning, reflecting not just the number of people able to access assistance

⁵⁰ There are currently a number of types of organisations in New Zealand that are starting to develop this sort of approach. Whānau Ora is operating at a national scale, through three commissioning bodies; Manaaki Tairāwhiti are working to embed their version of navigators into service providers and the South Auckland Social Wellbeing Board are using multi-disciplinary teams to co-ordinate services provided by departments. We discuss Manaaki Tairāwhiti and the South Auckland Social Wellbeing Board in section 2.5.10 below. Julie Fry discussed Whānau Ora in her review of joined-up social services for the Productivity Commission (Fry 2022, 45 ff).

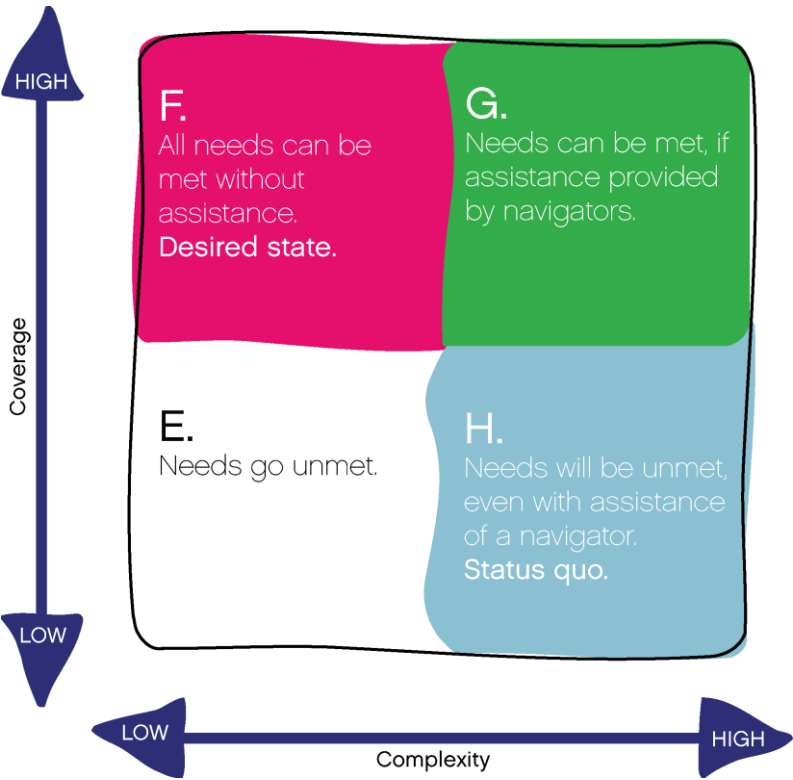
⁵¹ The Royal Commission of Inquiry into abuse in state care reports particularly egregious examples: “For many, Lake Alice was a place of misery, neglect, terror and torment” (Abuse in Care Royal Commission of Inquiry 2022, 27). Another example is policies intended to reduce drug harm that focus on criminality rather than treating addiction, and which fail to understand drug delivery business models. Recent evaluations of He Ara Oranga, a methamphetamine harm reduction programme in Northland, concluded that a key component to driving down demand involves “destigmatising users and their involvement and role in supplying the drug to others” (Walton and Martin 2021, 14).



and the range of assistance offered but also the need to respond to systemic issues such as power imbalances, racism, sexism, ableism and colonialism.⁵²

The goal is not just to add a new function (like navigators) but to embed systems change. The ideal would be to have a system of assistance in Quadrant F, where needs can be met without additional assistance from a navigator from outside their whānau.

Figure 4 Assistance needs to be simpler and more comprehensive



Source: The authors

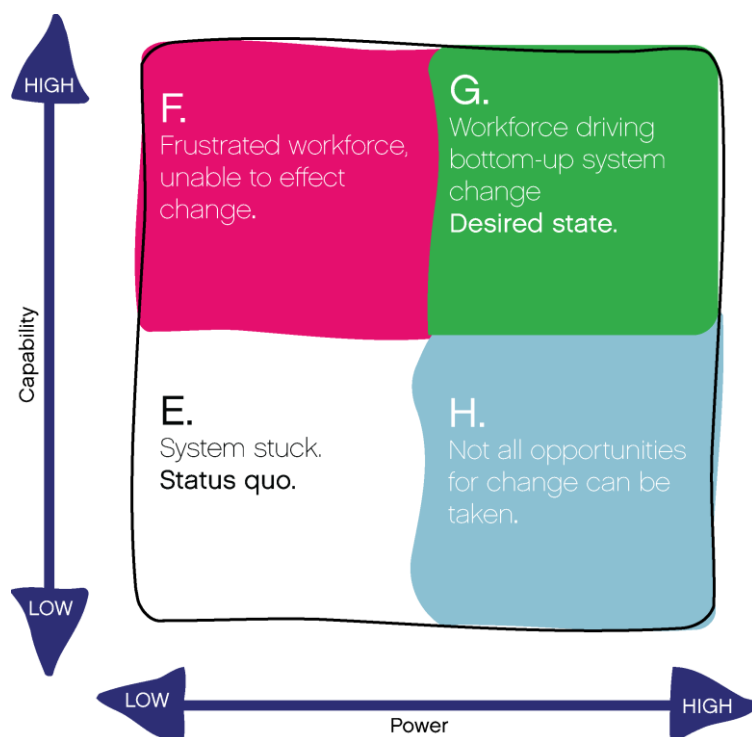
To provide the kinds of assistance envisaged in Figure 4, a capable, empowered and trusted workforce that can help drive the bottom-up transformation of the whole system based on ongoing learning and improvement is needed. For this to occur, action will be required on two dimensions: lifting the capability of the workforce (including front-line staff, supervisors, managers, and executives) to provide multi-faceted assistance; and empowering them to change the level of assistance and the way it is delivered.⁵³ As shown in Figure 5, we are currently largely in Quadrant E, with a system that cannot deliver the assistance required. We need to move to Quadrant G. But the move on the two dimensions of capability and power will need to occur together for the system to become fully effective.

⁵² For a recent research report by a group of eminent tangata whenua scholars and leaders on the impacts of colonisation, racism, and white supremacy upon Tangata Whenua in Aotearoa, see Human Right Commission (2022). A report on the work of the Human Rights Commission in developing a National Action Plan Against Racism is in Human Right Commission (2022).

⁵³ We return to a more detailed discussion of how a workforce can be empowered in sections 3.7.2 and 4.6.7.



Figure 5 An empowered, capable workforce is needed



Source: The authors

Note that this figure represents a best-case scenario. There will always be circumstances in which ongoing assistance will be needed, for example, for some people with severe mental health conditions or physical disabilities.

2.5.3 Change from the top down and from the bottom up

The pathway from what is not working to better outcomes is complex. It involves 'top-down' adjustments from the centre (also known as systems change), as well as making space to enable the lived expertise of people experiencing persistent disadvantage to inform and drive change.

Two examples from the disability sector demonstrate what can be possible but also highlight the limits of innovation without true system change. Box 1 discusses Enabling Good Lives and Mana Whaikaha, a navigator-based initiative operated by the former MidCentral DHB.



Box 1 Enabling Good Lives and Mana Whaikaha

A desire to provide more empowering options for disabled people and their families and whānau led the former Mid-Central District Health Board to pilot Mana Whaikaha, a navigator-based initiative, beginning in 2018.

Building on earlier Enabling Good Lives demonstration sites in Waikato and Christchurch, Mana Whaikaha was intended to give disabled people and their whānau more choice and control over their lives by providing more flexible support options and increasing their control over decision-making. The goal was to improve both system outcomes and cost-effectiveness.

While stakeholders in the disability sector welcomed the increase in choice and control the pilot provided, the extent of demand for the new service was not anticipated, and Mana Whaikaha did not have the resources to meet it. The service was overwhelmed as soon as it was launched, and both staff and the more than 400 disabled people and their whānau who were waitlisted as a result experienced considerable stress and frustration. Planned ratios of kaitūhono (navigators) to staff were reduced from 1:45 to 1:100, straining service delivery (Lovelock 2020, 25) and damaging relationships. A lack of available services, including mental health support and respite care, limited navigators' ability to refer people to the help they needed (Fry 2022, 4).

An evaluation of Mana Whaikaha noted that there was also more to do in terms of understanding and responding to cultural needs and perspectives, including meeting obligations under Te Tiriti o Waitangi (Lovelock 2020, 51). That said, that demand so substantially outstripped supply suggests that disabled people and their families and whānau viewed the increase in choice and control as desirable.

Box 2 examines the Tagata Sa'ilimalo Strategic Framework developed by the grassroots Tōfā Mamao Collective. The Collective drew on Enabling Good Lives principles embedded in Pacific values to build the future resilience of tagata sa'ilimalo and Pacific communities and position them to lead (Tōfā Mamao Collective 2022, 16).



Box 2 Community-led transformation of disability assistance

Despite ongoing transformation in the sector, outcomes for tagata sa'ilimalo are "stubbornly suboptimal". The Tōfā Mamao Collective explains how the community has responded:⁵⁴

Tagata Sa'ilimalo (tagata = people or person, sa'ilimalo = pursuit of success) is a new vision of Pacific disability in Aotearoa and also a term of identity to replace "Pacific disabled people, their families, and carers/supporters." Tagata Sa'ilimalo is an aspirational vision of the pursuit of success underpinned by sheer determination and sustained by the collective vitality of Pacific peoples. It is a vision that reflects the hopes of the disability community to imagine better for their future... The vision is inclusive of all Pacific peoples in Aotearoa and all disability types. (Tōfā Mamao Collective 2022)

Continued poor outcomes reflect an "uneasy fit" between the needs of tagata sa'ilimalo and the way the disability system operates (Tōfā Mamao Collective 2022, 2). It is part of a universal public system that is:

...built around the needs of a nuclear family with individualistic aspirations [and] is less able to accommodate the collectivist needs of those that rely on extended family and community support to sustain their daily lives. In doing so, it misses opportunities to build on existing strengths and resources of the Pacific community (ibid.).

As a result, it is unsurprising that, compared to the general population, tagata sa'ilimalo "underuse formal services, overuse informal home supports and are more likely to opt out of the disability service system altogether" (ibid.).

The Tagata Sa'ilimalo Strategic Framework envisages action based on Soalaupule (shared authority, responsibility and outcomes supported by whakawhanaungatanga and collective and inclusive Pacific ecosystems). Building consensus is key to informing and influencing government decision-makers, developing initiatives and interventions that reflect community values and priorities, and spearheading Tagata Sa'ilimalo-led service design.

The Pacific community is "a resilient network, tied by common values and motivated by a shared purpose to improve community wellbeing", which can support systems change and realistically address equity objectives through community mobilisation and collective action (ibid.). This was clearly demonstrated in 2021 when a partnership forged between government and the Pacific community supported the mobilisation of a resilient 'for-Pacific-by-Pacific' ecosystem that drove a rapid improvement in testing and vaccination rates for Pacific people during the pandemic.

2.5.4 Engaging with and responding to diverse communities

Different communities in Aotearoa are at different stages when it comes to identifying and responding to persistent disadvantage. As the population becomes more diverse, the government and the public sector will need to adapt to ensure that the assistance they provide reflects the needs of the society they serve. This will require building trusted relationships with different communities, taking the time to listen and understand their requirements, and collecting data that enables the effectiveness of assistance to be assessed. Staff will need different skills, including greater cultural competence, to understand and respond to the lived experience of the people they are assisting.

At a minimum, professionals need to understand how people's circumstances, culture and past experiences can influence how they approach receiving assistance. As well as

⁵⁴ Tōfā Mamao is a proudly independent national non-profit collective led entirely by tagata sa'ilimalo. Their vision and strategic framework build on a social movement developed in Aotearoa over more than two decades by tagata sa'ilimalo (Pacific disabled people) and their families (nofo-a-kainga) and carers/supporters (tautua soifua). The name Tagata Sa'ilimalo is derived from a Samoan phrase, malo le sa'ili malo, malo le finau, malo le tauivi, which acknowledges an individual or group's victory or achievement and allows "allows those who have witnessed or taken part in the successful journey to recognise everything it took to get there". The English meaning of this expression is "well done for pursuing success; well done for raising and arguing the point; well done for persevering with the struggle". Over time, Tōfā Mamao anticipates that "additional names will be developed in other Pacific languages to describe the same underlying vision" (Tōfā Mamao Collective 2022, 2).



demonstrating a commitment to equal opportunity employment, this can lead to better care and improved outcomes overall.⁵⁵ For example, in some cultures, the whole family will always make decisions about the care of a family member. If this is the case, professionals either must involve family members in consultations or at least allow their clients to do so before making their final decision, while ensuring this approach is safe and free from coercion.⁵⁶

2.5.5 Case study: Manaakitanga and migrants from countries in Asia

The more than 40 ethnic groups living in Aotearoa that are broadly categorised as 'Asian' in official statistics have diverse histories, risk factors, and experiences.⁵⁷ Some are recent migrants, some arrived as children or are second or third generation New Zealanders, and others are descendants of people who arrived in the 19th century or earlier.⁵⁸ Many are from cultures with a strong collective emphasis on family loyalty and connection who have come to Aotearoa on their own as a result of immigration policy settings.⁵⁹

The extent to which people identifying as Asian experience persistent disadvantage is difficult to determine. The Productivity Commission has identified challenges with aggregate statistics, and many agencies and service providers do not track ethnicity in sufficient detail.⁶⁰ As a consequence, understanding of the needs of Asian people, families and communities is underdeveloped, along with appropriate responses to their experiences of persistent disadvantage.⁶¹

⁵⁵ As Arja Lehti and her colleagues note:

Many minority group patients who attend primary health care are depressed. To identify a depressive state when GPs see patients from other cultures than their own can be difficult because of cultural and gender differences in expressions and problems of communication. (Lehti, Hammarström, and Mattsson 2009)

⁵⁶ This can be challenging for practitioners whose professional ethics may view such wider involvement as breaching patient confidentiality.

⁵⁷ The 2018 census reported the following ethnicities under the board category 'Asian': Filipino, Cambodian, Vietnamese, Burmese, Indonesian, Lao, Malay, Thai, Karen, Chin, Chinese, Hong Kong Chinese, Cambodian Chinese, Malaysian Chinese, Singaporean Chinese, Vietnamese Chinese, Taiwanese Chinese, Indian, Bengali, Fijian Indian, Indian Tamil, Punjabi, Sikh, Anglo Indian, Malaysian Indian, South African Indian, Sri Lankan, Sinhalese, Sri Lankan Tamil, Japanese, Korean, Afghani, Bangladeshi, Nepalese, Pakistani, Tibetan, Eurasian, Bhutanese, Maldivian and Mongolian. (Stats NZ 2022b)

⁵⁸ About 160,000 of the people who reported Asian ethnicity in the 2018 census were born in New Zealand, compared with around 536,000 born overseas. (Stats NZ 2022b).

⁵⁹ There is a long history of racist anti-Asian immigration policy in Aotearoa which has been well-documented elsewhere (Fry and Wilson 2018, Spoonley and Bedford 2012). For example, in the 1920s and 1930s, Chinese women were banned from entering New Zealand as a way of preventing the Chinese population from increasing (Spoonley and Bedford 2012, 103). More recently, the policy of successive New Zealand government restricting the immigration of older family members had particularly negative effects on people from highly collective cultures. (ibid. 120), New Zealand suspended granting visas for migrant parents in 2016, as part of a policy of reducing overall numbers of permanent residents (Woodhouse 2016). In 2022, the current Government announced that it would allow up to 2,000 parent category visas to be granted each year (Wood 2022).

⁶⁰ One particular issue is how people with more than one ethnicity are recorded. In the Census, people are asked to identify their ethnicity and are given a number of choices from a list, plus being able to write their ethnicity in a space provided. People are advised that they can state more than one ethnicity, which many people do. In 2018, 13 percent of the total population recorded more than one ethnicity (Stats NZ 2020). Using the raw answers, any tabulation of ethnicity will, therefore, sum to more than 100 percent of the population (Stats NZ 2019). Other Government agencies, like the Ministry of Health, use a 'prioritised ethnicity' system, which assigns a single ethnicity to a person. This means that responses always total 100 percent of the population. The prioritisation used by the Ministry of Health is Māori, Pacific Peoples, Asian, Middle Eastern/ Latin America/ African (MELAA), Other and European. So, a person who states their ethnicity as say Māori and Asian will be recoded as Māori (about 3,700 people were in this category in the 2018 Census). Under this priority ranking, only people who state that Asian is their sole ethnicity will be recorded as Asian (Ministry of Health 2017). In the 2018 Census, 645,600 people stated that Asian was their only ethnicity, while another 57,123 included Asian as one of their ethnicities (Stats NZ 2022b).

⁶¹ For example, the Suicide Mortality Review Committee has noted a diversity of health experiences within Asian communities:



Risk factors in Asian communities can include limited social interactions due to separation from family or lack of connection; physical and mental health issues (drug, alcohol or gambling addiction, chronic pain); and cultural, economic and environmental factors such as tensions over gender and gender identity, bullying, precarious employment, poverty, trauma from adverse childhood experiences, and racism and discrimination (Suicide Mortality Review Committee 2019, 14).

Tensions between the culture and values of the country of origin and New Zealand can make it harder to get support. Young women and rainbow youth can face particular challenges.⁶² Stigma and shame pose real constraints: almost 99 percent of Asian people responding to a recent survey believe the public “hold negative stereotypes against people with mental illness” (Zhu 2021, 2). Clinicians report Asian people are both reluctant to seek therapy and more likely to drop out.⁶³ At the same time, ethnic discrimination leads to reduced access to care, poorer patient experiences, and adverse impacts on wellbeing (Suicide Mortality Review Committee 2019, 14).

A submission to the Productivity Commission from Asian Family Services noted that:

Asian people had lower access to screening services, mental health services, disability support and aged residential care. Compared with other ethnic groups, Asian people were also less likely to have a primary healthcare provider, to have seen a family doctor or any other health professional in the past year, and to have used a public hospital in the past year. (Asian Family Services 2022a, 6)

It has been clear for some time that structural issues such as racial and institutional discrimination in the housing and labour markets, immigration policies that undermine the family and community connections needed to support wellbeing, and access to culturally competent services including translation need to be addressed (Ministry of Health 2006; Yong 2018). Assistance needs to be accountable: it should seek to build genuine rapport and connection; be targeted to specific Asian communities, not generic; and focus on the full range of issues needed, including health promotion and advocacy, service delivery and workforce development (Ning and Feng 2021).

2.5.6 A series of mindset shifts is needed

Overcoming persistent disadvantage will require addressing deep-seated systemic issues, including power imbalances; improving the design, administration, delivery and

First-generation Asian migrants tend to be healthier both directly because of immigration health screening and indirectly because they are screened for education, wealth and occupation. Yet, as time goes on after they have migrated to Aotearoa New Zealand, their positive health status generally deteriorates towards the national average. Refugees, on the other hand, generally have poorer physical and mental health than the average but it improves over time. (Suicide Mortality Review Committee 2019, 8, internal citation omitted).

⁶² Recent survey evidence finds young female students from East Asia, South Asia, China and India students in Aotearoa consistently experience lower psychological wellbeing, are more likely to harm themselves, think about, plan or attempt suicide, and are more likely to experience unwanted sexual behaviour than their male counterparts (Peiris-John et al. 2021). Elsie Ho and her colleagues also highlight cultural factors that make it harder for women experiencing perinatal health challenges to get the assistance they need, including the shame that comes with seeking outside help (Ho, Feng, and Wang 2021, 28), and family perceptions that they are melodramatic, attention-seeking, lazy or tired (ibid, 35-6). Some rainbow youth report internalised homophobia and transphobia, tensions over determining where they fit between two cultures, and family members who are “okay about white people being gay like they don’t really care. But as soon as it’s me, it totally changes or as soon as it’s part of our family, it’s not okay” (Ning and Feng 2021, 9).

⁶³ As an Asian service community coordinator for Age Concern commented:

Asian people do not think psychological distress is an issue that needs help. To Chinese people, talking therapy means that you are gossiping about your problem, which goes against face-saving. They believe that support is only required when someone is experiencing a severe mental disorder. (Suicide Mortality Review Committee 2019, 16).



assessment of assistance; and strengthening accountability arrangements. It will also require a series of mindset shifts.

Many governments in Aotearoa New Zealand have had a proud history of leadership on important issues where the majority of public opinion does not yet align with their views and backing themselves to change people's minds. Examples include making Aotearoa nuclear, smoke and predator free, starting to settle Treaty breaches and recognising same-sex marriage. There have also been successful collaborative efforts where political parties in parliament have jointly committed to maintaining prudent levels of debt, reducing child poverty and starting to address climate change.

In each of these cases, support for change was underpinned by shifting public mindsets, often supported by Parliament passing laws with cross-party support to bind future governments to be accountable for the policy change.⁶⁴

We set out below the series of mindset shifts that are needed to make progress towards overcoming persistent disadvantage:

- Committing to addressing underlying causes of disadvantage
- Prioritising trusted relationships
- Understanding the impacts of abuse, dysfunction and distrust
- Grounding service provision in the reality of people's lives and
- Embedding learning and systems thinking at all levels.

Committing to addressing underlying causes of disadvantage

We discuss the need for the Crown and its agents to honour their obligations under Te Tiriti o Waitangi in more detail in section 3.6. Failure to do so is one of several deep-seated and enduring underlying causes of disadvantage repeatedly emphasised in submissions received by the Productivity Commission:

...the impacts of colonisation and the failure of the Crown to honour and meet its obligations under Te Tiriti o Waitangi; institutional racism; discrimination against ethnic, social and cultural cohorts; sexism, ageism and ableism... a lack of access to resources, and the resulting toxic stress... the critical role of safe, warm, secure and affordable housing as a foundation for improving wellbeing.
(New Zealand Productivity Commission 2022a, 11)

We do not suggest that grappling with these underlying causes and systemic issues, including who holds power, will be simple. The Commission has acknowledged that making progress will require bravery and often confronting conversations (ibid., 1). But there are encouraging signs that societal values are beginning to shift in Aotearoa. For example, the World Values Survey shows increasing recognition that "the Treaty is important or very important" (Perry and Yeung 2021, 12).⁶⁵

⁶⁴ The key here is with cross-party support. Without this, it is not possible to bind future governments. However, as public mindsets shift over time so too does the extent of possible change. The pathway from homosexual activity being illegal between consenting adults to legally recognised same sex marriage is one example of this.

⁶⁵ For 2019, the share of people agreeing that "the Treaty is important or very important" is approaching 80 percent across younger age cohorts (those aged up to 50-59), and 70 percent for older groups (those who are 60+). This is a significant increase from 2004, when 50-60 percent of younger cohorts and around 40 percent of older cohorts agreed (ibid.)



Effectively addressing persistent disadvantage is likely to involve both additional upfront investment for conventional programmes (such as Working-for-Families and housing assistance) and the provision of more assistance that is co-designed with people experiencing persistent disadvantage to better help them change their lives.

Prioritising trusted relationships

Too often, trust is regarded by funders and providers as something nice to have but too expensive or impractical to develop and maintain.⁶⁶ But when it comes to getting assistance right, trusted relationships that centre the voices of people experiencing disadvantage are critical. People who do not trust those providing assistance may avoid seeking support, fail to share what is really going on in their lives, and miss out on the help they need.

Prioritising trust means providing adequate levels of committed resourcing. There have been too many instances where devoting insufficient resources to relationship building or discontinuing funding, either temporarily or permanently, has damaged relationships and eroded trust.⁶⁷

Trusted relationships also play a key role in building protective factors and strengthening resilience, which are discussed in section 2.5.7.

Understanding the impacts of abuse, dysfunction and distrust

The lives of people experiencing persistent disadvantage are often complex and chaotic. Responding with ‘egalitarian’ standardised services is misguided at best and patronising and ineffective at worst. Judging someone’s behaviour based on what it might mean if a person without experience of persistent disadvantage did it is unlikely to be illuminating or helpful. What might appear to be an absence of ‘compliance’ or interest in being helped when viewed from this perspective is often more appropriately seen as a response to trauma or the complexity of a person’s circumstances leading to impossible choices, or a deep and often justified distrust of the government in general or a specific agency in particular as a result of negative past experiences.⁶⁸

Rather than presuming a person or whānau is ‘being difficult’ or does not want assistance, those looking to support people experiencing persistent disadvantage need to be prepared to find different ways to build trust, engage and assist. This might mean providing information in different ways or locations, being prepared to follow up without judgement, and taking the time to build trusted relationships, check for understanding and adapt to the needs of the person, their whānau and the wider community.⁶⁹ This can be an iterative process.

⁶⁶ Although ensuring resources are used prudently is important, focusing too heavily on short-term cost containment has frequently undermined trust-based approaches. This issue occurs at all levels, from individuals losing access to trusted key workers who move on due to uncertainty over whether their current role will continue to be funded; to providers who are unable to deliver the assistance their clients need; to efforts to improve collaboration across agencies being hampered by discontinuities in funding provided for relationship-building (Fry 2022).

⁶⁷ Julie Fry discusses several examples in *Together Alone*, including during the establishment of what was then known as the Joint Venture on Family Violence and Sexual Violence; and during the closure of the Kāinga Ora Place-Based Initiative (Fry 2022).

⁶⁸ Examples may include “being declined financial assistance by Work and Income, being arrested by NZ Police, being fined, subjected to Community Service or imprisoned by Corrections, or having children uplifted by Oranga Tamariki” (Fry 2022, 18).

⁶⁹ Service or entitlement eligibility criteria can be used to direct assistance to those most in need, manage costs and demonstrate accountability to funders. However, by definition, setting criteria require the application of a judgement about what level of disadvantage will qualify for assistance. Those judgements are often made based on only considering one aspect of wellbeing in isolation, and not considering that a combination of “not quite enough needs to qualify” across all dimensions can combine to



Grounding service provision in the reality of people's lives

Wherever possible, centring the needs of the person and their whānau rather than those of the service provider is likely to lead to improved outcomes.⁷⁰ People with multiple, complex needs can experience providers making things worse rather than better through a lack of flexibility and understanding (for example, someone who needs to choose between a mandatory court appearance and taking their baby to a long-awaited surgical appointment loses either way).

Instead of viewing diversity of provision and flexibility as potentially inefficient and wasteful, these should be seen as essential components of providing assistance that will reach people experiencing persistent disadvantage and help them to improve their lives.

In practice, this will often mean building additional capacity and contingency capability and supporting a choice of providers. Some people will prefer to engage with an iwi-led or another provider from their ethnic or cultural background. Others might want a faith-based service or support from an organisation that provides a range of services in one location.

It may also mean loosening – or even entirely moving away from – strict eligibility criteria for services for people experiencing persistent disadvantage and trusting providers to do the right thing.⁷¹ This would, however, create a new eligibility boundary between those experiencing persistent disadvantage and those not, which would also lead to equity concerns that need to be addressed.

This is where the right accountability framework is key, as it is through accountability that limits on what is and is not acceptable are developed and applied. For example, an accountability regime can ensure that a wider range of assistance is provided within a fixed budget.

There are already examples of organisations that manage this kind of flexibility well. As Manaaki Tairāwhiti Programme Lead Leslynne Jackson said:

Why would people ask for help if they don't need it? It's not really a big problem. We trust the judgement of those practitioners who have a trusted relationship with whānau to know how to allocate their time most effectively. Practitioners know that their time is a limited resource.⁷²

There are also instances of perverse outcomes occurring under contracts that fund on a fee-for-service or service volumes basis – such as people with disabilities being kept in

produce toxic stress and reduce the ability of people to lead a good life. Even for those people who do meet the relevant criteria, having to continually provide evidence of disadvantage can lead to stigmatisation and further stress.

⁷⁰ Some providers have more limited flexibility. For example, a public hospital operating a surgical schedule needs to be able to respond to emergencies and prioritise scheduled operations based on clinical need.

⁷¹ There is an unavoidable trade-off in social policy between the dimensions of economy (cost), equity and efficiency. It is simply impossible to have a large-scale social assistance programme that is affordable, treats people fairly and does not produce adverse outcomes on dimensions like incentives to participate in the workforce. Working-for Families shows these trade-offs in action. High benefit abatement rates (the rate at which assistance is withdrawn as income increases) can reduce incentives for people to join the workforce or increase their hours worked, especially for women with young children, who are very responsive to the after-all-taxes-and-transfers return to working. But low benefit abatement rates dramatically increase the cost of the programme (which means that either taxes must be increased – which have their own potentially very high negative effects on incentives or other spending curtailed) and mean that assistance is provided to higher income families, which reduces equity. The task of policy development, therefore, is to find the right mix of economy, efficiency, and equity. Because of the equity dimension, value judgements are involved and there is no empirically provable 'right' answer. Evidence can, however, be used to measure and examine the effects on different outcomes on the three dimensions.

⁷² Leslynne Jackson, Personal communication, 25 January 2023.



states of learned helplessness so that providers continue to be funded for ongoing services.⁷³

Embedding ongoing learning and systems thinking at all levels

The atomised nature of current approaches to ‘service delivery’ is, in part, a natural result of a system of government that is organised in specialist government agencies (a mix of departments and various types of Crown entries), operating under a vertical chain of accountability (see Figure 10 on page 75). While efforts to improve coordination, including through the use of navigators, are welcome, this system struggles to incorporate the kind of flexible, adaptive, trust-based mindsets outlined above, see Fry (2022)

As a result, a parallel approach is needed to improve the lives of people experiencing persistent disadvantage. In section 2.5.1, we provide a detailed case study of two PBIs, Manaaki Tairāwhiti and the South Auckland Social Wellbeing Board, which demonstrate how this approach can work in practice. Both embody a ‘test, learn and adapt’ approach in their way of working, and have identified numerous systems challenges that need to be addressed. But identifying these challenges has so far failed to lead to systems change.

A commitment to ongoing testing, learning and adapting, and addressing identified systems issues need to be embedded at all levels of the social assistance system if the potential of this parallel system is to be realised. This mindset shift needs to be supported and reinforced by changes to accountability. Until that happens, system failures will continue to go undiagnosed and untreated.

2.5.7 Building protective factors and strengthening resilience

One advantage to a more personalised and dynamic approach to addressing persistent disadvantage is the opportunity it provides to focus on prevention, including through addressing underlying systemic issues, developing protective factors and strengthening resilience, rather than primarily delivering crisis responses.

Submissions received by the Commission and summarised in their interim report identified a number of protective factors, including “stable, trusted relationships, resilient mental health, culture and identity, connection, and a sense of belonging to a whānau and/or community” (New Zealand Productivity Commission 2022a, 11).

Taking the time to understand the history, values and complex needs of a person or whānau experiencing persistent disadvantage means assistance can be tailored to actual, not perceived priorities, and focus on strengths (ibid.).

Effective assistance requires both a deep understanding of where people are currently at in their lives and a willingness to work with them to expand their future options and outcomes. Empowering whānau to envisage and build a different future takes longer than simply telling them to accept a service that may or may not meet their needs, but it can be significantly more effective.

This can be a delicate process that requires those providing assistance to make space for a diversity of priorities while at the same time encouraging people to dream bigger

⁷³ Providers with a history of ‘feathering their own nests’ at the expense of supporting their clients’ independence was one of the core reasons behind moves to more individualised funding such as those described in Box 1 on Mana Whaikaha.



dreams. There is a fine line between pressuring people to suppress or change who they are in order to ‘progress’ and supporting them to live better lives.

Research on ambition in New Zealand indicates a wide range of potential responses to persistent disadvantage (Fry and Glass 2019). Some people ‘lower their sights’ when faced with overwhelming challenges.⁷⁴ Engagement with Māori on behalf of the Commission also highlights this, referring to a “poverty mindset” (Haemata Limited, forthcoming). Others, particularly those with access to support from their whānau or community, use difficulties as a ‘spur’.⁷⁵ Providing support, identifying and helping address barriers, making connections and increasing exposure to options that may not have previously been on someone’s ‘radar’ can help people experiencing persistent disadvantage expand their options. That said, there are real limits to what even the most ambitious person can achieve in their life in the face of systemic barriers.

In section 2.5.9, we introduce the idea that assisting people experiencing persistent disadvantage requires a ‘co-production’ approach, where both the person and providers (in a very broad sense) must work together to bring about the changes people want to make in their lives.

2.5.8 Doing good within limits

People convert the resources available to them into actions across many different parts of their lives. They use resources to do things such as buy food, send their children to school, and build and maintain friendships and relationships. What people become at a personal level, such as being parents, family members and friends, takes resources, including time and what economists call ‘social capital’⁷⁶. Becoming a professional, whether a retail worker, teacher or rugby player takes commitment, training and time. Working with iwi, coaching a netball team, volunteering at a refuge, or attending religious services are all things that require resources. In each of these examples, what matters is both the amount of resources people have and how well they can use them to become the people they want to be and do the things they want to do.

Drawing on the idea of the ‘four capitals’ in the Treasury’s original Living Standards Framework (LSF), Susan Morton and her colleagues describe the types of resources that are usually used by whānau to build their lives (Morton, Knowles, and Morar 2021, 41).⁷⁷ As shown in Figure 6, these resources are much more than just financial.

⁷⁴ As discussed in the previous section in relation to disability services, paternalistic state or provider services can also lead to this result.

⁷⁵ Carlyne October, who has experienced serious violence and homelessness, described wanting to help other people find homes (AmbitionNZ 2019). The founders of Mauria te Pono, who are included in a case study in the Commission’s interim report, developed their flax roots movement for whānau affected by drug and alcohol abuse after identifying gaps in the support they needed during their own recovery journey (New Zealand Productivity Commission 2022a, 109).

⁷⁶ The Treasury has defined social capital as referring to “the social connections, attitudes and norms that contribute to societal wellbeing by promoting coordination and collaboration between people and groups in society” (Frieling 2018).

⁷⁷ The 2023 Budget Policy Statement was the first to use the Treasury’s updated LSF from 2021. The new framework only refers to financial and physical capital, “reflecting the fact that human capability, social cohesion, and the natural environment contribute to the wealth of New Zealand beyond their roles as factors of production” (Government of New Zealand 2022, 2).



Figure 6 The resources that influence wellbeing



Source: Morton et al. (2021, 41)

As part of efforts to reduce the extent of persistent disadvantage, governments provide people experiencing persistent disadvantage with resources in a variety of forms, principally cash benefits (e.g., Jobseeker Benefits for people who are not in the labour market and Working-for-Families tax credits for low to middle income earners with dependent children) and services in kind (such as housing, health care and education). Most of these resources come within the economic, physical and human capitals described in Treasury's LSF. But the resources that build social capital, for example, are often not provided directly by governments.

Regardless of whether they come from government or elsewhere, all of society's resources are limited to some degree. Policy must work within those limits.



2.5.9 Emphasising ‘co-production’ where possible

We have noted elsewhere that having both sufficient resources and the capability to convert those into a valued life are essential to addressing disadvantage (Wilson and Fry 2019). Governments provide both types of assistance. In the case of assistance that is designed to change the ability of people to convert the resources available to them into a good life,⁷⁸ there can be a process of ‘co-production’ between the service provider and the recipient and their wider network, including whānau, friends and community.

Some changes primarily involve the person or whānau concerned taking action, including learning new skills, eating healthy food and exercising, or changing how they think and react to personal, family or social issues such as addiction or family violence. Providers can offer vital encouragement and ideas, illustrate techniques, and guide and advise, but their actions alone cannot bring about change (Whitaker 1980, 240).

This contrasts with services such as dentistry, housing and public transport, where the provider’s actions are the main contributor to people living better lives, and a ‘final product’ can be delivered that is then consumed by the person. Whitaker’s observation, while directed at individuals, applies equally to a whānau or wider group (hapū, iwi, community organisations) working together with others to effect changes to their lives.

Assisting people experiencing persistent disadvantage to change their lives for the better is not a process with a neat beginning, middle and end. When ongoing assistance is required, an episodic ‘diagnose, treat, cure, discharge’ paradigm is inappropriate.

2.5.10 Case studies: Manaaki Tairāwhiti and the South Auckland Social Wellbeing Board

There are currently in place two cabinet-approved Place-Based Initiatives ((PBIs) operating in New Zealand: Manaaki Tairāwhiti and the South Auckland Social Wellbeing Board (SASWB).⁷⁹ These two initiatives demonstrate how non-traditional approaches to assisting people experiencing persistent disadvantage can be effective. Below, we describe the activities of these two initiatives and what we have learned from them.

Manaaki Tairāwhiti

Manaaki Tairāwhiti is based on the East Coast of the North Island. The population it serves is predominantly Māori, and its catchment areas include rural and isolated locations. Tairāwhiti is relatively small and close-knit, and the people working together to support people experiencing persistent disadvantage often know each other, and the people they are trying to help, very well.

The Manaaki Tairāwhiti governance board is comprised of iwi leaders, the Mayor of Gisborne and local managers of public service agencies with a presence in Tairāwhiti. Below the Board sits an Operational Leadership Team of experienced local supervisors from those agencies.⁸⁰

⁷⁸ Given the co-production approach described in this section, we prefer to use the more neutral term ‘assistance’ instead of the standard idea of ‘services’ when describing how the government provides support to people experiencing persistent disadvantage.

⁷⁹ Julie Fry examined Manaaki Tairāwhiti and the (SASWB) in a report for the Commission’s current inquiry (Fry 2022)). NZIER subsequently undertook a research project for Manaaki Tairāwhiti on developed social services (Fry and Wilson 2022a). In undertaking this project, we again reached out to both organisations to learn more about their operations.

⁸⁰ For more details, see <https://www.mt.org.nz/>



The Manaaki Tairāwhiti business model ('the Manaaki Way') is to embed trained Manaaki kaiurungi ('those who steer the waka') into front-line agencies. Manaaki coaches provide ongoing workforce development, supervision and case-by-case guidance to kaiurungi.

Kaiurungi build trusted relationships with whānau and support them to identify and meet their needs and goals. Kaiurungi help connect whānau to agencies, organisations and communities. As kaiurungi support whānau, they document how systems are working for whānau and any barriers and gaps they encounter.

South Auckland Social Wellbeing Board

In contrast, the SASWB serves a much larger and more ethnically diverse urban population. The complex histories of the people they are seeking to help may not be known at the outset.

The Board consists of 13 central and local government agencies⁸¹ each represented by a senior leader from within that agency, selected by the relevant Chief Executive, with an independent chair.⁸² A flat leadership structure supports a learning culture.

The SASWB purpose and focus is to enable government agencies, together with community, to collaborate and take a 'learning by doing approach' to drive system change that supports positive life course outcomes and intergenerational change. An example of this approach is the multidisciplinary cross-agency team (MDCAT) way of working, first trialled over the 2018/19 Christmas period within the Counties Manukau family harm setting. MDCAT involved 16 different organisations, including both government agencies and NGO's, many of whom co-located to provide a more timely and better joined-up approach for victims of family violence and their whānau. Learnings from the MDCAT way of working has been able to demonstrate what it takes to work collectively across government and NGO's to support what matters most to whānau with complex needs.

How the PBIs operate

Both PBIs have comprehensive data collection and reporting systems which focus on truly capturing the voice of whānau – not how their needs may be categorised by providers, but how whānau themselves describe and prioritise the issues they face and the needs they have.

Both partner with providers that take the time to build trusted relationships with whānau. One example is Mauria te Pono, a Gisborne-based flax roots recovery sharing movement for people and their whānau affected by drug and alcohol abuse, which provides a safe and comfortable place for whānau to wānanga and connect, followed by kai and korero, in accordance with tikanga (New Zealand Productivity Commission 2022a, 109). In common with many providers in this space, Mauria te Pono does 'whatever it takes' within what their budget and team can manage. The whānau they support have complex lives, and there is no expectation that they will be diagnosed treated, discharged and 'cured' – the addiction journey is lifelong.

⁸¹ The Ministry of Social Development, Ministry of Health, Te Puni Kōkiri, Ministry of Education, NZ Police, Ministry of Pacific Peoples, Ministry of Justice, Department of Corrections, Oranga Tamariki, Housing New Zealand, Auckland Council, and the Accident Compensation Corporation comprise the SASWB Board. Te Whatu Ora – Health New Zealand Counties Manukau is the host agency.

⁸² For more details, see: <https://saswb.com/>



Successes and challenges

So what does success look like in these contexts? It includes whānau who have previously disengaged from services being prepared to sit down and have a cup of tea with a provider; people feeling safe sharing needs they have not previously disclosed; and providers responding based on the priorities of whānau (which might mean addressing homelessness or anger management issues before supporting someone into employment). It involves making referrals to relevant providers, navigating the available help and advocating for support where it does not exist (for example, through working with the wider community to support the ongoing development of Tauawhi The Men's Centre in Gisborne). Appropriately managed information-sharing reduces the extent to which people are re-traumatised by having to share difficult details over and over again.

There have been challenges. Some of the services people need do not exist, and there have been instances where people have been left without support or referred to programmes that do not meet their needs because that is all that is available. Many systems issues that have been identified – such as homeless people being unable to register with a GP because they do not have an address – are still being addressed through individual workarounds rather than driving systems change.

Both Manaaki Tairāwhiti and the South Auckland Social Wellbeing Board have structures in place where front-line staff collect and collate the real-world experiences they hear from whānau and then undertake detailed reviews of service provision, focusing on identifying gaps, barriers, inefficiencies and inequities. In the case of Manaaki Tairāwhiti, the Operational Leadership Team works with wider systems leadership to understand and validate barriers, and the system changes needed to address them. The South Auckland Social Wellbeing Board uses a test and learn approach. An in-house evidence and insights team captures learnings and builds the case for change for collective action and to inform local and national decision-making.

The governance boards of both PBIs take this information seriously and provide an important validation role. Unfortunately, actions to address systems challenges at the national level have been minimal (Fry 2022).

This is an example of the current system having weak accountability to people experiencing persistent disadvantage. Whānau are sharing their experiences with a complex social assistance system that is both failing to provide adequate support to them to lead better lives and failing to generate systems improvements, because central agencies are primarily focused on being accountable for their core delivery requirements.

Lessons from the Manaaki Tairāwhiti and SASWB approaches

Manaaki Tairāwhiti and the SASWB appear, at first glance, to be very different organisations. Manaaki Tairāwhiti is an iwi-led organisation working in a remote regional centre, where about half the population are Māori, while the SASWB works in a multi-ethnic, densely populated urban centre. In our discussions with them, we have, however, noticed that they share many common experiences as they work to improve lives.

Whānau who receive assistance – especially if it is well-intentioned, provided by nice people, and provided at no charge – are conditioned by the power imbalance between themselves and service providers to be grateful for any help, even if it does not make



things better. They often distrust providers because of negative past experiences (prison, Oranga Tamariki, schools) and do not feel safe speaking up about their real needs and priorities.

Funders and providers are focused on doing their part as well as they can: “we are accountable for X” (often an individual intervention), but ultimately, there is a lack of end-to-end accountability that looks across the many components of assistance required and ensures that there are no gaps and cracks to fall through.

There is also a fundamental absence of learning across the system. What is needed is the ability to ‘unlearn’ what is ineffective, experiment with alternatives through a ‘test and learn approach’ and relearn effective approaches together. Identified systems issues do not lead to systems change.

2.6 Working together

Persistent disadvantage is a complex problem. While often contributed to by structural causes and past policy choices, the reasons that people are not living good lives are intensely personal to them, their whānau, and often their wider communities. While people may be predisposed to experience persistent disadvantage by nature or circumstances, neither is destiny. Outcomes are probabilistic, not deterministic.

Assisting people experiencing persistent disadvantage requires confronting and addressing underlying structural causes and developing a deep understanding of their circumstances and what they want to change in their lives. This has profound implications for what assistance is provided, how it is provided, by whom, where and when, and for accountability.

We can, however, see some themes.

Systemic factors need to be identified and confronted. Talking about them is a start, but it cannot be the end of the process. We need action to dismantle problematic power structures, honour Te Tiriti o Waitangi, provide redress for breaches and colonial abuses, and address ongoing racism, sexism and ableism.

Addressing persistent disadvantage via social assistance requires people to build trust and work together. Assistance is not a one-off event or even a process with a neat start (a diagnosis), a middle (treatment) and an end (cure and discharge). It is an ongoing process of inquiry, delivery, assessment and then re-inquiry that is most likely to be effective if it is based on understanding what sort of lives people want to live and the changes they want in their lives. As fundamental causes of disadvantage differ, so should the responses.

2.7 Institutions will also need to change

Along with changes to accountability, addressing this will involve future consideration of institutions. The considerable effort, resources and commitment directed at improving collaboration across ‘siloed’ institutions has resulted in some improvements, but it has not, and as Ken Warren has concluded, will not lead to transformational change in the lives of people experiencing persistent disadvantage (Warren 2021). That is because, broadly speaking, there are two different systems of social assistance needed in Aotearoa New Zealand today.



One is the mainstream social services system. It delivers standard services such as benefit payments and surgery through conventional, 'siloed' models with strong systems of vertical accountability. Its focus is on efficiency and effectiveness, and although improvements are certainly possible, for the most part, it does what it was designed to do well.

In seeking to improve assistance provided to people experiencing persistent disadvantage, it is important that any changes do not undermine the effective functioning of this part of the system. We acknowledge that the boundary between a system that provides uniform services for most people and one that provides different services for a smaller group will be a key challenge. Again, we are suggesting improvements rather than perfection.

Unfortunately, the mainstream social services system abjectly fails people with multiple, complex, enduring needs. It often makes their lives worse by adding additional layers of judgment, stress and complexity and failing to provide the help they need.

Our current approaches to addressing this do not address its root cause, which is the failure to centre the voices of families and whānau in the commissioning, design, delivery and ongoing assessment of the assistance they need.

The continued need to provide workarounds – navigators to help people engage with a system that is so complex that they cannot manage it themselves; committees to improve collaboration between organisations – is a sure sign that the system itself is broken.



2.8 What a new system looks like

In Table 1, we summarise our earlier discussion by setting out some key differences between the current approach and what is likely to be more effective.⁸³

Table 1 A better approach to addressing persistent disadvantage

Current approach	Desired approach
Agencies are in the process of transitioning from a focus on the ‘principles’ of the Treaty of Waitangi (which are a construction of the New Zealand Parliament ⁸⁴) as a guide for decision-makers towards focusing on the articles themselves. ⁸⁵ Departments and Crown entities are encouraged to be culturally competent in their exercise of sovereign powers.	The Crown meets its obligations under te Tiriti o Waitangi and provides redress for past and ongoing breaches. Iwi exercise tino rangatiratanga. ⁸⁶ Māori who are mataawaka (people with ancestral links to other places in Aotearoa New Zealand from where they live) are supported to engage with government.
Ignores or even perpetuates wider societal context.	Recognises and addresses wider systemic factors over time (power imbalances, colonialism, racism and discrimination, sexism, ableism).
Ethnic and social groups of people are marginalised and assistance often requires the recipient to conform to the culture and norms of the dominant group.	Assistance takes everyone as they are and recognises their cultural and other needs and preferences.
Provides cash and services, with a focus on uniformity.	Provides assistance that addresses needs in ways that respond to the preferences of people who want to change their lives.
Focuses on inputs (money spent) and outputs (clients served).	Focuses on results (lives changed for the better).
Standardised, low marginal cost-to-serve processes, focussing on a ‘set menu’ of services, usually addressing superficial needs rather than complex and underlying causes.	People experiencing persistent disadvantage at the centre of identifying, designing, delivering and assessing the effectiveness of assistance. Bespoke approaches that take time to build trust so that people feel safe identifying and expressing what they want to change in their lives. Whānau voice is always centred in design of assistance, delivery and

⁸³ Given the time and resources available to us, we have not carried out a cost-benefit assessment of this approach. If this approach is accepted at an in-principle level, then considerably more work would be required to design cost-effective individual components.

⁸⁴ The term ‘principles of the Treaty’ were first legislated in the Treaty of Waitangi Act, where the Waitangi Tribunal was given jurisdiction to inquire into whether Crown actions and policies were “inconsistent with the principles of the Treaty” (Section 6). As Ani Mikaere notes:

The current intellectual tangle that is euphemistically referred to as Treaty jurisprudence is the most recent reincarnation of a colonial myth that seeks to pacify Māori discontent while maintaining a firm grip on power. After over a century of minimising the significance of the Treaty and ignoring te Tiriti altogether, the Crown now embraces both. In doing so, however, it has taken care to ensure that its bottom line of absolute sovereignty remains undisturbed. As the most perfunctory perusal of te Tiriti reveals, its contents pose real problems for the fiction of Crown sovereignty (Mikaere 2011a, 138).

⁸⁵ Section 7AA of the Oranga Tamariki Act provides: “The duties of the chief executive set out in subsection (2) are imposed in order to recognise and provide a practical commitment to the principles of the Treaty of Waitangi (te Tiriti o Waitangi)”. Section 8 of the Resource Management Act states: “In achieving the purpose of this Act, all persons exercising functions and powers under it, in relation to managing the use, development, and protection of natural and physical resources, shall take into account the principles of the Treaty of Waitangi (Te Tiriti o Waitangi).” The recently introduced Natural and Built Environment Bill changes the obligations on decision-makers but does not apply te Tiriti itself: “All persons exercising powers and performing functions and duties under this Act must give effect to the principles of te Tiriti o Waitangi”. All these provisions are about how officials perform their duties. They do not actually require the Crown to meet its obligations to Māori.

⁸⁶ We discuss Te Tiriti o Waitangi in more detail in section 3.8.4.



Current approach	Desired approach
	assessment of effectiveness. The role of wider support networks is always a prominent consideration. No expectation that changing lives is easy, quick or cheap. It may take generations to fully address harm that has accumulated over generations.
Gaps in assistance due to hidden needs, traumatic past experiences, lack of trust etc.	Assistance is iteratively being provided through 'listen, test and learn' approach that builds trust and supports people in addressing needs in the order of priority that matters to them.
Focus is on the issues that currently offend the sensibilities of the 'median voter'. ⁸⁷	Focus is on the issues (including systemic issues, prevention, and responses) that will lead to persistent disadvantage being reduced and addressed.
Specialised agencies.	No wrong doors: whānau can receive the assistance they require regardless of which agency or provider they contact first. Multiple organisations are available to help people change their lives, and there is enough capacity to enable people to choose the type of provider that they prefer (for example, iwi-based, faith-based, local or national providers).
Crisis care: emergency responses to immediate presenting symptoms is provided, with the providers having a focus on treating and stabilising the situation.	Prevention and crisis response that is followed up by developing long-term solutions.
Strict, narrow eligibility criteria, grounded in assumptions of managing cost, determining the 'deserving' and maintaining 'siloes'.	Assessments of individual entitlements should be replaced by an assessment of the overall life that a person is living, leading to an agreed programme of assistance that can be achieved within available resources. For people experiencing persistent disadvantage, a single person needs to have the authority to work with those people to make a holistic assessment of their needs. This will require this person to have the legal authority to replace the sort of service-by-service assessments that are currently made about eligibility with enduring access to a wider range of support and assistance, until it is no longer needed. For example, whānau assessed as experiencing persistent disadvantage can become budget holders and decide themselves what package and plan of assistance they need within the budget. Part of that plan should include regular assessments of progress, as opposed to requiring frequent re-qualification.

Source: The authors

⁸⁷ The concept of the median voter comes from public choice economics, which is the economic study of nonmarket decision making. The idea is that on any issue, voters can be ranked according to their attitude, from support to oppose. In political systems with majority voting, parties will promote policies that will attract the votes of a majority by focussing on the views of those voters close to the middle of the spectrum, without giving attention to the effects of policies on those at either end.



3 Accountability

We now turn to how a strengthened accountability system could be harnessed to bring about this change of approach.

We begin by reviewing the literature on accountability at a conceptual level and identifying a set of first principles that we bring to the analysis.

We then discuss the various approaches used around the world to put accountability into effect, focusing on what will be required to better address persistent disadvantage. We pay particular attention to accountability in Aotearoa and in Te Ao Māori.

Having considered the theory and practice of accountability, we assess the current approach to accountability in New Zealand based on those first principles.

3.1 What is accountability?

The term ‘accountability’ means different things to different people and often “resembles a dustbin filled with good intentions, loosely defined concepts and vague images of good governance” (Bovens 2007a, 449). The meaning of accountability is also ever-changing (Mulgan 2000). And as Marc Pilon and François Brouard remind us:

Accountability is an abstract, elusive, and complex concept. It is context dependent, subjectively constructed, and with little consensus on its definition. (Pilon and Brouard 2022, 3, internal citations omitted)

All this means that any study of accountability needs to proceed based on a clear understanding of exactly what the terms mean in the context being addressed. The result of applying the same high-level public accountability system nationally will vary depending on the subject matter at hand.

Although there are some common features, accountability can operate differently in different cultural contexts. While instructive, the overseas literature is, unsurprisingly, generally silent on the fundamental role of Te Tiriti o Waitangi to accountability in Aotearoa.⁸⁸ The role of the values of the diverse range of people that make up Aotearoa today is often also missing. There is some literature from New Zealand authors that is filling this gap, but this is an area where further work is required.⁸⁹

⁸⁸ British practice in the 200 years before the signing of Te Tiriti o Waitangi in 1840 was that new colonial territories were acquired by treaty, either with the local inhabitants or from a former, defeated, European power following a war (Fletcher 2022, 24). The major exception is Australia, which was acquired by occupation (ibid., 25). Of the three major British settler colonies acquired by treaty (Canada, New Zealand and the original thirteen colonies of what would become the United States), only in New Zealand did the British Crown treat with the entire indigenous population in a single document. For a detailed discussion of the process of colonisation by treaty in the British empire, see Part 1 of Fletcher (2022). The processes of recognising indigenous rights in Australia, Canada, New Zealand and the US are very different, given the different processes of settlement, treaties and history and the size, geographical location and languages of indigenous people. For example, the Aboriginal population of Australia is currently about 3.2 percent of the total population (Australian Bureau of Statistics 2022); in the United States the indigenous population is about 2.9 percent (US Census Bureau 2022) and in Canada, the comparable figure is 5.0 percent. (Government of Canada 2022). In New Zealand, the Māori population is approximately 17.4 percent (Stats NZ 2022a). For a comparison of the approaches in Canada and New Zealand, see Maaka and Fleras (2005).

⁸⁹ See Scobie et al. (2020), Finau and Scobie (2021) and Fukofuka et al. (2022). Haemata (2022b), which focuses on Māori views of accountability, is an important recent contribution to the New Zealand literature.



3.2 Accountability is about conditioning power

Addressing persistent disadvantage requires governments to exercise power. In Aotearoa New Zealand, this includes the power to honour Te Tiriti o Waitangi along with powers common to other jurisdictions, such as the power to raise and spend revenue and pass laws.

Following a review of the literature, Pamela Pansardi and Marianna Bindi discuss the concept of power, and provide a useful taxonomy of three different types:⁹⁰

- Power-over refers to an asymmetrical relationship between different actors or groups of actors
- Power-to refers to the ability of an actor to undertake an activity to achieve an outcome
- Power-with refers to the ability of a group to act together to achieve its goal (Pansardi and Bindi 2021, 2).

Most of this report is about governments exercising power-over, since we are discussing the role of accountability in conditioning how the state exercises its power over citizens.⁹¹ We will, however, also discuss power-to in respect of workers assisting people experiencing persistent disadvantage and power-with in relation to groups, including Māori and Pacific peoples and other parts of the increasingly diverse population of Aotearoa.

As William Stanbury notes, power involves a conundrum. While it is necessary for government to get things done and to do so effectively and efficiently:

At the same time, power can be used improperly. The clear evidence is that power tends to corrupt all who possess it, and, as Lord Acton so famously put it, “absolute power tends to corrupt absolutely.” The exercise of power without accountability is likely to lead to tyranny. Thus it is necessary to (a) justify the moral basis for the existence of power (might does not make right), (b) constrain the use of power, and (c) hold those who exercise power responsible for its exercise. (Stanbury 2003, 3, internal citations omitted.)

Our basic task in this paper is to analyse how New Zealand governments can be encouraged through accountability to better exercise their powers to address persistent disadvantage.

3.2.1 Types of government power

Modern governments exercise their powers across a wide range of functions, from defending their territories from aggression through the regulation of industries, building, owning and operating economic and social infrastructure to the provision and funding of services, such as health, education and welfare.

⁹⁰ As the authors note, the literature they review started with attempts to define the ‘true’ meaning of power and discussed issues like the legitimacy of power. Later developments have seen the three expressions become different, free-standing notions of power (Pansardi and Bindi 2021, 5).

⁹¹ What sets governments apart from almost every other institution is the powers that they have, which are sometimes referred to as the state having a monopoly on ‘cohesive powers’ (Palmer and Knight 2022, 8). Through enacting and enforcing laws, government can require their citizens to do, or not do, any number of things that other institutions cannot. Imprisonment and deportation, for example, are things, at least in democracies only government can do.



Most OECD countries have more than one level of government. While there are subtle differences in structure across nations, the common systems for the divisions of power are:

- **Sovereignty**, where different levels of government have sovereign powers to decide what to do free from major constraints by higher levels of government.
- **Devolution of power**, where decision rights about what to do are given to lower levels of government by higher levels, which retain the power to change the terms of devolution.
- **Delegation of authority**, where one level of government decides what is to be done in a particular policy space in detail and then gives lower levels of government the power (and sometimes the funding) to implement that policy.

New Zealand currently operates a mixed delegation/devolution model.⁹²

All levels of government have choices over whether to exercise their power directly, to establish separate legal entities and empower them to undertake prescribed activities or to contract with third parties, under which the parties effectively act as the government's agent.

Elsewhere, we have examined the criteria governments should use when deciding whether to provide assistance directly via government agencies or devolve provision to non-governmental organisations (NGOs) (Fry and Wilson 2022a, 44). We suggested that devolution is strongly recommended in situations where:

- Bespoke assistance is needed to address the complex, longer-term needs of people who are inadequately served by the mainstream social services system
- Trust in traditional providers is low and
- Long-term, non-transactional, trusted relationships must be formed between the provider and their clients to determine what services are needed and how best to deliver, monitor and evaluate them.

At the same time, there are many cases where centralised provision is appropriate because it will be both effective and efficient, for example, when:

- The services to be provided can be specified in advance
- There are economies of scale or scope in delivery
- Relatively homogeneous services are required
- Professional and occupational regulation provides assurance that providers can be trusted (ibid.).

⁹² Our national Parliament has full power to make laws on any subject. The scope of the national government is therefore effectively unlimited. Local government in New Zealand is a creation of the national Parliament and thus operates within limits imposed by statute. Over time, the scope of what local governments can do has varied in line with the policies of successive Governments. Currently, Section 11 of the Local Government Act empower all local government bodies to 'undertake any activity or business' to perform its purpose of promoting the social, economic, environmental, and cultural well-being of communities in the present and for the future. This is a broad devolution of powers. Although there is no legal barrier to councils undertaking many of the activities currently undertaken by central government, in practice, however, many do not. At the same time, there has also been significant delegation of the implementation of detailed policies to local government in New Zealand. The Resource Management Act and the Building Act are major examples. Shop trading hours on public holidays and the locations where liquor sales are permitted are others. New Zealand



We return to applying different accountability arrangements to different levels of government and NGOs in section 3.9.3.

3.3 Definitions are evolving

The fluidity of accountability concepts means that the literature is continuing to evolve, especially in the face of ongoing changes in the operations of governments around the world. There are, however, recurrent themes that we have been able to apply in this report. In this section, we review some of the main contributions before setting out the definition we have adopted.

The standard meaning of accountability in public administration found in the academic literature is that of being held to account to some authority for one's actions.⁹³ Within this meaning, accountability is assumed to:

- Be external, in that account is given to someone else
- Involve social interaction and exchange, in that being held to account requires giving answers and information and having sanctions imposed
- Imply rights of authority in that those calling for an account assert higher rights of authority than the person, group or organisation being held accountable: they have the right to demand answers and to impose sanctions, and this right is acknowledged and acted on by those required to give account (Mulgan 2000).

More recently, accountability, at least in the academic literature, has been extended into other meanings:

- Accountability can imply individual responsibility (professional accountability), where a person holds themselves to account for their actions or to an ethical standard.⁹⁴
- Accountability is a mechanism by which checks are imposed on government (accountability as control). This does not require social interaction or exchange: rules and sanctions are imposed.⁹⁵
- Accountability has been linked to the extent to which governments respond to the wishes of their citizens (accountability as a way to ensure responsiveness and legitimacy).

⁹³ Matthew Palmer and Dean Knight trace the original of the word accountability to England in the century following the 1066 Norman conquest, and in particular to the enumeration of the wealth of the realm that was recorded in the Domesday Books. The word is a translation from the French 'comptes a rendre' which literally means 'accounts to render'. In this instance, however, it was the subjects of the King who were required to account to their master for what wealth they possessed (Palmer and Knight 2022, 166).

⁹⁴ Elsewhere, Mulgan states that:

'[Accountability]' is not the same as 'responsibility'. 'Responsibility' may include accountability but can also refer to the capacity for individual choice and action ('acting responsibly') exercised without reference to another person. Accountability is always other-directed, whereas responsibility is not. (Mulgan 2002, 3)

⁹⁵ This is common in countries where constitutions involve dividing power between different arms or levels of Government. In the United States federal Constitution, for example, there is a strict 'separation of powers' between the President (who heads the Executive branch which administers laws), the Congress (which makes laws and enquires into the actions of the Executive Branch) and the courts, (whose duty is to say what the law is and can strike down laws that are inconsistent with rights guaranteed by the Constitution). In Australia, the federal government can impose conditions on the granting of financial assistance to the States. It is under such conditions that much of the country's health and education systems are operated.



- Accountability can mean the public discussions between citizens in a democracy (accountability as dialogue). There is no implied superior status of anyone in the dialogue (ibid.).

Regardless of the precise meaning, Mulgan (2003) suggests that any accountability system can be examined by asking the following questions:

- a Who are accountable?
- b To whom are they accountable?
- c For what are they accountable?
- d How are they accountable?

After reviewing the literature across a range of disciplines, Bovens et al. (2014, 6) suggest that a “minimal conceptual consensus” has emerged that points to a set of possible first principles of accountability. They suggest that accountability can be understood as involving:

- Answering to someone who has a legitimate claim to require account
- A relationship between those who owe an account and those to whom it is owed
- Linking agents and others for whom they perform tasks or who are affected by the tasks they perform
- Retrospective activity, with past activity being recorded, reported and justified.⁹⁶
- Consequences.⁹⁷

Elsewhere, Bovens provides a much-quoted definition of accountability that encapsulates all these aspects:⁹⁸

Accountability is a relationship between an actor and a forum, in which the actor has an obligation to explain and to justify his or her conduct, the forum can pose questions and pass judgement, and the actor may face consequences.
(Bovens 2007, 450)

In this report, we will use Bovens’ definition as the basis of our analysis.

This definition shows that accountability can be imposed in many relationships using a wide variety of mechanisms with many different names.

Bovens’ idea of accountability as a forum is nested within a particular conceptualisation of power relationships called the ‘principal-agent’ theory (Steets 2010, 17). This theory is concerned with behaviours where two (or more) people are in a relationship with different levels of authority and information. The ‘principal’ has authority over their

⁹⁶ However, as we discuss further in section 3.4, one important purpose of accountability is to use the past as a guide to the future. This is part of a ‘learning’ dimension of accountability.

⁹⁷ While many scholars talk about ‘accountability as punishment’, as we discuss in section 3.4 below, accountability has several dimensions and in some of those consequences can be positive. The consequences of learning from the past can be improved performance in the future. The consequence of strong systems of democratic accountability can be that governments keep their promises.

⁹⁸ Recent examples include Weale (2011), Lourenço et al. (2015), Dormer (2018), Addink (2019), Mees and Driessen (2019), Hennchen and Schrempf-Stirling (2021), the Office of the Auditor-General (2021), van Osch et al. (2021) and Palmer and Knight (2022).



‘agent’, but the agent has more information about what they do than the principal (Miller 2005, 203).⁹⁹

In principal-agent models, some actor (or group of actors) called an agent undertakes an action on behalf of another actor (or group of actors) called a principal. The principal, for its part, can make decisions that affect the incentives of the agent to take any of its various possible actions. This process of structuring incentives for the agent is the central focus of principal agent theory. The decisions made by the principal that structure the agent’s incentives to take various actions constitute a contract, in the language of principal-agent theory, and principal-agent theory is often taken as a specific area of contract theory more generally. (Gailmard 2012, 3)

In Bovens’ framework, the principal needs to have a mechanism in place to ensure that their agent’s interests are aligned with their own. He uses the name ‘accountability’ to describe that mechanism.

This power relationship-based model is particularly suited to analysing accountability within the hierarchical structures and organisations commonly found in the public sector.¹⁰⁰ Ciarán O’Kelly and Mel Dubnick, however, point out that many other sorts of relationships in any society can give rise to accountability-type obligations. These relationships do not have the information asymmetries and preference differences that apply under principal-agent relationships. One example is the relationship between people engaged in trade. Rather than overcoming a particular problem (different preferences between principals and agents), parties seek to achieve a mutually beneficial relationship. Both parties gain and have incentives to hold each other to the deal they have struck.

Norms and institutions play an important role here. There are also material differences between one-off transactions and repeat business. People will invest more in building trust when they are in a long-standing relationship:

Our point is that an understanding of accountability must entail an understanding of the ground-level environment through which people construct their fields of action. Those environments involve the construction, management and maintenance of both thick and thin relationships between people and most importantly they are the substrate through which the productive character of work emerges. (O’Kelly and Dubnick 2020, 71)

We will expand on the role of different types of relationships when we discuss the role of the environment in which NGOs operate in promoting accountability – ‘network accountability’ – in section 3.7.1 and the role of workers at the coalface of assisting people experiencing persistent disadvantage – ‘front-line staff’ – in section 3.7.2.

⁹⁹ The economic literature on principal-agent theory started with studies of car insurance markets, where it was not possible for insurance companies to monitor the behaviour of the drivers they insured (Spence and Zeckhauser 1971). Michael Spence received the 2001 Nobel Prize in economics in part for this work. This idea of the economic importance of asymmetric relationship was initially generalised into the canonical principal-agent model in two articles published in the same edition of the *Bell Journal of Economics* in 1979: Shavell (1979) and Holmström (1979). For a discussion of the history of the theory, see Miller (2005).

¹⁰⁰ Under the New Zealand Public Service and Public Finance Acts, for example, there is a direct line of accountability from public servants to chief executives to ministers and then to parliament. Each party in this chain of accountability has legal power over those below them.



3.4 The purpose of accountability

While these definitions provide a useful description of an accountability system, they do not address the purpose of accountability or explain why it is important.

In the context of this study, we need to go back to first principles and understand the role of accountability in improving the lives of the diverse range of people experiencing or at risk of experiencing persistent disadvantage in Aotearoa today. We need to have tools that tell us whether any particular accountability system is doing its intended job.

Aucoin and Heintzman suggest that:

The purposes that accountability are meant to serve are essentially threefold, although they overlap in several ways. The first is to control for the abuse and misuse of public authority. The second is to provide assurance in respect to the use of public resources and adherence to the law and public service values. The third is to encourage and promote learning in pursuit of continuous improvement in governance and public management. (Aucoin and Heintzman 2000, 45)

From this, we can see that accountability has three dimensions:

- ensuring that individuals and organisations are held responsible for their actions and decisions, and are not able to avoid or evade responsibility for any negative outcomes
- promoting transparency, honesty and ethical behaviour, and
- promoting learning at a system, organisation, and individual level.

Mark Bovens and his co-authors refer to these as ‘democratic’, ‘constitutional’,¹⁰¹ and ‘learning’ accountability:

In the democratic perspective, accountability arrangements should effectively link government actions to the ‘democratic chain of delegation’. In the constitutional perspective, it is essential that accountability arrangements prevent or uncover abuses of public authority. In the learning perspective, accountability is a tool to make governments effective in delivering on their promises. (Bovens, Schillemans, and ‘t Hart 2008, 225)

The ‘democratic chain of delegation’, which has strong roots in principal-agent theory, is the idea that in modern governments, citizens delegate their sovereignty to members of parliament, who select a government of Ministers, who control, to varying degrees, government agencies, which deliver the goods and services provided by the state.¹⁰² Given this chain of delegation, each principal (citizens, members of parliament and ministers) needs an accountability mechanism to control the behaviour of their agents (the next group down in the chain).

From this perspective, then, the quality of accountability arrangements hinges upon their demonstrated ability to consolidate and reaffirm the democratic chain of delegation. (Bovens, Schillemans, and ‘t Hart 2008, 231)

¹⁰¹ This use of the word ‘constitutional’ may seem odd to New Zealand readers. It comes mainly from authors from the United States, who are used to strict constitutional separation of powers, where legislatures have independent power of oversight over the executive. The term has, however, become ubiquitous in the literature and thus we will continue to use it in this report.

¹⁰² We discuss the New Zealand version of this chain of delegation in section 3.9.1 on page 67.



Democratic accountability has a strong policy and programme effectiveness element. It does not necessarily involve judgements of ‘good’ or ‘bad’ behaviour. Rather, the focus is more directed at requiring those exercising power to explain their actions and, especially, why. The assumption behind democratic accountability is that transparency can often result in the responsible exercise of power for the greater good. Clear evidence of ineffective programmes can, for example, be a powerful tool for improvement.

Publicity is justly commended as a remedy for social and industrial diseases. Sunlight is said to be the best of disinfectants, electric light the most efficient policeman. (Brandeis 1913, 10)¹⁰³

Constitutional accountability, on the other hand, has a stronger emphasis on preventing ‘bad’ behaviour. The focus is on rules that limit unethical or dishonest activity, especially at the individual level. The New Zealand Auditor-General recently commented:

[P]ublic accountability ... is about the public sector demonstrating its competence, reliability and honesty in a way that allows the public to judge its trustworthiness in using money and resources. (Office of the Controller and Auditor-General 2019, 10)

Constitutional accountability is often backwards-looking and is based on reporting past actions. As we will discuss further below, much of the current New Zealand public accountability system is constitutional in character.

Accountability as learning, however, has a more forward-looking approach. While it may take past experiences as a guide, it does so to change the way things are done in the future. It is not about assigning blame; rather, it seeks to improve performance. As Bovens et al. put it:

Accountability [as learning] is not so much an adversarial mechanism, as in the other two perspectives, but rather an ‘extortive’ one. It is not about ‘keeping the bastards honest’ but about ‘keeping the bastards smart and sharp’. (Bovens, Schillemans, and ‘t Hart 2008, 232)

There are, however, limits to what accountability can achieve. The available evidence provides guidance on what policies might or might not be effective, but even here, different people can have different views on exactly what effective means. For example, doing ‘what works’ or, more formally, using an ‘evidence-based’ policy approach is a common theme in New Zealand and international policy discourse.¹⁰⁴ The idea is that interventions to address a particular social problem should be rigorously tested, and the result of that testing should drive policy decisions. But an evidence-based approach is not a panacea for complex social problems:

[E]ven if well-designed studies convinced policy-makers to act, and even if programs yield their desired effects for individuals, large-scale social benefits may not ensue, because few interventions get at the root of the social problems that led to the need for the intervention. (Gamoran 2018, 178)

¹⁰³ Louis Brandeis was an American lawyer and social reformer. He was a justice of the US Supreme Court from 1916 to 1939.

¹⁰⁴ The idea of ‘evidence-based’ social policy grew out of the use of randomised controlled trials in medicine and pharmacology to demonstrate the effectiveness of new interventions (Baron 2018). The UK Government have been particularly active users of evidence-based policy approaches. In 2013, the UK Cabinet Office established the What Works Network to share experience and expertise (UK Cabinet Office 2022; What Works Network n.d.). For a local network, see www.whatworks.org.nz.



In Table 2, we present Bovens et al.'s central ideas and central evaluation criteria for each of these dimensions of accountability.

Table 2 The central elements of accountability

Dimension	Central idea	Central evaluation criterion
Democratic perspective	Accountability controls and legitimises government actions by linking them effectively to the 'democratic chain of delegation'.	The degree to which an accountability arrangement or regime enables democratically legitimised bodies to monitor and evaluate executive behaviour and induce executive actors to modify that behaviour according to their preferences.
Constitutional perspective	Accountability is essential in order to withstand the ever-present tendency toward power concentration and abuse of powers in the executive branch.	The extent to which an accountability arrangement curtails the abuse of executive power and privilege.
Learning perspective	Accountability provides public officeholders and agencies with feedback-based inducements to increase their effectiveness and efficiency.	The degree to which an accountability arrangement stimulates public executives and bodies to focus consistently on achieving desirable societal outcomes.

Source: Bovens, Schillemans, and 't Hart (2008)

Within this framework of understanding accountability, the three dimensions are directed at doing three separate things. They can thus exist together at the same time, although one or other may dominate.

3.5 Accountability deficits and overload

The literature and popular discourse often contain discussions of 'accountability overload' and 'accountability deficits', sometimes in relation to the same system. 'Accountability deficits' arise when those exercising 'power-over' are not required to sufficiently explain and justify their conduct, while 'accountability overload' is when providers and agencies are mired in an increasingly complex web of rules and reporting.

Bovens et al. discuss the implications of insufficient accountability, or accountability deficits, which, "according to various scholars...can be found in various pockets of the public sector"(Bovens, Schillemans, and 't Hart 2008, 229):¹⁰⁵

[Accountability deficits refer] to a condition where those who govern us are not sufficiently hemmed in by requirements to explain their conduct publicly – to legal, professional, administrative, social or political forums who have some sort of power to sanction them. (ibid.).

¹⁰⁵ Much of this literature, which is also at times discussing a 'democratic deficit', emanates from discussions around transnational organisations, especially the European Union. See, for example, Nye (2001) and Erman (2013), and Nam-Kook Kim and Sa-Rang Jung, who discuss "a lack of vertical accountability between European political elites and voluntarily participating European citizens" (Kim and Jung 2010, 53).



Accountability deficits described in the literature mainly relate to **democratic** accountability and can focus on the effectiveness and value for money of programmes and projects (Mulgan 2014). But in our view, especially as practised in New Zealand, deficits can also relate to accountability as a mechanism for **learning**, where the experience of programme effectiveness at multiple levels is not brought to bear to improve outcomes.

Accountability deficits, especially at the level of agencies and service providers, can arise because organisational structures and contracts can create perverse incentives that can lead to agencies and service providers to act in ways that reduce the overall effectiveness of programmes (Government Outcomes Lab 2023).¹⁰⁶ On the other hand, accountability overload mainly relates to the constitutional aspect of accountability, where excessive concern about probity can drive systems to the point of collapse.

Many contemporary public administrators complain about accountability overload. They refer to the increasingly dense web of material and procedural law specifying criteria for administrative conduct. They say it has opened the door to judicial control practices that are minute, time-consuming and paralytic in their effects. (Bovens, Schillemans, and 't Hart 2008, 227, internal citations omitted.)

Mark Bovens suggests that there are 'functions and dysfunctions' of public accountability. 'Too much' of any type of accountability can have negative consequences (Bovens 2007b, 194), just as 'too little' will lead to the inappropriate use of power.¹⁰⁷ Bovens considers the possibilities as set out in Table 3 below.

Table 3 Functions and dysfunctions of public accountability

Functions	Dysfunctions
Democratic control	An obsession with following rules at the expense of innovation. ¹⁰⁸
Integrity	Proceduralism, where results are judged fair if they are produced by the right process, rather than by their content. ¹⁰⁹
Improvement	Rigidity, where it becomes difficult to change rules and procedures, even in the face of evidence of poor outcomes.
Legitimacy	Politics of scandal.
Reconciliation	Scapegoating.

Source: Adapted from Bovens (2007b)

¹⁰⁶ For example, a focus on reducing numbers of children admitted to hospital can have perverse consequences. While well intentioned (hospital care can be traumatic for young children and expensive to provide), treating medical conditions at the patient's home can lead to worse outcomes, especially if the home environment (e.g., dampness and overcrowding) is what led to the condition being treated in the first place. We thank Dr Ann Sears of the SASWB for this example.

¹⁰⁷ 'Too much' learning accountability can result, for example, in 'paralysis by analysis' where excessive resources are applied to minute, frequent reviews past performance, rather than distilling policy-relevant conclusions quickly and efficiently.

¹⁰⁸ Bovens quotes Mark Zegans' observation that "rule-obsessed organisations turn the timid into cowards and the bold into outlaws" (Bovens 2007b, 194).

¹⁰⁹ Proceduralism can result in people seeking to exploit loopholes to evade responsibility for their behaviour.



3.6 Macro, meso and micro-accountability systems

The purposes of accountability are put into effect in practice through accountability systems. Those systems operate at three overlapping levels: macro, meso and micro, and because of this overlap, what might fit into one level as opposed to another is sometimes a matter of judgement.

Accountability systems at each of these levels all fit within Bovens' definition: there is a relationship between a party who is doing something and an accountability process (the forum); the party being held to account has obligations to explain and justify their conduct; and questions can be posed, judgements passed, and consequences faced. What is different for each of these levels is the details of how those features apply.

Macro: the national-level structures

Macro-level accountability systems are about the building blocks of accountability. Examining these systems is useful for making very high-level assessments about basic principles, such as, "does a country have an independent central audit function?"¹¹⁰ Macro settings are the common accountability features that apply to all entities in the public sector. At the macro level, there is less emphasis on systems specifically designed to achieve the three purposes of accountability (democratic, constitutional and learning) since, at this level, systems often can achieve all three without any conflict or tension. Examining macro structures can also involve questions of whether there are any entities or sectors that are exempt from a basic feature and why.¹¹¹

Analysing macro settings involves looking at what is used at a high level. In New Zealand, our macro settings are imposed under a series of laws that have general application: the Public Service Act (which sets out the obligations of public servants and public service managers), the Public Finance Act (which sets out requirements for reporting of the activities of government departments), the Crown Entities Act (which applies generic governance, reporting and accountability provisions to a wide range of entities) and the Public Audit Act (which empowers the Auditor-General, as an officer of Parliament, to the audit of public sector organisations). Parliament plays a central role in all these macro systems and is often the 'forum' in Bovens' terms.¹¹²

The ultimate accountability mechanism in our system of democracy is provided by elections. Individual members of parliament, and the governments they form, are subject to the scrutiny of the ballot box every three years.¹¹³ While a powerful tool for accountability, it is often not enough.

As the writers of the Federalist Papers¹¹⁴ noted:

¹¹⁰ See, for example, the sort of analysis the World Bank does on government audit capability in developing countries (World Bank 2021).

¹¹¹ For example, Section 15A of the Public Finance Act exempts security agencies from the requirement to publish certain performance information, as this could endanger national security.

¹¹² Accountability mechanisms are provided both in Parliament's Standing Orders and separate Acts of Parliament.

¹¹³ Even here, there are gaps. The young, and unborn future generations have no vote and voter turn-out, especially in areas of low socio-economic status, is declining in New Zealand (Deloitte 2019). This is part of a world-wide trend in western liberal democracies (Pickering 2023, 1).

¹¹⁴ The *Federalist Papers* are a series of essays written by the 'founding fathers' of the United States, Alexander Hamilton, James Madison and John Jay which appeared under the pen name "Publius" in New York newspapers in 1787 and 1788, urging the citizens of New York to ratify the proposed United States Constitution. They are still regarded as important sources of understanding the system of government proposed (Drexler 2019b).



If men were angels, no government would be necessary. If angels were to govern men, neither external nor internal controls on government would be necessary. In framing a government which is to be administered by men over men, the great difficulty lies in this: you must first enable the government to control the governed; and in the next place oblige it to control itself. A dependence on the people is, no doubt, the primary control on the government; but experience has taught mankind the necessity of auxiliary precautions. (Drexler 2019a).¹¹⁵

This is a call for realism: an acknowledgement that designing government systems is hard, expensive and never finished. Even though elections are the ultimate democratic sanctions, they have demonstrably failed to improve the lives of marginalised and disadvantaged people who often have no real voice in the political process:

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. 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. (Deloitte 2019, 3, internal citations omitted)

Meso: the policy level

The meso level of accountability systems involves the features and components that apply at the level of policy areas and programmes. At the meso level, accountability systems start to have ‘bite’ in terms of determining whether the three purposes are being achieved in practice.

For democratic accountability, where the questions are about whether the government is achieving its policy objectives and living up to its commitments, meso-level accountability systems need to be detailed enough to specify how such questions can be answered. What sort of detailed objectives should governments be required to set, and what data is needed to test whether they have been met? Meso-level constitutional accountability systems focus on what mechanisms entities have in place for detecting and countering fraud, unethical behaviour and breaches of integrity standards. The learning dimension of accountability at the meso level is directed at ensuring that information that is needed to improve performance is collected and analysed and used to good effect.

At the meso level, different systems are required to achieve the different purposes of accountability. Specific rules for democratic, constitutional and learning accountability may be required. As we will see when we review New Zealand’s current accountability

¹¹⁵ The quotation is from Federalist 51, which deals with the issue of the separation of powers between the executive, legislature and judiciary. Publius suggested that in addition to regular elections, structures and other protections were needed to ensure that liberty and freedom was available to all. They were particularly concerned about majorities oppressing minorities. The ‘auxiliary precautions’ they proposed included bicameral parliaments, a Presidential veto over legislation, a federal structure and express protection of civil rights. New Zealand, of course, has none of these sorts of auxiliary precautions.



systems, rules and procedures that are highly effective in imposing constitutional accountability obligations have limited uses in promoting either democratic or learning accountability.¹¹⁶

Different approaches are also needed across different types of policies. In social policy, where value judgements abound, accountability systems at the meso level will often involve flexibility around the goals of policy, with more attention being placed on determining whether those goals have been met. In environmental policy, objective standards regarding maximum levels of pollution and contamination can be informed by robust scientific evidence, with judgements focusing on the relative costs and benefits of policies that seek any particular level.¹¹⁷

In social policy in Aotearoa New Zealand, there are few examples of comprehensive accountability regimes that both bind successive governments, while providing sufficient flexibility to accommodate value judgements. The Child Poverty Reduction Act is an example, although its durability across a change of government has yet to be tested. The Pae Ora (Healthy Futures) Act 2022 also provides for a hierarchy of accountability mechanisms, from a government policy statement on health, through to ministerially set strategies to health plans set by Health New Zealand and the Māori Health Authority.¹¹⁸ Again, this system has yet to be tested across a change of government.

Micro: the organisational level

Finally, micro-level accountability systems are concerned with the specifics of rules and procedures: what needs to be reported, when, how and by whom. This is often the domain of expert practitioners working on reporting standards, audit procedures and the details of contracts between agencies and third-party suppliers. Often different rules are imposed on different types of entities.¹¹⁹ But there can be similarities; a financial audit of a department and a financial audit of a major third-party supplier can follow the same processes and procedures.

There is likely to be limited overlap between democratic, constitutional and learning accountability systems at the micro level. The detailed rules of what is required to enforce the democratic chain of delegation are not useful for ensuring the appropriate sharing of risks in long-term contracts, for example.

New Zealand currently has what, at first sight, appears to be a comprehensive accountability regime at the micro level, with government agencies required to prepare extensive material that is made public and is subject to parliamentary scrutiny. As we note below, this can lead to a false sense that decision-makers, policy advisers and providers are being genuinely held to account for delivering desired outcomes. In fact, they often only report activities and how money was spent, focusing on demonstrating probity, not effectiveness.

There are also frequent complaints, especially from third-party providers, that the current system of commissioning and contracting for services involves an accountability

¹¹⁶ In section 3.10 we discuss the system used in New Zealand for learning from adverse events in the health system, where features found in constitutional accountability regimes, like assigning blame, are deliberately not used.

¹¹⁷ Climate change is an example. See Wilson (2011).

¹¹⁸ Largely missing from this framework, however, are requirements for the government to report on progress against its goals or independent monitoring of that progress.

¹¹⁹ In section 3.9.3, for example, we discuss the different of disclosure required by different sized charities registered under the Charities Act.



overload, where the required costs of compliance are not matched, let alone exceeded, by accountability benefits (Fry 2022, 24) (Fry 2022, 24).

We discuss changes to New Zealand's detailed micro-level accountability systems in section 4.7.

3.7 Accountability mechanisms

Boven's definition of accountability as a relationship between an actor and a forum is deliberately unstructured: there are many relationships, actors and forums that can come within its scope. This is part of its general appeal and reminds us to stand back and consider the underlying objectives of accountability rather than focus too much on formalities.

Alnoor Ebrahim distinguishes between accountability 'tools' and 'processes':

In basic terms, accountability tools refer to discrete devices or techniques used to achieve accountability. They are often applied over a limited period of time, can be tangibly documented, and can be repeated. For example, financial reports and disclosures are tools that are applied and repeated quarterly or annually, and are documented as financial statements, ledgers, or reports. Performance evaluations are also often carried out at specific points in time, usually at the end of a specific project, and result in an evaluation report. On the other hand, process mechanisms such as participation and self-regulation are generally more broad and multifaceted than tools, while also being less tangible and time-bound, although each may utilize a set of tools (such as participatory rural appraisal) for achieving accountability. (Ebrahim 2003, 815)

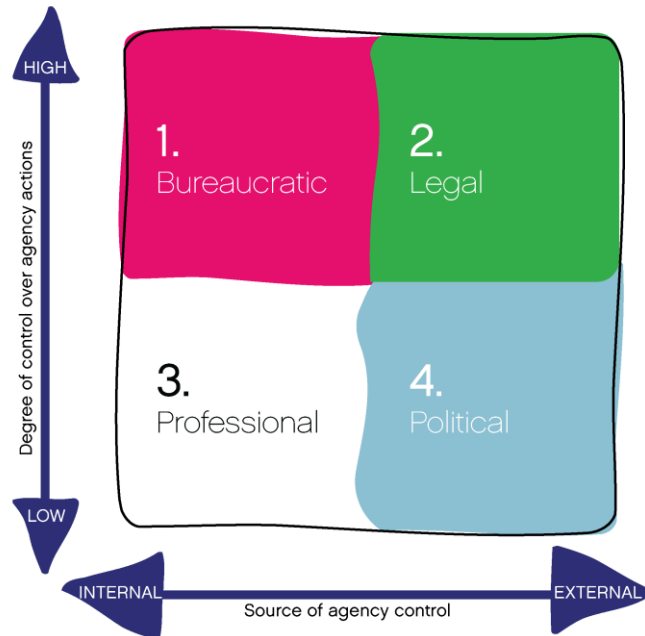
These tools and processes can be found at the macro, meso and micro levels.

Stephen Page suggests four types of accountability relationships in public agencies and programmes: legal, hierarchical, political and professional. These relationships differ in terms of whether they are internal or external to the agencies and whether they involve high or low levels of control (Page 2004, 592). Barbara Romzek and Mel Dubnick use a similar taxonomy but with slightly different names, as shown in Figure 7.¹²⁰

¹²⁰ Romzek and Dubnick constructed this taxonomy within the context of public accountability involving managing diverse expectations generated within and outside agencies (B. Romzek and Dubnick 1987, 228).



Figure 7 Types of accountability systems



Source: Romzek and Dubnick (1987)

These are the types of accountability systems often found at the micro level.

Bureaucratic or hierarchical systems involve relationships between different layers of a government system. The focus is on managing expectations around the priorities of those at the top of the bureaucratic hierarchy. These systems are characterised by 'orders' that come down from the top, often in the form of standard operating procedures or clearly stated rules and regulations. Accountability is then about how well those at the bottom comply with the rules set at the top.

Legal accountability is also about compliance with rules (laws). The difference is that the relationship is between an organisation and an external forum: a court or tribunal. The role of the forum is to enforce rules, which are often set by another party altogether (usually a Parliament or some other form of government that has the power to make binding rules). Legal accountability systems are often very formal and involve the imposition of express sanctions for non-compliance.¹²¹

Professional accountability in this model concerns experts and how they do their jobs. The internal relationships between the organisation and the experts are not ones of control, as in bureaucratic systems, but ones of deference to expertise. The expert is trusted to know what to do and do it, free from detailed supervision from above.¹²² There is a greater focus on what the expert does (results) than how they do it.

¹²¹ These sanctions do not always result in 'punishment'. They can involve a court requiring specific compliance with the relevant law.

¹²² Experts can also be accountable to external professional bodies that can both set required standards and hold individuals to account if they fail to meet them.



Finally, political accountability systems involve relationships between agencies and external parties, often governments, but also citizens and communities. The key to these systems is the question of the responsiveness of the agency to policy priorities and needs of the parties to whom they are responsible.

These different systems are not mutually exclusive, and more than one can apply to the same organisation or person. For example, a doctor who is professionally registered can be employed in a public hospital which is required to implement a government's health strategies, while being under the supervision of non-medical executives in respect of non-clinical matters (e.g., hours of work, a code of non-clinical behaviour, terms and conditions of employment). They are simultaneously a doctor, an employee and a public servant.

Where multiple accountability systems do apply, then how they interact and how conflicts between them are resolved becomes important.

3.7.1 Network accountability

As governments increasingly use third parties to perform tasks, the study of accountability has expanded to consider how traditional accountability systems like those discussed above can and should evolve (Besley and Ghatak 2003). One particular aspect of this is the idea of 'network accountability', where informal systems of accountability combine with more formal approaches:

Formal structures of accountability provide only a partial picture of the mechanisms by which network participants are held to account for their performance. Informal accountability relationships based on shared norms and facilitative behaviors are important complements to formal accountability relationships; they provide the interorganizational "grease" that enables networks to work through the inevitable rough spots of coordination. (B. Romzek, LeRoux, and Blackmar 2012, 451)

These networks involve a web of formal and informal ties at both organisational and individual levels. They can include contracts, agreed ways of working (sometimes in the form of inter-agency memoranda of understanding) but also norms and facilitative behaviours and informal systems of rewards and sanctions (ibid.). Workers can face a dynamic system of challenges to doing their work as they strive to accommodate possibly conflicting pressures from employers, peers, clients and the community.

Third-party provision is often put into effect through contracts between a state agency and a private firm. Often, these contracts include formal accountability relationships, requiring the contractors to account for what they do, often in great detail. But as Barbara Romzek and her colleagues note, there is a parallel system of informal network accountability that can be just as powerful in influencing behaviours:

Informal accountability emerges from the unofficial expectations and discretionary behaviors that result from repeated interactions among network members in recognition of their interdependence in pursuit of their shared goal(s). (ibid., 5)

We will return to this issue in section 3.8.5, where we discuss network accountability in New Zealand. But for now, we note that although some authors think that third-party provision can reduce formal accountability, if the actors are moved outside the direct



control of a government employer, this criticism overlooks the powerful potential of network accountability.¹²³ In particular:

- Many third-party providers are subject to detailed regulatory systems that involve significant constitutional accountability elements (e.g., the regulation of charities)
- Providers operate within industries or fields that have their own ethics, codes of conduct and informal norms and institutions that also constitute accountability relationships
- Employees of these parties often form professional and social communities that help reinforce ethical standards.

3.7.2 Front-line staff

To fully understand network accountability, especially in the public sector (including in publicly funded services), it is important to also understand what people in these sectors do and how they do their jobs.

Michael Lipsky pioneered the study of front-line staff who, in his conception, exercise considerable discretion over what social assistance agencies do in practice (Lipsky 2010).¹²⁴

[Lipsky] argues that there is an irreducible core of discretion at street level in public welfare bureaucracies that is necessary to make policy work. (Evans 2011, 369)

Front-line staff can be police officers, doctors and nurses in a public hospital, social workers in care and protection agencies or administration staff in a social welfare benefit agency. What they have in common is direct contact with the people they serve.

Building on the work of Lipsky and the literature that has sprung from his insights, Peter Hupe and Michael Hill have distilled a series of statements that encapsulate the central concepts of front-line staff (Hupe and Hill 2007). We set these out in Table 4.

¹²³ There is an ongoing debate about whether 'outsourcing' of government services improves or diminished accountability and opinion is divided (Besley and Ghatak 2003; Mulgan 2006; Blomqvist and Winblad 2022). And more generally, 'outsourcing' is often used as a pejorative term to describe indiscriminate cost cutting.

¹²⁴ Lipsky's initial work was based on what people working in the public sector in the United States do, hence his use of the term 'street-level bureaucrats', which normally would not apply to people working for non-government organisations. However, his ideas have been applied successfully to the study of not-for profit providers of social assistance (Zacka 2017, 25). Given the term 'bureaucrat' is often viewed pejoratively in Aotearoa, we have chosen to use the more neutral and inclusive term, front-line staff.



Table 4 Front-line staff

Insight	Description
Front-line staff necessarily have discretion and are required to use it.	While they may be implementing programmes designed further up in a hierarchy and be subject to close supervision, all front-line staff have some degree of discretion in their work. ¹²⁵ In Lipsky's formulation, front-line staff must exercise discretion, because doing their jobs demands it.
Front-line staff seek ways to manage their own work.	Within their employment conditions and other requirements of their employers, front-line staff will develop a set of standard operating procedures, often in collaboration, either formal or informal, with colleagues and peers. These practices will build on the different types of knowledge and experience that workers bring to their work. ¹²⁶
Front-line staff see themselves as professionals.	Regardless of their role, front-line staff regard themselves as belonging to a profession. In some cases, their employment will require professional training and membership in an occupational body or external occupational supervision. But others might view themselves as professionals because they see their job as requiring a specific set of skills and operating approaches, even if it is not formally subject to occupational regulation.
In their interaction with individual citizens in different roles, front-line staff are public officials. ¹²⁷	Front-line staff who work for a public sector body are direct agents of the state. Those who work in arms-length, non-government organisations delivering services that are financed by the government are still indirect agents of the state. ¹²⁸ The degree of discretion that front-line staff have and then exercise makes them directly involved in the design of policy. Decision-makers in vertical organisations will not have complete control over policy implementation or delivery.
There is a wide range of front-line staff.	While having characteristics in common, front-line staff undertake a wide range of tasks and work for a wide range of agencies.

¹²⁵ The degree of discretion may be determined by rules. But **how** those rules are applied is also discretionary. For example, a police officer may decide not to report behaviour that meets the definition of a crime, or a benefits clerk may give priority to accepting applications and delaying rejections. There are, therefore, dynamic forces at play: managers and executives, seeing how discretion is exercised in practice may seek to impose additional rules designed to reduce discretion. In the extreme, they may seek to automate service delivery as a way of eliminating the element of human discretion. See Boven and Zouridis (2002).

¹²⁶ Anne Mete Møller identifies three different types of knowledge that front-line workers can use:

Knowledge-that is explicit and includes research evidence. Knowledge-how is rooted in experience and acquired through practice. Knowledge-by-acquaintance is rooted in encounters and denotes frontline workers' "sense" of a case or situation.' (Møller 2022, 50).

¹²⁷ Michael Lipsky has commented that "Every public program administered by private organizations under contract is in essence a government program" (Lipsky 2010, 216).

¹²⁸ In Aotearoa, however, we need to acknowledge the unique status of iwi organisations exercising tino rangatiratanga, even if that involves Crown funding of some of their operations.



Insight	Description
Front-line staff do their work in a micro-network or 'web' of multiple vertical and horizontal relationships.	<p>Because they either work for or are funded by the public sector, front-line staff are part of a vertical hierarchy that seeks to determine what they do and how they do it. At the same time, they will also have several important horizontal relationships. They will work with colleagues, who may be members of different professions and they will have professional peers who work in other organisations, some of which may be in 'competition' with their employer. Front-line staff will be subject to scrutiny by their employers, but also by their clients, stakeholders in their area of operations and both traditional and social media.</p> <p>Because front-line staff interact with citizens and with other providers of assistance in their day-to-day jobs, their roles involve working across often poorly defined organisational and operational boundaries.</p>

Source: Hupe and Hall (2007).

3.8 Accountability in Te Ao Māori

Accountability in Te Ao Māori long predates the arrival of Pākehā in Aotearoa. Consequently, before discussing accountability in the context of Te Tiriti o Waitangi, we first acknowledge the importance of cultural narratives and customary law; explore how indigenous perspectives of value underpin accountability in Te Ao Māori; and examine the role of trusted relationships, reciprocity and power. We also acknowledge that many of the issues relevant to accountability in Te Ao Māori will resonate and have relevance in other cultural contexts (for example, mutual trust and respect are always essential to strong relationships).

3.8.1 Accountability within cultural narratives and customary law

Research on what accountability means to Māori conducted by Haemata Limited for the Office of the Auditor General emphasises that accountability is a long-standing element of Te Ao Māori (Haemata Limited 2022b). The authors examined accountability within pūrākau (cultural narratives)¹²⁹ and customary law, demonstrating how rangatira are accountable through mana and how broken trust can be resolved, thereby achieving 'ea':¹³⁰

Even when mana and trust is lost, there is potential for trust to be regained through the public sector and the Crown holding itself accountable, owning the

¹²⁹ As the authors note:

One of our origin stories tells of Hinetītama, the first-born human, being deceived by Tāne (also referred to as Tāne-Māhuta, Tane-nui-a-Rangi, as well as several other names), the God of the forest – who is her husband, but also her father. After finding out that Tāne is her father, she then becomes Hine-nui-te-pō, goddess of the underworld, and holds Tāne to account for his deception of her. She asserts that he may remain father to their children whilst they are on earth, but when they die, they will join her in the afterlife for eternity. In the battle of Te Paerangi, Whiro-te-tipua, lord of darkness, evil and bad omens is held accountable for his actions against Tūmatauenga, God of mankind and war, and sent to reside in the underworld. In another of our stories, Māui, the demi-god, tricks his grandmother Mahuika in to handing over four of her five 'nails of fire'. Mahuika finds out about Māui's deception and holds him to account. Punishing him by burning him with her last remaining nail. (Haemata Limited 2022b, 16, internal citation omitted).

¹³⁰ Ea is the notion of the successful closing of a sequence and the restoring of relationships (Mead 2003, 35).



responsibility and committing to fix the issue in collaboration with Māori. Trust, mana, and accountability are, therefore, intertwined. There is no trust without accountability and when accountability is not present, mana and trust will diminish. (ibid., 17).

3.8.2 Indigenous perspectives of value

As discussed in section 1.3.1, our framework focuses on assisting people to live lives they value. Therefore, understanding that there are different perspectives on what is valuable is necessary to test alternative policies.

Jason Mika and his colleagues explain that while all of the world's more than 5,000 indigenous cultures have distinct languages, history and traditions, there is often a commonality at the level of understanding of knowledge of how they conceptualise value (Mika et al. 2022, 7). They suggest that the following principles often underlie indigenous worldviews:

- everything has value because everything is connected with everything else
- balance
- the immortalisation of physical beings.

Drawing on the works of many other authors, they conclude that:

Value from an Indigenous perspective, then, is ubiquitous; it exists in all things. It is material, immaterial, intrinsic, extrinsic, intertemporal, transformative, and effectuating. This makes an Indigenous view of value somewhat incomprehensible because it is boundary-less, amorphous, and without end. Yet, value is discernible through subjectifying consciousness, the possession of which transfers from the person to the group through culturally encoded lifeways, narratives, and values. Values in this view represent human attempts at giving material form, function, and boundaries to the immaterial, extricating innate ethicality from what is valued. (ibid., internal citations omitted)

...

In the pantheon of te ao Māori, we draw attention to several values: the value of kotahitanga (unity) and the interrelatedness of all things; whakapapa (genealogy), the value of unbroken lines of descent from the heavens to humanity; mana (power), the value of vestiges of divine power, authority, and responsibility, which are imbued within all things, human and nonhuman; kaitiakitanga (guardianship), protecting kin—people and planet—for all are kin; whanaungatanga (kinship), establishing and maintaining familial relations as an organising principle; manaakitanga (generosity), caring for others with kindness; and wairuatanga (spirituality), the constant duality of all things. These values intimate what Māori value: identity, origins, and purpose defined in terms of relationality. (ibid., 10, internal citations omitted)

3.8.3 Trusted relationships, reciprocity and power

Haemata Limited note that forming relationships with whānau Māori “that are tikanga-based, sustainable and which, by and large, involve kanohi kitea (being seen, having a physical presence)” is critical (Haemata Limited 2022b, 11).



Understanding tikanga and Māori values should guide the development of relationships and build trust and confidence, be authentically understood, embedded and demonstrated:

At the heart of tikanga are concepts such as tika (true, right, fair, just), pono (honest, genuine, sincere), aroha (empathy, compassion, care), mana, whanaungatanga, kotahitanga and manaakitanga. (ibid., 13)

Reciprocal trust is key. The Crown and its agents must demonstrate that they trust Māori, focus on strengths and support innovation. Part of this involves employees and organisations taking time to do their homework, develop cultural understandings, and understand and acknowledge lived experience and context, including “tikanga, history, iwi authority, mana whenua, and connections that may impact on the development of a relationship” (ibid., 14).

Power imbalances between the Treaty partners are longstanding and need to be addressed at both macro and micro levels (ibid., 15). Currently, the Crown holds the power to govern and shape the narrative, influencing the policy agenda: what is discussed, when and how.

To be trusted, governments and public services must show themselves to be trustworthy. As Box 3, which discusses some of the learnings from the government response to the COVID-19 pandemic illustrates, despite encouraging progress, there is still a considerable way to go in developing the kind of trusted and trusting relationships between the government and communities in Aotearoa that underpin learning accountability.



Box 3 How accountability and trust interact in practice

While lauded internationally, many aspects of the government's initial health-focused response to the COVID-19 pandemic fell short. Targeting vaccination access based primarily on age did not adequately reflect other risk factors, particularly in Māori and Pacific communities. The government also failed to recognise the extent to which many Māori and Pacific people distrust the health system because of prior negative experiences, including systemic and institutional racism. This distrust was amplified by disinformation, misinformation, and a failure to engage as equals.¹³¹

As Matakāoa-based author, researcher and advocate Tina Ngata commented:

The trust hasn't flowed towards Māori communities. We haven't been trusted with the roles at the decision-making table, we haven't been trusted with a proper partnership role even though the securing of that partnership role is part of the document upon which the power of Government rests, Te Tiriti o Waitangi. The Government still isn't trusting us with the power to be able to run this even though we've demonstrated we can do it well and trust has to go both ways. (1News 2021)

Pacific communities expressed similar concerns about being 'consulted' and having the government attempt to leverage their connections rather than being engaged from the start as trusted experts and partners. The Tangaroa Disability Collective, which received COVID-19 resilience funding in late 2020, noted that:

the disability system operates around individualistic and Western values with most services designed accordingly. This creates an immediate barrier for people with collectivistic preferences and perpetuates a reinforcing cycle – those who find the system familiar and responsive get more, and those with an uneasy fit, get less or opt out. (Tōfā Mamao Collective 2022, 16)

Many of these communities leveraged their knowledge of their own people and history of trusted relationships to improve vaccination rates. At a time when nationwide first-dose vaccination rates for Māori were below sixty percent, thanks to a by-Māori, for-Māori approach which devolved planning and decision-making to providers, iwi and even hapū, more than ninety percent of Māori in Tairāwhiti had received a jab (1News 2021).

As the crisis unfolded, "data sharing, manaaki, and co-design occurred at speed. Trust-based relationships with providers with a strong delivery track record enabled contracts to be collapsed together, joint providers to be supported, and health and social service delivery to be joined up" (Fry 2022, 25). The government allocated additional funding and increased flexibility to trusted organisations which enabled them to support individuals, families, whānau and aiga in need. In many cases, conventional tools of democratic accountability were also scaled back.

For example, Talanoa Ako, a Pacific parent education programme delivered by the Ministry of Education, pivoted to providing food and other urgent supplies, help with utility bills, petrol and medical costs, and assistance with digital connectivity so students could continue to learn. The team designed new, simple forms that were used to collate information on funds spent, keeping both partners and the team at the ministry safe. The email guidance issued made clear the levels of trust involved:

Use your discretion as to what support you provide and the amount... You will know from your assessment what is required and what you are able to support within the small fund you have. (Oakden and Spee 2022)

Unfortunately, these efforts have not led to systemic change. Government officials spoken to after the first lockdown in 2020 emphasised: "both the effectiveness of the high-trust, 'do whatever it takes' data sharing and decision-making environment engendered by the pandemic, and the speed with which 'the elastic band of government went back to the original settings of risk and trust within and across agencies' as the initial crisis faded" (Fry 2022, 25).

Building and maintaining trusting relationships requires governments and their agents to listen, take a long-term view, and demonstrate competence and an ongoing commitment to meeting their promises. Trusted relationships take time and resources

¹³¹ Mark Polger defines disinformation as "the deliberate dissemination of false or inaccurate information in order to discredit a person or organization". Misinformation is "is the sharing of inaccurate and misleading information in an unintentional way" (Polger 2022).



to nurture. Preparing to meet people where they are and change direction if the current approach is not improving people's lives is at the heart of learning accountability. Rather than providing accountability through expensive, large-scale, point-in-time evaluations, more nimble, frequent, adaptive assessments are required. The ability to flag and address underlying systemic issues through this process is key.

3.8.4 Te Tiriti o Waitangi

In a report for the Productivity Commission, Haemata Limited stated:

The historical and ongoing impacts of colonisation and racism continue to be felt by Māori and Pacific people today. The lived experience of many Māori today are the cumulative result of breaches of pre-existing rights afforded under Te Tiriti o Waitangi. (Haemata Limited 2022a, 7)

Te Tiriti o Waitangi is New Zealand's founding document and has been called "the Māori Magna Carta" and a charter of Māori rights (Byrnes 2006, 2).¹³²

There is no doubt that Te Tiriti o Waitangi/ the Treaty of Waitangi is a significant constitutional document today. It affects, in various ways and varying extents, how public power is exercised in New Zealand. (Palmer and Knight 2022, 208)

Increasingly, Te Tiriti is regarded as representing what hapū actually agreed at Waitangi in 1840 (Ross 1972; Mikaere 2011a; Waitangi Tribunal 2014a; Orange 2020a; Waitangi Tribunal 2022).¹³³

Te Tiriti o Waitangi acknowledges that Māori would continue to exercise tino rangatiratanga, while the Crown would exercise kāwanatanga ('governorship') over current and expected settlers. Māori welcomed the opportunities to trade those immigrants provided (Orange 2020b, 74–77). They understood that more settlers would be coming, who would be governed by the British:

[T]he Treaty gave the Queen government, Kawanatanga, and foresaw continuing immigration. (Cooke 1989, 530).

Within months of the agreement being signed at Waitangi in 1840, Governor Hobson proclaimed British sovereignty over all New Zealand, claiming that via the Treaty, "all rights and powers of Sovereignty over the said Northern Island were ceded to Her Majesty the Queen of Great Britain and Ireland, absolutely and without reservation".¹³⁴

¹³² Giselle Byrnes notes, however, that since 1840, there have been two concurrent histories of Te Tiriti o Waitangi. Māori have a 'history of remembering', and regard Te Tiriti as a binding and sacred covenant between Māori and the Crown, albeit one that the Crown has frequently failed to honour. The dominant (though not exclusive) Pākehā attitude is a 'history of forgetting' which "often celebrate it as a remnant of beneficence on behalf of the humanitarian colonisers" (Byrnes 2006, 3).

¹³³ There are two 'official' versions of the document signed in Waitangi in 1840, as set out in Schedule 1 of the Treaty of Waitangi Act 1975: one in te reo Māori and one in English. There is a third group of "versions" of the treaty, being modern translations from Te Tiriti into English. One of the better known is that of former Waitangi Tribunal member Professor Sir Hugh Kawharu (Kawharu 1989).

¹³⁴ In relation to the South Island, a separate proclamation recorded that Hobson had been commanded by the Queen to assert sovereignty. This was, in the view of the Colonial Office, an appropriate way to proceed if cessation via a treaty was not possible in the South Island. Hobson's advice, based on his earlier visit to New Zealand, was that Māori in the South Island were not sufficiently organised to cede sovereignty (Adams 2015, sec. 3090).



The formal institutions of British-style government, applying to Māori and Pākehā alike, soon followed (Orange 2020b, 63).¹³⁵

Progressively, large-scale immigration transformed Aotearoa and the idea that Māori would have control over their lands and lives receded into history. The Colonial Office knew that extensive settlement, financed by the purchase of Māori land, which was then sold to settlers at a substantial profit, was the intended result of the Treaty (Adams 2015, sec. 3932). Māori soon confronted this reality:

When the first emigrant ships arrived at Port Nicholson, and landed their hundreds of colonists, the Natives are said to have wept at the sight. They had been told, but had not believed, that the foreigners were coming to settle in great numbers upon the land which the agent of the Colonizing Company had just acquired. They had not realized to themselves that their country was about to be occupied by a civilized race in such force as to be able to hold its ground in spite of Native resistance. (C.W. Richmond, quoted in O'Malley, Stirling, and Penetito 2010).

Māori became a minority in their own whenua (land). By the time the first official statistics were published in 1858, the total population had reached about 120,000, half of whom were Māori (Fry and Wilson 2018, 25). Today, Māori comprise 17 percent of the total population of Aotearoa.¹³⁶

The Waitangi Tribunal has emphasised that the partnership in Te Tiriti gives rise to some level of accountability between the Treaty partners. In its 1998 Te Whānau o Waipereira Report, after discussing the purpose of the State Sector Act and the Public Finance Act in creating “a framework of authorities and accountabilities, and requirements for reporting”, the Tribunal commented that:

It is fundamental to a partnership that there is some level of accountability to each other, as a prerequisite for shared control. It is self-evident, too, that if no consideration is given to a Māori community's values and aspirations in assessing the performance of Crown agencies, it cannot be said that the Crown and Māori are working together, nor that the principle of rangatiratanga is in fact being maintained. (Waitangi Tribunal 1998, 231)

For Māori and the Crown, accountability requires meeting mutual obligations as set out in Te Tiriti o Waitangi. Truly meeting its obligations in the context of addressing persistent disadvantage will involve much more than the Crown lifting staff cultural capability, improving relationship management skills and increasing the use of iwi-based providers to deliver services designed by departments in Wellington. It goes to the fundamental issue of who has the authority to determine the nature of specific

¹³⁵ These institutions included, in 1852, a General Assembly with plenary law-making powers. Few Māori were qualified to vote for elections for the lower house of the Assembly. No Māori were elected and none of the appointed members of the upper house, the Legislative Council, were Māori ('List of Members of the New Zealand Legislative Council' 2022). The first Māori, and indeed New Zealand-born MPs were elected in 1871, after the passing of the Māori Representation Act 1867 (Ministry for Culture and Heritage 2016). These institutions included, in 1852, a General Assembly with plenary law-making powers. Few Māori were qualified to vote for elections for the lower house of the Assembly. No Māori were elected and none of the appointed members of the upper house, the Legislative Council, were Māori ('List of Members of the New Zealand Legislative Council' 2022). The first Māori, and indeed New Zealand-born MPs were elected in 1871, after the passing of the Māori Representation Act 1867 (Ministry for Culture and Heritage 2016).

¹³⁶ Stats NZ 2018 Census data. The Census also shows that 27 percent of the population who were born overseas, including about 15,000 Māori. In Auckland, which has both our largest Māori and overseas born populations, immigrants are 40 percent of the population and Māori are 11 percent (and about 3,900 of Auckland's Māori were born overseas).



responses to disadvantage, from designing assistance to deciding what resources they should receive and determining whether and on what basis they have succeeded or failed. The Crown needs to adopt more honourable, consultative and culturally appropriate ways of working with its Treaty partner.¹³⁷

3.8.5 What genuine partnership requires

The task of building governance and accountability structures and mechanisms that do not seek assimilation of Māori into the dominant colonial culture but rather honour Te Tiriti o Waitangi and acknowledge that all cultures have an interest in rejecting injustice is ongoing.

Participants in interviews and wānanga hosted by Haemata Limited in 2022 identified several practical challenges when it comes to improving accountability in Aotearoa. These include navigating dual, and at times conflicting accountabilities – to employers, whānau, hapū and iwi; managing different and sometimes conflicting values; and the power imbalances in monitoring: government currently monitors both Māori and itself (Haemata Limited 2022c).

While the Public Service Act 2020 reflects a growing expectation that “the Public Service will develop and maintain its own capability to engage with Māori and understand Māori perspectives and actively seek greater involvement of Māori” (ibid., 3) and that leaders and the Public Service Commissioner are genuinely held accountable for these responsibilities (Public Service Commission 2021), there is still much more to be done:

Participants felt that the current monitoring system fails to consider independent community voice and if it is to be a system that Māori value, there would need to be a valued place for the voices of whānau, rangatahi (youth), and kaumātua (elders) to be heard. Māori would also need to be involved in making the judgements on accountability and the appropriate forms of redress where accountability measures have not been met. In the absence of these perspectives and roles being validated through the monitoring system, participants felt that monitoring could not provide a ‘true and accurate’ evaluation of the public sector or hold the public sector to account for the things that really matter to Māori. (Haemata Limited 2022c, 19)

As one participant commented, “We want to be at the top table, not just on the menu.” (ibid.).

There is much that the Crown can learn from Te Ao Māori approaches to accountability. Foremost among these are lessons about what it takes to build enduring trust and be a good partner. Tikanga Māori requires taking a very long term and deep view of accountability and trusted relationships. There are no shortcuts to tika and pono or becoming a good ancestor.

People from other cultures often share values expressed by Māori in relation to accountability. For example, many people living in Aotearoa with ancestors in Asia and

¹³⁷ As Caroline Saunders and Paul Dalziel argue in their book *Wellbeing Economics*, **some** of the rights Māori retain under Te Tiriti are what all citizens should expect: good government in return for protection of property rights and equality of civil rights. (Dalziel and Saunders 2014a, 43). Māori, however, retain the right of tino rangatiratanga: the right to determine how to live their lives as Māori.



the Pacific have cultures that also emphasise the importance of collective approaches to wellbeing. Justice is a universal right.¹³⁸

But there are also much larger, and very complex underlying issues that remain unresolved. Aotearoa New Zealand is a diverse country with a founding constitutional partnership between only two parties: the Crown and iwi.¹³⁹ Many people experiencing persistent disadvantage are neither Māori nor Pākehā. Honouring a fundamentally bicultural constitutional agreement while meeting the needs of an increasingly multicultural society will not be easy.

We acknowledge that the Crown needs to do much more to meet its obligations under Te Tiriti o Waitangi and rebuild trust with hapū, iwi and Māori.

Having Māori exercise tino rangatiratanga and the Crown exercise kāwanatanga together is essential to rebuilding the relationship between the Treaty partners and increasing overall wellbeing in Aotearoa. While this remains a work in progress, addressing persistent disadvantage will need to incorporate additional elements to ensure Māori can exercise their constitutional rights.

How this partnership addresses long-neglected issues around Te Tiriti and persistent disadvantage – be it via hearings of the Waitangi Tribunal, hui or some other form of conversation between the partners – is for Māori to decide.

3.9 The formal accountability system in Aotearoa New Zealand

In New Zealand, central government operates within what, at first sight, can appear to be a complex, comprehensive and sophisticated formal public accountability system.¹⁴⁰

In Table 5, we outline the current accountability mechanisms that apply to government departments in New Zealand. These mechanisms include all the types of accountability mechanisms found in the literature (democratic, constitutional and learning). In that sense, there are few gaps in the current New Zealand accountability system at the level of available mechanisms. As we discuss further below, however, it is how those mechanisms are used that is important.

¹³⁸ As Ahmed Shaheed and Rose Parris Richter comment, “All cultures—Western or otherwise—are acquainted with the experience of injustices, which beget demands for the recognition of human rights from oppressed populations that later give rise to human rights reforms. It is this “collective experience with injustice” which constitutes an authoritative foundation on which to build a theory of rights.” (Shaheed and Richter 2018).

¹³⁹ Neither Te Tiriti o Waitangi nor the Treaty mention migration from anywhere other than England, Australia and Europe. Former Waitangi Tribunal member Professor Sir Hugh Kawharu translated part of the preamble to Te Tiriti as “many of [the Queen’s] subjects already living on this land and others yet to come” (Kawharu 1989). The English version refers to “the great number of Her Majesty’s Subjects who have already settled in New Zealand and the rapid extension of Emigration both from Europe and Australia which is still in progress”.

¹⁴⁰ For guides to the current system, see Office of the Clerk of the House of Representatives (2014), Office of the Auditor-General (2019) and Chapter 5 of Boston et al. (2019).



Table 5 The accountability of government departments

Aspect	Description
Te Tiriti o Waitangi	Implicitly the 'founding constitutional document' for Aotearoa New Zealand, but application in practice (at least by the Crown) is at best partial.
Means of establishment	Public Service Act ¹⁴¹
Basic disclosure of operations	<p>The Public Finance Act requires departments to prepare an annual report 'on the operations of the department'.</p> <p><i>The annual report of a department must provide the information that is necessary to enable an informed assessment to be made of the department's performance during the financial year, including how well the department is managing the resources it controls.</i> (Public Finance Act, Section 45).¹⁴²</p> <p>Annual reports must be presented to Parliament and made public. Departments routinely publish their annual reports and other governance documents on their websites and are questioned about them at Select Committee hearings.¹⁴³</p>
Financial disclosure	<p>Public Finance Act</p> <p>Departments' annual reports must include audited financial statements.</p>
External audit and review	<p>Public Finance Act</p> <p>Public Audit Act</p>
Code of conduct	Public Service Act
Professional behaviour requirements	<p>Public service code of conduct.</p> <p>Departments' internal operating procedures.</p> <p>Occupational regulation, if any.</p>
Probity requirements	<p>Public Service Act</p> <p>Public Finance Act</p> <p>Public Audit Act</p> <p>Criminal law.</p>

¹⁴¹ All Government departments are listed in Schedule 2 of the Public Service Act, while some are also created under specific legislation. For example: the Ministry for the Environment; the Inland Revenue Department and the Department of Conservation are all established under separate legislation.

¹⁴² That Section also provides that an annual report must include the following information:

- an assessment of the department's operations
- an assessment of the department's progress in relation to its strategic intentions
- information about the department's management of its organisational health and capability
- statements of expenses and capital expenditure
- annual financial statements
- a statement of responsibility by the department's chief executive certifying that the annual report complies with the requirements of the Act.

¹⁴³ See, for example: <https://ird.govt.nz/about-us/publications/annual-corporate-reports>; <https://msd.govt.nz/about-msd-and-our-work/publications-resources/index.html>; <https://www.mbie.govt.nz/about/who-we-are/corporate-publications/>.



Aspect	Description
Information disclosure	Official Information Act (disclosure to public) and Privacy Act (prevents disclosure of personal information, but allows individuals to access their records)
Third-party contracting	MBIE procurement rules. ¹⁴⁴
Value-for-money review	Budget process (usually only applies to new spending, not baselines).
Effectiveness reviews	Ex-post evaluations (discretionary and often only applies for initial years to confirm programme is meeting objectives. Less common for baseline spending). Public Audit Act
Merits review of decisions (was the decision correct?)	Specialist tribunals (e.g., social security appeal authority). Ombudsman
Parliamentary scrutiny	Questions to ministers, Select Committees, representations by MPs on behalf of constituents, provision of material to Parliament. Scrutiny by offices of Parliament.
Judicial review of process	Judicial Review Procedures Act

Source: The authors

3.9.1 Parliamentary accountability

While a core constitutional structure, our system of Parliamentary accountability was imported to New Zealand with the establishment of the formal institutions of British-style government, applying to Māori and Pākehā alike, following the proclamation of British sovereignty in 1840 (Orange 2020b, 63).¹⁴⁵ Distressingly, discussions on how this relates to the Crown's obligations under Te Tiriti o Waitangi are only beginning (Haemata Limited 2022b).¹⁴⁶

¹⁴⁴ Cabinet has directed that all Government departments and many Crown agencies are required to follow the Government Procurement Rules when engaging third parties to provide goods and services to the value of more than \$100,000 (New Zealand Government Procurement 2023).

¹⁴⁵ These institutions included, in 1852, a General Assembly with plenary law-making powers. Few Māori were qualified to vote for elections for the lower house of the Assembly. No Māori were elected and none of the appointed members of the upper house, the Legislative Council, were Māori ('List of Members of the New Zealand Legislative Council' 2022). The first Māori, and indeed New Zealand-born MPs were elected in 1871, after the passing of the Māori Representation Act 1867 (Ministry for Culture and Heritage 2016).

¹⁴⁶ These discussions will be complex, given fundamental differences in underlying world views. In Te Ao Māori whakapapa (webs of connection and belonging) and collectivism are key organising frameworks, whereas Te Ao Pākehā more often centres hierarchy and individualism. Justice in Te Ao Māori is reciprocal and dynamic, grounded in mana (reputation, prestige, authority, control, power over people or things (see Haemata Limited 2022b, 16) and utu (acknowledging and rectifying wrongs; providing payment for injury in order to restore balance – *ibid.*, 19). While some elements of the Pākehā justice system are beginning to move in this direction, including through restorative processes, it is more common for justice to be 'meted out' by a higher authority in Western systems.



Reflecting the system's origins, which date back to the English Civil War (1642–1651), its focus is on regulating the respective roles of Parliament and the Executive in the raising and spending of revenue (McGee 2005, 443).¹⁴⁷

In New Zealand, much of our formal accountability system is centred on the role of Parliament: Ministers are held accountable to Parliament for their exercise of power and government departments and Crown entities are required to report to Parliament and appear before Select Committees to explain their actions.

This system is a not very coherent blend of the three dimensions of accountability:

- The democratic accountability dimension finds expression principally in the opposition's role of questioning Ministers
- There is a substantial weighting given to constitutional accountability in the extensive reporting requirements placed on agencies, which often focus on what they do (inputs and outputs) and less on why and how well (reasons and outcomes)
- Accountability as learning is often relegated to being a by-product of reporting and scrutiny rather than a systematic feature, where past experiences are applied blame-free to future improvements.

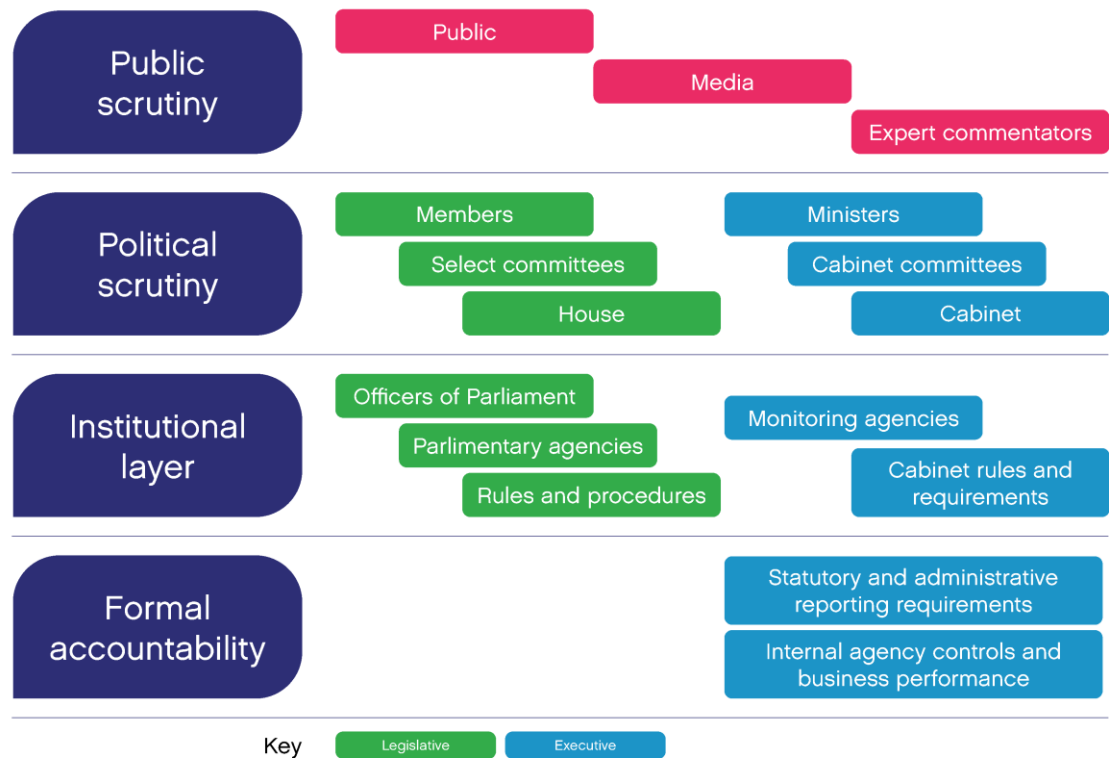
¹⁴⁷ See, for example The Treasury (2019) and Boston et al. (2019).



3.9.2 A multi-layered system

We now turn to analyse the multi-layered system of parliamentary scrutiny that operates in New Zealand.

Figure 8 A multi-layered system of parliamentary scrutiny



Source: Boston et al. (2019, 63) ¹⁴⁸

At the centre of our public accountability system are fundamental principles regarding public finances:

The fundamental public finance principles in New Zealand law are that taxation may be levied and public money may be expended only under parliamentary authority. The rules for the receipt and payment of and accounting for public funds derive from these principles of parliamentary authorisation. (McGee 2017, 511)

This explains, in part, why many of the institutional and formal layers of accountability set out in Figure 8 are contained in the Public Finance Act and come within the purview of the Minister of Finance and the Treasury. ¹⁴⁹

Each year Parliament passes laws authorising the imposing of taxes and then grants Ministers approval to spend money to carry out the functions of government.

¹⁴⁸ While the project reported in Boston et al. (2019, 10) had a particular focus on developing policy options for parliamentary scrutiny of long-term governance and stewardship (p. 10), it is noteworthy that it does not include the Crown's Treaty partner in its description of the system of parliamentary scrutiny.

¹⁴⁹ For a detailed guide, see Treasury (2022d)



The Executive is accountable to Parliament for that spending, which requires Ministers and Departments to undertake detailed reporting of their activities including:

- Supporting Ministers through the budget process (The Treasury 2022d)
- Providing material to Parliament as it considers the budget. For an example of the material provided to a Select Committee as part of this process, see New Zealand Parliament (2019a)
- Forward-looking material regarding medium-term strategic intentions: for an example, see Ministry of Foreign Affairs and Trade (2021)
- Annual reporting: for an example, see Ministry of Foreign Affairs and Trade (2022).

Scrutiny is provided by the work of Select Committees, written and oral questioning of Ministers by MPs and the work of the Audit Office and the Ombudsman.¹⁵⁰

Parliament has a key role to play in one of New Zealand's more effective accountability regimes, the fiscal responsibility provisions of the Public Finance Act.¹⁵¹ Matthew Palmer and Dean Knight regard these provisions as having constitutional status:

The fiscal responsibility provisions, along with the rest of the public sector financial management effected by the [Public Finance] Act, represent a direct constitutional constraint on government. (Palmer and Knight 2022, 104).

An important aspect of the fiscal responsibility regime is that it does not contain prescriptive policy targets and is based on a set of principles that allow any government wide latitude regarding its fiscal policy intentions. What is required in accountability terms is that the government must state why its policies are consistent with those principles and provide independent reporting of progress towards them. As Derek Gill comments:

When the Fiscal Responsibility Act (FRA) was introduced, the FRA had limited opposition but only lukewarm support because it was expected to be ineffective due to its lack of legal enforceability. Today it provides the foundation for the Treasury's budgeting process, is embedded in the wider political discourse and is part of New Zealand's constitutional arrangements. (Gill 2018, i)

¹⁵⁰ The Ombudsman and the Controller and Auditor-General are 'officers of Parliament'. 'The officers work in an independent watchdog capacity, helping Parliament hold the Government of the day to account. Their powers enable them to further scrutinise the Government on behalf of the House of Representatives.' (New Zealand Parliament 2019b). The third officer of Parliament is the Parliamentary Commissioner for the Environment, who has the remit to undertake independent reports and provide advice on environmental issues (Parliamentary Commissioner for the Environment 2021).

¹⁵¹ For the background and a summary of the provisions of the Act, see Scott (1995) and Buckle (2018). Gill (2018) contains a review of the effectiveness of the provisions. For a discussion of similar provisions in other Commonwealth countries, see Wilson (2017, 2ff).



Box 4 explains the effectiveness of these provisions.

Box 4 Why the fiscal responsibility provisions have been so effective

The fiscal responsibility provisions of the Public Finance Act were introduced to limit the ability of the government of the day to manipulate the presentation of the country's economic and fiscal position and require prudent fiscal policy.¹⁵² Before the provisions were introduced, government debt had become unsustainable, and governments had essentially lied to the public about the state of the government's accounts.¹⁵³

The fiscal responsibility provisions in the Public Finance Act have succeeded in radically changing the conduct of fiscal policy in New Zealand because:

- The Fiscal Responsibility Act was championed by a government that had been poorly served by the previous accountability regime
- Its development and introduction were led by a senior Minister, with evident support from the Prime Minister¹⁵⁴
- Day-to-day operation of the Act was the responsibility of a department (the Treasury) which had the authority and the ability to ensure that all other departments were effectively brought into the ambit of the Act
- The provisions were principles-based and gave the government of the day significant flexibility to conduct fiscal policy, provided they were prepared to state and defend their policies.¹⁵⁵
- The opposition soon saw that complying with the provisions was to its political advantage.

The provisions have endured for almost thirty years, across multiple governments facing very different economic circumstances and with very different policy programmes.¹⁵⁶

The reports and statements required to be produced under the regime are all tabled in Parliament, and the Standing Orders require them to be considered by a Finance and Expenditure Committee and debated in the House.

Parliamentary accountability, however, does not cover many important issues:

- While it focuses on the taxes New Zealanders pay and how they are spent, it does not consider other contributions people make to the state and society, such as their time spent complying with laws, volunteering or the very act of holding politicians to account by their participation in civil society and
- The fiscal origins of the accountability system mean it is largely concerned with the tangible and the countable.

¹⁵² For a discussion, see New Zealand Parliamentary Library (2019).

¹⁵³ There are two recent examples. The first was the use of proceeds from the sale of assets in the 1987 to produce a budget surplus, when at the time assets sales were not recorded as operating revenue. This was described by the then Opposition as a 'fiddle' (Bassett 2008, 262). The much more significant example is from the 1990 election. The Budget forecast a small surplus of \$89 million. However, by the time The Treasury prepared its Briefing for the Incoming Government in October, the fiscal position had deteriorated significantly, on both the spending and receipts side of the ledger. The Government eventually announced that the Budget would be in deficit to the tune of \$1.019 billion. The incoming government was also informed on the day after the election that then majority state-owned Bank of New Zealand required recapitalisation of \$620 million. The previous Minister of Finance was aware of this but decided not to inform Cabinet or the Opposition (Richardson 1995, 74). There are specific fiscal responsibility provisions (Section 26V(b) of the Public Finance Act) which were designed to require ministers to either make decisions like the need to bail out the BNZ before a fiscal and economic update is due or include the relevant circumstances in that update.

¹⁵⁴ See Richardson (1995, 163–71) for a first-hand discussion of the development of the provisions.

¹⁵⁵ See The Treasury (2015, 5) for a description of the principles.

¹⁵⁶ See Wilson and Fry (2022, 125) for a discussion of how successive finance Ministers have used the flexibility of the provisions to describe what prudent level of debt can be during very different economic circumstances.



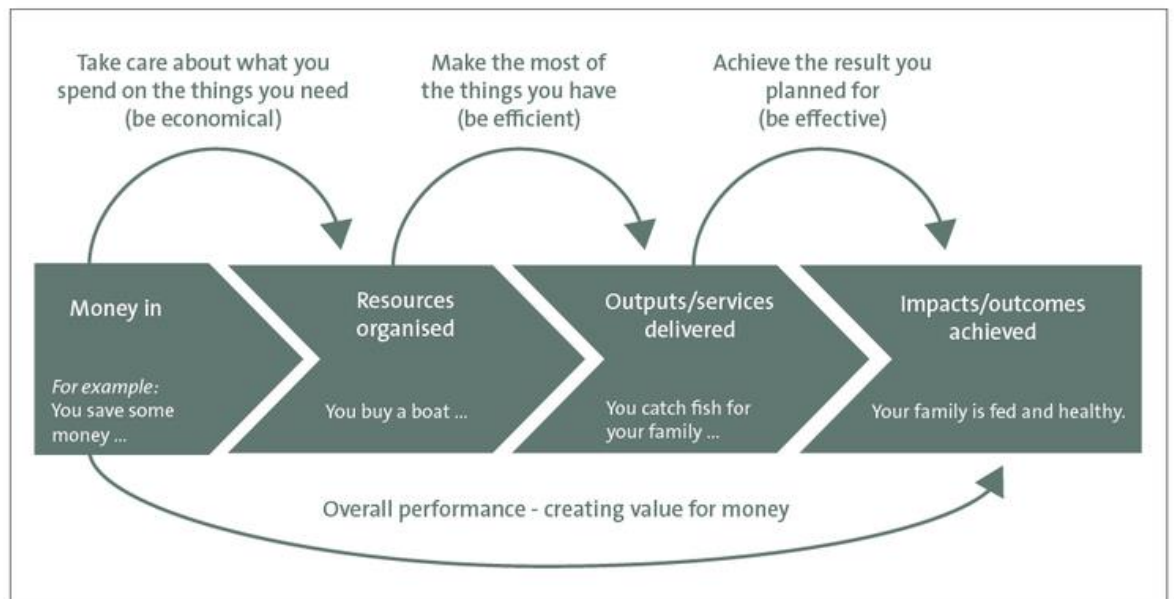
The New Zealand Auditor-General recently commented that:

Explaining performance includes describing:

- *how an organisation spends money on necessary resources (such as people or equipment);*
- *how it uses those resources to deliver services or other outputs (such as elective surgery or improved road signs); and*
- *how those services or outputs impact on planned outcomes (such as healthier communities or safer roads) (Office of the Auditor-General 2021, 5).*

He illustrated this model as shown in Figure 9. One notable feature of this diagram is the order in which the process is presented: it starts with raising revenue and assessing outcomes. While understandable from one perspective, we consider that setting outcomes should be the start of the process.

Figure 9 The process of reporting performance



Source: Office of the Auditor-General (2021, 6)

However, the Auditor-General also observed that this 'production line' approach does not always reveal activities or attributes that the public might consider important:

The model also does not describe whether an organisation's outputs, services, or outcomes:

- *are the right ones;*
- *have public support;*
- *are resilient to shocks (such as a pandemic); or*
- *are sustainable over time. (ibid., 7)*



While many of the processes of parliamentary accountability are undertaken within government, there are important non-government users of the information produced. These users play a vital role in holding governments to account for how they use power. The media and civil society are such groups. As Peter Aucoin and Ralph Heintzman note:

[All] governments must now govern in a context where there are greater demands for accountability for performance on the part of a better educated and less deferential citizenry, more assertive and well organized interest groups and social movements, and more aggressive and intrusive mass media operating in a highly competitive information-seeking and processing environment. (Aucoin and Heintzman 2000, 46)¹⁵⁷

While constitutional, there is an extreme political dimension to accountability. The opposition is not just holding the government to account as a means of improving government; it wants to replace the government (Prebble and Ladley 2010, 35). This dynamic colours all accountability activities.

There are also unique features of the New Zealand constitution that both contribute to the form of our public accountability system and influence its effectiveness:

- We have a Treaty with our indigenous people that has been repeatedly breached, and while attempts at making this right are ongoing, much more will be required before Māori can truly be said to be exercising tino rangatiratanga and mana motuhake
- We have a single level of sovereign government¹⁵⁸
- We have a single house of Parliament
- Our government operates within the 'Westminster' tradition, where Ministers are members of parliament¹⁵⁹
- We have no written constitution and thus no constitutionally guaranteed civil or political rights¹⁶⁰
- Our small size and concentration in a few main centres mean that personal relationships are very common between different elements of society, making conflicts of interest much more common
- We have few genuinely independent institutes or think tanks¹⁶¹

¹⁵⁷ While some sections of society have become better able to represent their views via things like social media, this does not always lead to equitable outcomes. If only the voices of people who are educated and well-resourced are heard, marginalised people will continue to be left out.

¹⁵⁸ Local government in New Zealand is a creation of statute, unlike states in the United States and Australia which are separate sovereign governments in their own right.

¹⁵⁹ In the United States, in particular, there is a strict separation of powers at the federal, state and local level. This needs to be remembered when reviewing literature on accountability that originates from the US.

¹⁶⁰ Again, this is important when considering contributions by American and European scholars. The US federal Bill of Rights and the European Convention on Human Rights are both binding on governments.

¹⁶¹ Institutions like the Productivity Commission, the Climate Change Commission and the Children's Commissioner, while created by Parliament and having their budgets set by the Government of the day, have independent roles in holding governments to account.



- The government plays multiple roles in relation to universities, which may limit their ability to hold governments to account.¹⁶²

These features combined have not surprisingly resulted in a weak accountability system.

This system is simultaneously hierarchical and one where the various players are not as independent from each other as is required for the accountability system to operate effectively.

For example, New Zealand operates under the ‘Westminster’ or ‘responsible government’ system, where Ministers are both members of parliament and responsible to Parliament:

In the Westminster model, power is placed largely in the hands of ministers individually and collectively (the cabinet). The theory is that by doing so, and by making the cabinet responsible to the legislature, the people will, in turn, be able to hold accountable at election time the men and women who effectively “run the government” in between elections. (Stanbury 2003, 4, internal citations omitted.)

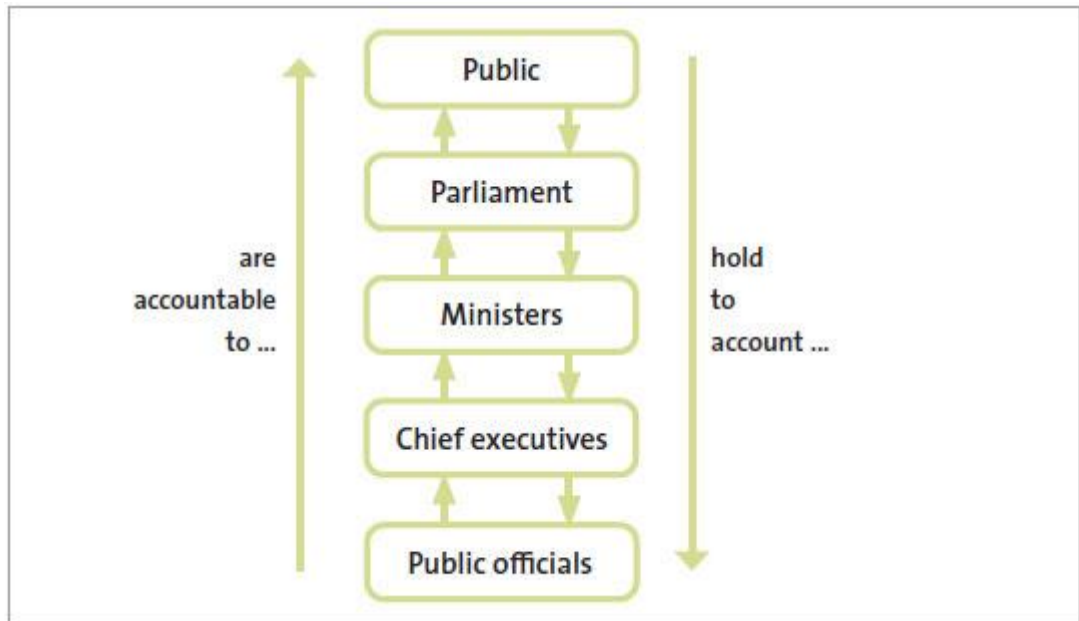
The resulting chain of accountability within the Westminster system is shown in Figure 10.

In addressing persistent disadvantage, one thing stands out in particular: while ‘the public’ are at the top of this chain, the people requiring assistance do not appear, nor do their whānau, wider support groups or communities. The absence of Te Tiriti o Waitangi is also striking. Nor do the public of the future – unborn generations – or the environment feature.

¹⁶² In its 2017 report on tertiary education, the Productivity Commission said, “It is also difficult to draw conclusions on how well universities are fulfilling the expectation of s 162 of the Education Act 1989 that they should ‘accept a role as critic and conscience of society’” (New Zealand Productivity Commission 2017, 286).



Figure 10 The Westminster chain of accountability



Source: Office of the Auditor General (2022a, 21)

At a more general level, the gap between Parliament and Ministers in Figure 10 is more apparent than real. One important element of the Westminster system is the idea that the government must, at all times, have the ‘confidence’ of the lower (and in New Zealand, only) house of Parliament.

A Government subsists in office because it possesses the “confidence” of the House. This is the continuing basis of responsible government. The confidence of the House underpins any Government’s right to hold office; constitutionally, except in a caretaker capacity, it cannot do so without that confidence.

...

Strictly speaking, confidence is a negative (and somewhat circular) concept. A Government retains the confidence of the House for so long as it can avoid defeat on important parliamentary votes—those that involve a question of confidence. (McGee 2017, 127)

In effect, to be in Government requires a Prime Minister to be able to control the House: to win all-important votes. This substantially weakens the power of the Parliament to hold any government to account. While the Opposition – members of Parliament who do not support the government – have institutional power to hold the government to account, that power is always limited because the Opposition, by definition, can rarely control what ministers or the Parliament does.¹⁶³

Opposition MPs can hurl endless invective at the government. They may even provide very well documented criticisms of its behavior. The harsh reality, however, is that there is almost no chance of defeating a majority government

¹⁶³ There are some parts of Parliamentary procedure that require the unanimous agreement of all members present. This is called ‘seeking the leave of the house’ (McGee 2017, 15). If the Government seeks leave, it can be refused by the Opposition. However, this power is limited, since in many cases, the Government could put the matter to a vote, which it would then win.



on a non-confidence motion. With the Whips on, the party in power can ensure that it will stay in power. (Stanbury 2003, 32).¹⁶⁴

The New Zealand parliamentary accountability system is certainly complex and comprehensive. But is it effective in achieving the three purposes of accountability we have identified? Jonathan Boston and his colleagues report that:

Interviewees, including parliamentarians and those who advise and serve them, generally considered that the current framework for, and quality of, parliamentary scrutiny in New Zealand is unsatisfactory. This assessment applies both to the scrutiny of governance in general and long-term governance in particular. Overall, parliamentary scrutiny was regarded as ad hoc, reactive and backward-looking. Ideally, it should be more systematic, proactive and forward-looking. (Boston, Bagnall, and Barry 2019, 187)

We agree. In section 4, we outline our proposals to improve this system.

3.9.3 Accountability outside government

When it comes to assisting people experiencing persistent disadvantage to change their lives, there are currently two main providers of services:¹⁶⁵ government agencies and NGOs. Here we are using NGO in its literal sense – any entity that is not a department or Crown entity is an NGO – because of the extremely wide range of providers.

The extent of using NGOs to provide services is still relatively modest in New Zealand.¹⁶⁶

Robert Buchanan and Colleen Pilgrim outline the history of this development and note that it has proceeded across different governments:

Governments in the 1990s were quite deliberate in their moves to involve the private and voluntary sectors in service delivery. From 1999, the Labour Alliance government conspicuously abandoned the agency theory underpinning the contractual approach – in part, to dissociate itself from the politics and rhetoric of the previous model. But there was no retreat from contracting itself: quite the reverse. The change ran much more deeply, steered by the emergence of social development as a key strategy in social service delivery. The range of services placed with NGOs continued to expand. (Buchanan and Pilgrim 2004, 5)

The accountability implications for using third-party providers of social services are much studied (Johnston and Romzek 1999; Buchanan and Pilgrim 2004; Mulgan 2006; B. S. Romzek, LeRoux, and Blackmar 2012; LeRoux et al. 2019). Both concerns about accountability deficits (using third-party providers moves important functions outside

¹⁶⁴ 'The Whips being on' is a reference to the practice in Westminster Parliaments of members of a governing party being required support the government in Parliamentary votes:

The term "whipping" was inherited from the British Parliament, and can be traced back to the 18th century hunting term "whipper-in", a huntsman's assistant who drives straying hounds back to the main pack using a whip. The Green Party instead uses the term "musterer". (Parliament of New Zealand 2020).

¹⁶⁵ As noted in footnote 78 in section 2.5.9, we prefer to refer to providing assistance rather than delivering services. In this section we are, however, describing the current social assistance system, which is based on the service provision paradigm.

¹⁶⁶ Although the number of NGOs contracted is reasonably large (about 6,000), the value of contracts, within the whole social assistance system, remains low, at between \$6 and \$7 billion in 2020/21. Of this, 70 percent is from the Ministry of Health (excluding DHBs) and ACC (Ministry of Social Development 2022e, 8). This compares with total spending in that sector of about \$68 billion (The Treasury 2022e).



public accountability systems) and accountability overload (third-party providers are subject to excessive reporting requirements) feature in the literature.

All NGOs are subject to their own accountability system. This is a combination of private requirements of founders and benefactors (often in the form of trust deeds establishing charities and constitutions of incorporated societies, but also derived from the particular practices of the founders, like churches and iwi); general laws (like the Companies Act and the Incorporated Societies Act); more specific laws (like the Charities Act); and occupational regulation of staff of NGOs (especially professions like medicine).

Many NGOs are at least part-funded by central government, again through a multiplicity of arrangements.

In Table 6, we describe the accountability arrangements applied to NGOs, using the same taxonomy we used to discuss public sector accountability in section 3.6.



Table 6 The current accountability system

As applied to NGOs

Mechanism	Description
Te Tiriti o Waitangi	At one level, Te Tiriti o Waitangi is an agreement between only the Crown and the hapū on whose behalf it was signed. Unless they are iwi or hapū organisations, NGOs are not strictly legal parties to Te Tiriti o Waitangi. However, many non-iwi NGOs do view Te Tiriti as important to what they do and how, perhaps even more so than some government bodies. ¹⁶⁷
Way in which NGOs are established	No specific requirement that providers have any particular form and thus practice varies. ¹⁶⁸ Common examples ¹⁶⁹ are incorporated societies, companies, Māori incorporations and trusts. ¹⁷⁰
Basic disclosure of operations	Registered charities are required to disclose operations in an annual return that is published on the Charities Registrar's website. The return must include financial statements. There are tiers of reporting requirements, depending on the size and nature of the entity. ¹⁷¹ Reporting requirements are specified by the External Reporting Board. Incorporated societies that are not also charities are required to prepare annual reports and financial statements for their members, which must also be given to the Registrar of Incorporated Societies.
Financial disclosure	Varies. Could be: Incorporated Societies Act, Charities Act, Companies Act.

¹⁶⁷ For example, Social Service Providers Aotearoa, an industry body, are "committed to contributing to upholding Te Tiriti o Waitangi" (Social Service Providers Aotearoa 2021, 16).

¹⁶⁸ While many NGOs are charities, charitable status is something that is conferred on an existing entity (defined in the Charities Act as any society, institution, or trustees of a trust). Once registered, charitable entities have reporting and governance obligations under the Charities Act in addition to or in substitution for those imposed by their foundational status.

¹⁶⁹ Other forms of social enterprises include limited partnerships established in accordance with the Limited Partnerships Act 2008; industrial and provident societies and co-operative companies (the Co-operative Companies Act 1996 and the Industrial and Provident Societies Act 1908). For details, see Department of Internal Affairs (2013).

¹⁷⁰ Many Māori and iwi-based organisations are founded as trusts for the benefit of different groups of Māori. Provision for establishing some of these trusts are provided for in Te Ture Whenua Māori Act 1993.

¹⁷¹ The tiers are as follows:

Reporting tiers

	Tier One	Tier Two	Tier Three	Tier Four
Reporting requirement	Full standards	Reduced disclosure regime	Simple format report - accrual	Simple format report- cash
Financial threshold	Over \$30 million annual expenses	Under \$30 million annual expenses	Under \$2 million annual expenses	Under \$140,000 annual operating payments

Regardless of size of operations, charities that undertake certain financial trading activity are always included in Tier One. See External Reporting Board Standard A1, sections 7-13.



Mechanism	Description
External audit and review	Varies by size and status. Incorporated Societies Act, Charities Act, and Companies Act all have different requirements, some of which overlap.
Basis of assistance	Contract with sponsoring department, implementing Cabinet decision. Internal policies.
Code of conduct	Internal.
Professional behaviour requirements	Employer's code of conduct and other policies. Employer's internal operating procedures. Occupational regulation, if any.
Probity	Varies. Could be: Incorporated Societies Act, Charities Act, Companies Act, criminal law. Also, internal codes of practice and policies (e.g. delegations).
Information disclosure	Privacy Act (prevents disclosure of personal information but allows individuals to access their records).
Value-for-money review	Contestable contracting (MBIE procurement requirements).
Effectiveness reviews	Ex-post evaluations, sometimes as a condition of funding.
Merits review of decisions (was the decision correct?)	Not applicable.
Parliamentary scrutiny	Not applicable. But see text below)
Judicial review of process	Generally, not applicable

Source: The authors

While NGOs, by definition, are not directly subject to the public accountability system, they are often drawn into the system by being contracted to government agencies to provide services to people experiencing persistent disadvantage. In a 2019 report to Social Service Providers Aotearoa, Martin Jenkins concluded that:

At present, providers are held to the same level of accountability as government, but without the same level of resources. (Martin Jenkins 2019, 88)

Commenting on proposals to reform the commissioning of social services from NGOs in 2020, The Treasury identified heavy reporting requirements on NGOs as an issue to be addressed (The Treasury 2020).

Our view is that, despite intentions for reform, Government agencies have a strong incentive under the current accountability system to attempt to shift their accountability obligations onto contacted providers. However, because contacts are often difficult to specify and enforce, the result has been a tendency to over-burden NGOs with excessive constitutional accountability obligations.



3.10 Accountability as learning

Accountability as learning is sometimes seen as a 'positive' purpose of accountability, focusing on improvement, while the other perspectives are seen as negative, focussing on assigning blame and extracting retribution.

It is now fashionable to depict [accountability as continuous improvement] as the most important, in large part because control and assurance are regarded as excessively preoccupied with the negative or inhibiting functions of 'blaming'. (Aucoin and Heintzman 2000, 52)

The backwards-looking aspects of accountability relationships can also be used as a positive element of learning:

Looking back is one of the main requirements for looking forward. (Boston, Bagnall, and Barry 2019, 46).

In a recent discussion paper on accountability in modern government, Benoit Guerin and his colleagues from the UK Institute for Government said:

In government, accountability inevitably involves the informal and subjective judgements of politics. This political element creates a particular tendency to overemphasise blame. While accountability certainly involves apportioning blame when something goes wrong, it should also foster an environment that leads to improvement. This is what the public cares most about – preventing failures recurring, rather than simple retribution. (Guerin, McCrae, and Shephard 2018, 6)

In discussing the relative roles of sanctions, rewards and learning in improving public services, Aries Arugay noted:

To recap, learning is a relatively more novel mechanism that views accountability as a series of engagements between actors that is defined less by adversarial relations and more by developing mutually beneficial cooperation in service delivery. (Arugay 2016, 13)

Speaking in the context of criminal appeals, the Chief Justice of New Zealand recently said:

There is in addition a systemic interest in understanding how miscarriages of justice came to pass. To maintain its legitimacy a system must learn from previous miscarriages of justice in order to avoid them occurring in the future. (Winkleman 2022, para. [195])

This statement is of general application. Legitimate systems are ones that people trust and part of what builds trust is a willingness to learn from experience. This does not mean that reform is inevitable: experience may show that a system is working as intended and should thus continue unchanged. The point is that there needs to be evidence and active consideration behind such a decision, rather than inertia and disinterest.

One example is the approach to learning from adverse events in the health system. Even though such events can cause real harm, even death, to patients, the public health system in New Zealand, as in other countries, uses these events as opportunities to



learn what went wrong and how they might be prevented. The current New Zealand system is described in Box 5.

Box 5 Adverse Events Reporting in the New Zealand public health sector

The New Zealand health system has developed protocols for learning from ‘adverse events’ (sometimes known as sentinel events) which cause harm to patients.

These protocols include:

- A National Adverse Events Reporting Policy (Health Quality & Safety Commission 2021b)
- Annual reporting of events on a uniform basis by health providers, e.g., (Health Quality & Safety Commission 2021a)

The Policy is based on the following principles:

- **Open communication.** Consumers and their whānau are entitled to truthful and open communication at all times following an adverse event
- **Consumer participation.** Adverse events need to be considered within the context of the whole consumer and whānau experience of care
- **Culturally appropriate review practice.** The cultural viewpoint and practices of a consumer and their whānau should be considered in the open communication, reporting, review and learning process
- **System changes.** Reporting is only of value if it is accompanied by meaningful analysis that leads to system changes designed to prevent recurrence of adverse events and near misses
- **Accountability** is provided by assuring consumers, whānau and the wider community that when adverse events and near misses occur, action is taken at both the local and the national level
- **Reporting must be safe.** Consumers, whānau and staff must be empowered to report adverse events and near misses without fear of retribution. (Health Quality & Safety Commission 2021b, 4).

It is noteworthy that the title of annual report is now ‘Learning from adverse events’, which emphasises the purpose of reporting. The latest edition of the report states:

Reporting these events gives voice to those harmed and allows providers to review what happened and put in place measures to prevent consumers from suffering harm in the same way in the future. (Health Quality & Safety Commission 2021a, 4)

3.11 Assessing the current system

We now turn to review the New Zealand approach to public accountability.

Our approach is a combination of the central evaluation criteria developed by Bovens, Schillemans, and ‘t Hart and recent work by the Auditor-General.

In Table 2 in section 3.4, we set out Bovens et al.’s criteria. For convenience, they are:

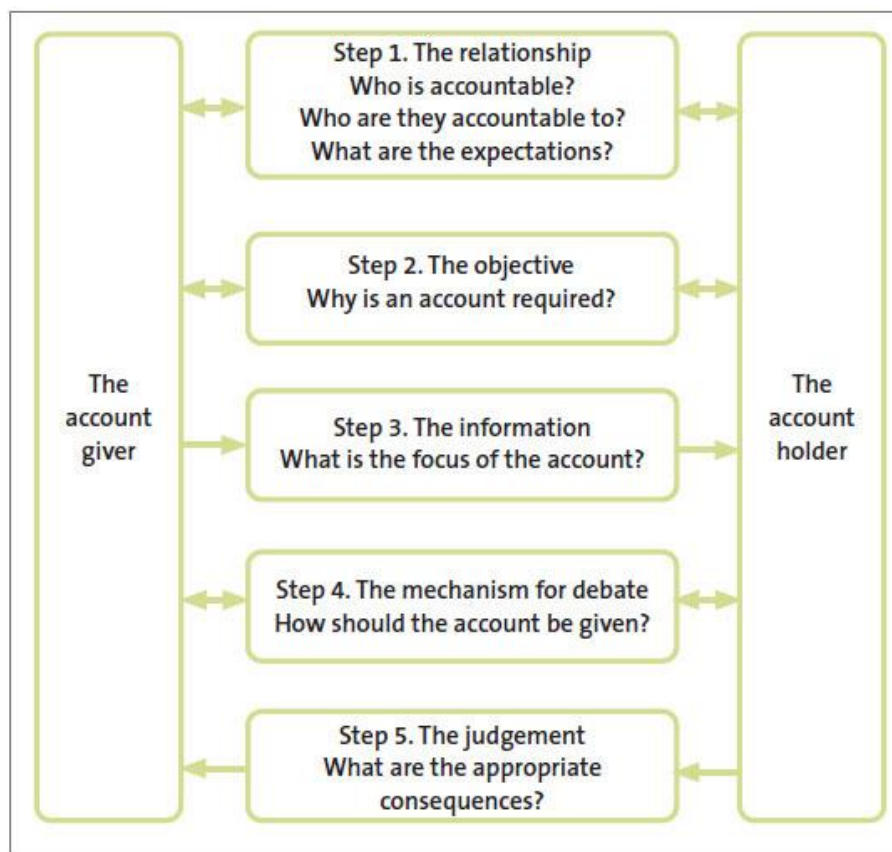
- **Democratic perspective:** the degree to which an accountability arrangement or regime enables democratically legitimised bodies to monitor and evaluate executive behaviour and to induce executive actors to modify that behaviour in accordance with their preferences.
- **Constitutional perspective:** the extent to which an accountability arrangement curtails the abuse of executive power and privilege.
- **Learning perspective:** the degree to which an accountability arrangement stimulates public executives and bodies to focus consistently on achieving desirable societal outcomes (Bovens, Schillemans, and ‘t Hart 2008).



In a recent report on improving public accountability in New Zealand, the Office of the Auditor-General applied a five-step evaluative framework to analyse the New Zealand public accountability system.

They use this framework to ask a series of questions, the answers to which provide an outline of the appropriate mechanisms for accountability, as set out in Figure 11.

Figure 11 The five steps for effective public accountability



Source: Office of the Auditor-General (2022a, 11)

We now proceed to answer those questions in respect of the current system.

3.11.1 The relationship

The public accountability system imposes a vertical relationship up through the 'democratic chain of delegation'.

Regarding NGOs contracted to the government, accountability is applied using complex written contracts. While work is underway to make those contracts simpler, the relationship will still be between a client (the Crown) and a provider for the provision of specified services.

The Crown's Treaty partner is absent from this relationship.

The people experiencing persistent disadvantage are also not part of the accountability relationship, except to the extent that they are also voters. We see this as a key flaw in the current system. While creating accountability relationships between these people



and the parties in the system that are designed to assist them would be a radical departure from current practice, the absence of wider constitutional protections for disadvantaged, discriminated against and abused groups makes it a practical necessity.

The current expectations of the Parliamentary accountability system are centred on ex-post reporting of activities, inputs and outputs. As a result, the focus is on desired constitutional accountability outcomes (probity and honesty) rather than democratic accountability (linking executive behaviour to the 'democratic chain of delegation') and learning. Recording and analysing the past is an important part of learning. We are concerned that the material produced by the current system is not used effectively in this regard.

3.11.2 The objective

Generally, the current system focuses on probity and ethics, with voluminous reporting mainly used by opposition politicians and the media to expose controversies.

While there are some examples of Ministers accepting that they should be held to account for policy outcomes (fiscal responsibility, child poverty, climate change), they are exceptions.

Often scapegoating and scandal replace learning as the lessons taken from past experience.

3.11.3 The information

The information produced by the current system is mainly backwards-looking reporting of inputs and outputs. There is little focus on forward-looking statements of policy intentions and outcomes to a level of specificity that would allow progress to be measured.

One particular feature of the system is that most parliamentary reporting follows centrally set formats that apply across the entire public sector. There are few examples of reporting regimes that are developed to apply to a specific policy area.¹⁷²

3.11.4 The mechanism for debate

The principal forum of accountability in New Zealand is Parliament, which under our system, is dominated by the executive.

While at first sight, the Parliament, especially select committees, should be an active forum for holding governments to account, the reality is that any government can close down detailed scrutiny if it wishes. The absence of strong extra-parliamentary institutions means that there is often no alternative forum available.

3.11.5 The judgement

The ultimate judgement in the New Zealand public accountability system is electoral: the Parliament is dissolved every three years and replaced by a new slate of members.

However, the incentive for members is to achieve re-election and experience shows us that low levels of voter participation, majoritarian-voting and weak institutions means

¹⁷² For example, the fiscal responsibility, child poverty, and climate change regimes all include very detailed, context-specific reporting against specified criteria. This reporting is not included in any department's annual report.



that the focus of elections is often on capturing the ‘median voters’, few of whom are likely to be experiencing persistent disadvantage.

3.11.6 Overall assessment

Because of the dominance of the executive over Parliament and New Zealand’s weak institutions, the public accountability regime generally fails Bovens’ et al.’s test regarding democratic accountability. While there is monitoring of activity, Parliament has limited ability to induce executive actors to modify their behaviour to promote overall wellbeing. The instances of successive governments agreeing to be held to a high standard of accountability for specified, measurable outcomes, are rare.

New Zealand rates highly regarding perceptions of probity, and the accountability system is certainly weighted heavily on this dimension. There is, however, evidence of accountability overload, especially when it comes to government-funded NGOs, who are often subject to multiple, overlapping accountability and regulatory requirements (Barker 2022).

Finally, there is little focus on learning in our accountability system, with scapegoating and blame-shifting being rife.

As Sir Peter Gluckman recently observed:

Our select-committee process is limp compared with other parliamentary systems, and partisan predictability is much more common than any drive for accountability. Further, the controlling party can and does block appropriate requests to support accountability from the minority at select committees. The lack of an upper house, which in some parliamentary democracies has a strong and independent revisory and evaluative role, makes New Zealand quite distinctive.

The small size of our Parliament means backbenchers cannot afford to offend their party hierarchy for fear of crimping their prospects. And in contrast to some parliaments, our party whips are adept at silencing in the House the diverse views hopefully heard in the caucus room.

This means the outcome of virtually all legislative process is predetermined and little negotiation takes place except at the technical margins, especially if there has been no prior stakeholder engagement. Today, such consultation is often abbreviated and tokenistic even when the matter is crucial.

The use of green and white papers to signal strategic directions before legislation is developed is largely missing despite their value in complex policy formulation.

The net effect is that we elect a strong Cabinet every three years that has enormous authority and little accountability beyond the electoral cycle, parliamentary processes remain weak, and the fourth estate is increasingly compromised by pressures of platform and social-media-based advertising. All this serves to weaken our democracy. (Gluckman 2022)

This is a near-perfect description of what is wrong with the current system.

The specific areas where our assessment suggests there are clear deficiencies in our system that perpetuate disadvantage are:



- A failure to honour Te Tiriti o Waitangi.
- Systemic racism, sexism, ableism and discrimination goes unchecked.
- Governments are not bound by any accountability mechanism to effectively address persistent disadvantage.
- Services are based on the government's assessment of what is required, not the needs of people experiencing persistent disadvantage.
- Needs remain unaddressed – and often unsurfaced.
- There is little ongoing analysis of whether existing programmes provide value for money.
- Poor performance at all levels is allowed to continue with few consequences.
- There is limited focus on system improvement across the whole sector.
- Efforts to prevent waste, fraud, and abuse are disproportionate to risks.
- The primary loyalty of front-line staff is often to their programme and employer and they have few available avenues to work across providers or programmes.

3.12 Pseudo accountability

While appearing robust – at least in terms of the quantity of reporting produced each year – what matters for effective accountability is substance, not form. The production of reports that might look like they comply with complex requirements can give the appearance of accountability which, in practice, is lacking.

Pseudo accountability – where what appears on the surface to provide robust accountability turns out on closer examination to be a veneer or mirage – is unfortunately all too common in Aotearoa. Box 6 examines this issue in the specific context of addressing personal and structural racism in schools.



Box 6 Structural racism and the mirage of accountability in schools

New Zealand schools have elected boards that are supposed to reflect parents' priorities, yet some schools are routinely failing families, whānau and aiga experiencing persistent disadvantage.

For example, I Have A Dream NZ, a programme that supports young people by providing navigators and mentoring assistance has documented multiple instances of personal racism and discrimination experienced by Māori and Pacific students (I Have A Dream Charitable Trust 2012). Ten years later, an evaluator who reported on the effectiveness of the programme recalled the following examples:

- a school that refused to enrol qualified Māori and Pacific students in university-track courses. One student who was refused entry to Year 12 subjects relocated to another school where she gained university entrance
- teachers questioning a Pacific Island student's presence in a Physics class; and
- students experiencing stereotyped career expectations, such as being told he would be a rubbish man.¹⁷³

An apparently sensible and complex accountability structure ultimately provides little more than window dressing when the reality of who has the confidence, power, resources and time to represent the interests of their children is not factored into the design and operation of the process.

Many Māori and Pacific parents are active in school governance. But parents who have themselves had negative schooling experiences, or who work in one or more jobs that do not allow them to consistently attend board meetings (for example, because they involve shift work, low pay, or at-will terms and conditions), or who face transport challenges or have other family commitments (church, sport, caregiving) are less likely to participate in school governance. It is these very people whose voices must be heard and acted upon to change the system.

To achieve real accountability for students experiencing persistent disadvantage in this context, a different approach is needed. Options could include meeting the costs of parents who might otherwise be unable to participate in governance (covering lost income, providing childcare, paying for transport and food costs) or appointing someone to act as an agent for those families. Over time, other systemic responses will be needed, such as addressing racist practices and behaviours, building cultural competence, and developing genuine and meaningful relationships with students and their whānau and aiga that can support involvement in governance.

One challenge in the context of school governance, in particular, is that existing accountability mechanisms can skew towards the priorities of families who do not experience persistent disadvantage. For example, schools may prioritise their academic reputation by focusing on getting as many year 13 students as possible accepted into tertiary education rather than ensuring the best possible educational and life outcomes for all students.

This is, in microcosm, one of the key challenges facing the overall system of social assistance and social services in Aotearoa. The mainstream ('siloe'd') system works well for most people who do not have multiple, complex, enduring needs. Where input is sought from participants, it leads to results that – understandably – skew towards the priorities of those people whose voices are heard. Regrettably, this group too rarely includes people experiencing persistent disadvantage.

¹⁷³ Kerry Mitchell, personal communication, 7 November 2022. These attitudes are particularly problematic given demonstrated linkages between teacher expectations and outcomes. For example, New Zealand research has shown that modelling classroom practices based on the behaviours of teachers with high expectations for students can significantly improve student mathematical achievement (Rubie-Davies et al. 2015).



4 Making better use of accountability

In this section, we present our findings and recommendations for practical improvements to accountability that will help more people in Aotearoa to thrive.

The section begins with a high-level description of what success looks like in using accountability systems to improve social assistance designed to address persistent disadvantage.

We then discuss how taking a multi-pronged approach and rebalancing the respective emphasis given to each of the three different types of accountability – democratic, constitutional and accountability as learning – will lead to better results.

We again emphasise that what we are presenting is an outline of a new system, not all the details needed to put it into effect.

Some of our recommendations involve radical departures from current practice, especially at the meso level, although they might, on the surface, look like simple additions to legislative requirements. What makes them radical is that they involve governments accepting and publicly acknowledging that they should be held accountable across a range of dimensions for reducing persistent disadvantage.

What we propose is an improvement, not perfection. All human-designed systems have some flaws, and policy is made in an intensely political environment. That said, the current system for addressing persistent disadvantage is failing. Improvement is possible, provided there is a genuine commitment by our political leaders to accept greater accountability.

4.1 What success looks like

The greatest promise of accountability is that it will apply on an ongoing basis to produce better outcomes rather than involving a one-off set of reforms. The day-to-day mechanisms to achieve those outcomes will evolve through time as experience leads to learning.

Experience shows that context-based accountability systems can mobilise the public sector and the wider community to significantly increase their performance.

Accountability should be flexibly applied to enable outcomes to move with social and economic developments.¹⁷⁴ In the context of persistent disadvantage, for example, recent changes in housing affordability have placed additional stress on people who do not own a home, making addressing rising accommodation costs a higher priority for some people.

4.2 Longer-term constitutional change

As noted in section 3.9.2, New Zealand lacks several democratic institutions found in other countries that can be used to provide accountability. This means that the institutions we do have must do more to hold policy-makers, advisers and programme

¹⁷⁴ The fiscal responsibility regime, which we discuss further in section 4.6.5, allows Ministers to adjust to changing economic conditions when setting a 'prudent' level of government debt.



providers accountable. And experience shows that, unless designed very well, they can fall short across all three dimensions of accountability.

In its submission to the Commission's current inquiry, the Auditor General agreed that there was a need for a wider review of the public accountability system that addressed the nature of the relationship between the public, Parliament, and central and local government (Office of the Auditor-General 2022b). Such a review may go to the basic constitutional structures that define those relationships, which in Aotearoa must include how accountability to the Crown's Treaty partner is achieved.

While we agree with the need for review, that process will take time. For people experiencing persistent disadvantage, the consequences of accountability failures are serious and need to be addressed now.

4.3 Using the tools we already have

Fortunately, some improvements to support better accountability can be made using existing institutions, and this should lead to better outcomes. This will involve making better use of existing tools, changing the emphasis given to different types of accountability and strengthening accountability by introducing new legislative requirements.

Within our current constitutional structure Aotearoa New Zealand already has some basic accountability systems in place at the macro level:

- Ministers are subject to collective responsibility and must account for their actions to a freely elected Parliament
- A supreme audit authority is technically independent of the government
- Public service departments are required to set out their strategic intentions and then report their actions against those intentions
- Ministers frequently issue policy statements that commit to achieving policy goals and objectives
- Citizens can participate in the legislative process by making submissions to Select Committees and can question individual Members of Parliament via correspondence, as well as being able to enlist the support of their local member of parliament to address their grievances
- Administrative law remedies are available to people who feel that they have been subject to poor decision-making
- An independent parliamentary watchdog, the Ombudsman, can investigate citizens' complaints and launch their own investigations of administrative practices and policy advice.¹⁷⁵

At the meso and micro levels, much better use could be made of accountability systems when it comes to addressing persistent disadvantage. Some best practice approaches are absent, and others exist but need to be applied more consistently. Stronger

¹⁷⁵ A recent example is the Chief Ombudsman's investigation of the administration of the Managed Isolation and Quarantine Allocation System (Boshier 2022). This investigation looked at the quality of policy advice as well as how the system was administered.



incentives to improve outcomes are needed, particularly through ongoing testing, learning and adjustment.

As it stands, failing to meet policy objectives rarely leads to a change in approach or loss of funding. Centring the voices of people experiencing persistent disadvantage through co-design, delivery and assessment of assistance is still relatively novel. Reporting requirements are heavy-handed and are unlikely to generate improvements at either the programme or systems level. Although there are successful iwi- and hapū-based providers and others with the cultural capability that members of our diverse society need, too many providers do not understand values and contexts critical to their clients.

It is hardly a surprise that disadvantage persists.

At the meso level, the objectives of democratic, constitutional and learning accountability would be achieved in relation to persistent disadvantage if:

- The voices of people experiencing persistent disadvantage are heard and reflected in policy development, programme design and monitoring and evaluation.
- Te Ao Māori values and the values of all groups experiencing persistent disadvantage are evident in all these areas.
- Governments clearly and publicly commit to meeting their stated policy objectives around supporting people experiencing persistent disadvantage in making the changes that they desire so they can live better lives.¹⁷⁶
- A coherent set of policies directed at achieving that goal supports a system that builds trust through strong personal relationships and then walks with people on a journey to a better life.¹⁷⁷
- Programmes and providers, including government departments, would not receive continued funding unless specified intermediate outcomes are being met, or clear plans for improvement in are in place.
- Effective, light-touch routine reporting against those aims and on the effectiveness of policy programmes replaced existing extensive reporting and pseudo accountability.
- An ongoing process of improvement would be in place, which without assigning blame and seeking scapegoats, would learn from the past to improve the future.

At the micro level, more focus should be placed on ways of working that:

- Centre whānau voice in all levels of accountability, from the setting of high-level objectives through to detailed performance at the level of organisations providing assistance.
- Empower front-line workers to provide the assistance that people experiencing persistent disadvantage say will help them lead better lives.
- Hold those front-line staff accountable to both people experiencing persistent disadvantage and to their employers.

¹⁷⁶ Successive governments have produced multitudes of documents that profess to contain policy outcomes. On closer inspection, these often turn out to be highly aspirational statements made at a high level of generality.

¹⁷⁷ In technical terms, this is 'a relationship-based, co-production process that facilitates the desired changes'.



- Ensure rules for deciding whether services should be provided by government agencies or devolved to NGOs are based on objective assessments of effectiveness.
- Place more emphasis on desired outcomes when writing contracts with third-party providers.

4.4 Supporting multiple lines of accountability

At the level of individuals and small NGOs undertaking activities on contract to a department, the consequences of ineffectiveness are relatively easy to describe: feedback to encourage good behaviour; performance assessments; and, in the extreme, loss of pay, status or employment in the case of individuals and contract cancellation for NGOs.

But for Ministers, departments, agencies and large external providers who might be ‘too big to fail’, the consequences within an accountability system are often less direct. In a system with many players, identifying the positive or negative impact of individuals or single organisations is complicated. As Matthew Palmer and Dean Knight note:

Modern government in New Zealand is characterised by multiple, often overlapping, lines of accountability – some formal some informal; some legal, some political. The state sector reforms of the 1980s sought to sharpen those lines; that is, to refine and concentrate accountability using precise expectations and standards. In doing so, it generated a mass of lines of accountability, much like a spider’s web. However, the multiplicity of sharpened lines has tended to atomise accountability, arguably allowing some actors to evade responsibility by pointing to the more direct accountability of others. A good example is the increasingly common response from ministers that a matter is operational and thus falls within the domain of the relevant departmental chief executive to explain. (Palmer and Knight 2022, 166)

Our existing accountability system is largely linear: there is a vertical chain of authority from officials and providers up to Ministers and Parliament. This can reinforce specialised delivery. Addressing persistent disadvantage requires a shift towards putting people experiencing persistent disadvantage in the centre of the system, with multiple lines of accountability radiating out from them. Multiple accountabilities may be a practical necessity. They may also provide a helpful way to increase the number of pressure points citizens have available to them to hold the government to account.¹⁷⁸

4.5 Achieving greater balance

The current accountability system applying to persistent disadvantage is unbalanced.

Too much weight is given to unnecessarily complex and excessive reporting designed to eliminate waste, fraud and abuse and shift blame when things go wrong. Insufficient attention is placed on directing power to achieve better results and learning at the programme level rarely leads to systemic improvements.

¹⁷⁸ We do not see a system of multiple accountabilities as being inconsistent with the principal/agent model that underlies much of the theory of accountability. Principals have multiple agents and, in practice, will operate the network of accountability relationships they require to address the principal/agent problem. Also see O’Kelly and Dubnick (2020) for a detailed discussion of how accountability systems can operate in non-linear ways.



Our primary focus here is on accountability for assistance to address persistent disadvantage, but several changes we propose have more widespread applicability.

First, we recommended that greater weight be given to **democratic accountability** in terms of requiring Ministers to demonstrate programme effectiveness and value for money.

Second, we recommend reducing the emphasis on **constitutional accountability**. In practice, this means reducing the effort applied to both reporting past actions and attempting to replicate in contracts the detailed accountability approach that applies to the public sector to third-party providers.

We also recommend that more weight be placed on **the learning dimension of accountability**. In practice, what we propose is that the (enhanced) democratic and (streamlined) constitutional accountability systems should be used to embed a systems-thinking approach at all levels (from providers through to Parliament) to support systems change.

We now examine each of these points in detail.

4.6 Strengthening democratic accountability

A successful accountability system promotes good government. It is concerned with the relationship between government actors and ‘the people’.

Successful democratic accountability reinforces the chain of democratic delegation and reminds those who exercise power on whose behalf they are acting. Every three years, our Parliament is subject to the highest level of accountability: a free and fair election in which voters decide who will be permitted to exercise the state’s legal powers.

Between elections, accountability regimes impose ‘auxiliary precautions’ that ensure that power is used as voters intended. Some of those auxiliary precautions also protect those with less powerful voices than the majority from abuse.

In modern democracies, democratic accountability also has a policy focus: it asks what parts of society a government wants to change, what it wants to preserve and how successful it is in achieving these objectives.

Giving greater weight to democratic accountability is not just a call for more effective programme evaluation. Decision-makers and their policy advisors need to be held to account more for actual social outcomes, not just outputs and inputs (these are the focus of constitutional accountability, which we examine in section 4.7)

In other words, accountability should have consequences. But ‘consequences’ do not always equate to punishment. An often-missing consequence of accountability is policy change, an increase in the legitimacy of programmes and, as Mark Bovens notes, especially in the case of extreme events, “public catharsis”: where accountability becomes a process in which victims can voice their grievances, and call for those who have harmed them to justify or excuse their conduct (Bovens 2007a, 464).¹⁷⁹



Allowing all citizens to understand what public service departments are doing and to have an informed view of their effectiveness and efficiency is an important part of our democracy.

4.6.1 Centring whānau voice

Our current democratic accountability system is based on the ‘Westminster’ chain of vertical accountability that we described in Figure 10 on page 75. This approach is predicated on the idea that elections are the most effective way of holding policymakers, advisers and programme operators to account for achieving the outcomes desired by the electorate.

But the electorate rarely speaks with one voice, especially given New Zealand’s Mixed Member Proportional representation voting system, which usually results in either multi-party coalition governments or a minority government with guarantees of support from other parties. A focus on majoritarian voting in the absence of institutions that protect and promote the interests of vulnerable people results in their voices being drowned-out. Front-line workers are too remote from voters to be held to account for their day-to-day interactions with the people they are assisting. Where workers identify systems challenges and better ways of working, these often fail to get wider traction.

The most fundamental change we recommend is that people experiencing persistent disadvantage have a leading role in multiple accountability relationships to improve outcomes and strengthen democratic accountability.¹⁸⁰ The ‘Westminster’ chain of vertical accountability that we described in Figure 10 needs to be replaced with something like that depicted in Figure 12.

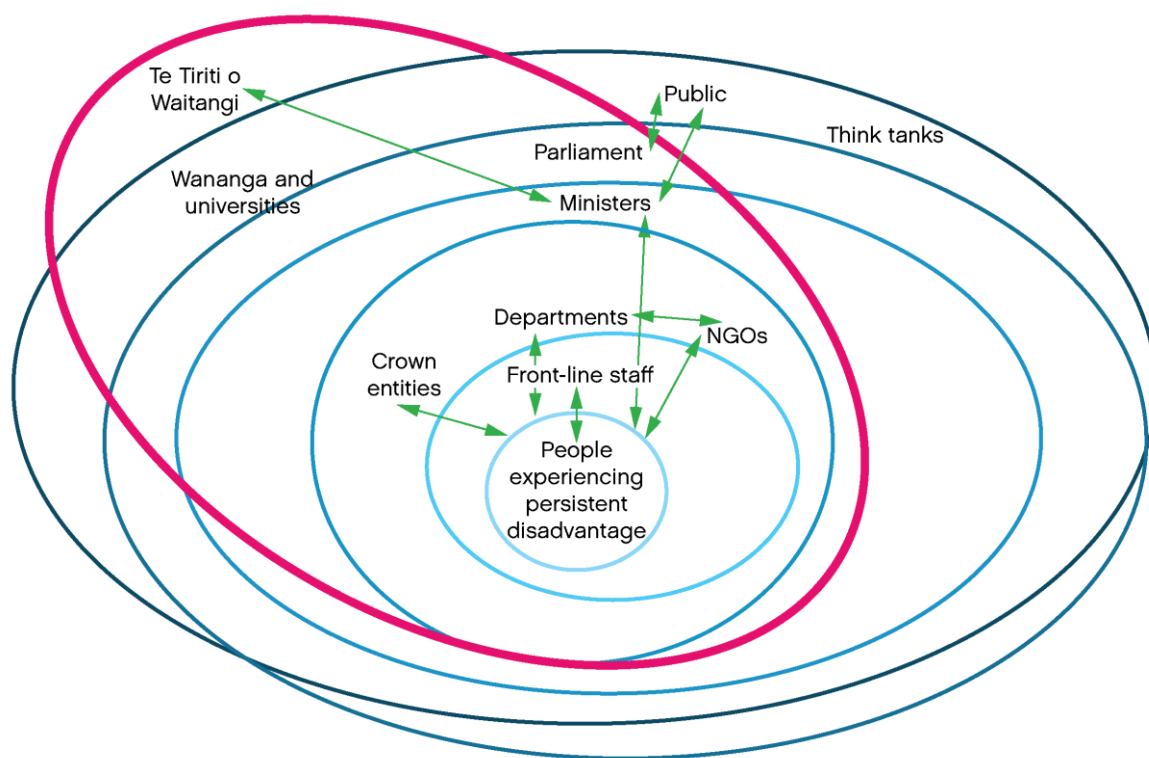
A primary accountability relationship is from front-line staff to people experiencing persistent disadvantage. This reflects the importance of empowered, capable front-line workers in the assistance process. Accountability runs both ways because both parties need to act for change to occur. There should also be accountability from other organisations, including departments, NGOs and Crown entities which assist people experiencing persistent disadvantage.

We are not suggesting a direct, personal accountability relationship from each person or whānau experiencing persistent disadvantage to managers, executives and Ministers. Rather, we recommend that agencies and their managers shift their focus from exclusively looking up a vertical accountability chain to an approach that involves looking out to the people they are assisting.

¹⁸⁰ The current Royal Commission into Abuse in State Care is an example of public catharsis, as it gives a forum for people who have been abused to describe what happened to them.



Figure 12 A new accountability structure for persistent disadvantage



Source: The authors

Our idea is similar to that proposed by the Welfare Experts Advisory Group, who recommended that the social benefits system be based on the principle of ‘whakamana tāngata’:¹⁸¹

[W]e propose a system based on whakamana tāngata – an approach based on mutual expectations and responsibilities governing interactions between the state and welfare recipients. It is a commitment to improving wellbeing by supporting positive long-term outcomes for the individual, including increased skills and labour market capability. This approach must immediately reform the current obligations and sanctions regime.

The proposed mutual expectations and responsibilities need to be responsive to the circumstances of the individual in a way that will meet the proposed values of the system, with robust checks and balances to mitigate potential negative impacts on individuals and their families. The overarching expectation of both recipients and the Government is to act with respect and integrity in their mutual interaction. (Welfare Experts Advisory Group 2019, 7)

¹⁸¹ While the phrase can be translated to mean “enhancing the authority and power of the people”, the Group adopted the term to mean restoring dignity to people so they can participate meaningfully with their families and communities (Welfare Experts Advisory Group 2019, 62).



Te Tiriti o Waitangi is included as a separate layer of accountability covering all elements within the structure to reflect its constitutional significance. Given the terms of Te Tiriti, the Crown will be accountable to its Treaty partners.¹⁸²

We envisage that accountability relationship involving widespread engagement with Māori – with iwi, pan-Māori bodies, local hapū and with Māori who are not connected to their iwi – across a range of issues, from high-level policy objectives and monitoring regimes to the design and delivery of detailed policies and programmes. We also envisage that Māori will increasingly exercise tino rangatiratanga and mana motuhake and take the lead on assisting people experiencing persistent disadvantage, not as recipients of highly conditional Crown funding, but as genuine partners.

4.6.2 Strengthening accountability for persistent disadvantage

There has never been a single Minister with cross-portfolio responsibility for addressing persistent disadvantage in Aotearoa, nor is there a single ministry responsible for policy advice and programme delivery.¹⁸³ Successive governments have used existing structures and attempted, with limited success, to work around a system based on vertical accountability, specialisation and separate departmental outputs to deliver a ‘joined-up’ approach.

As Ken Warren has said, the government, opposition parties and indeed the whole community have to accept that we need to develop a new administrative approach to addressing persistent disadvantage that separates programmes and accountability for assisting the most disadvantaged people away from organisations assisting people who are doing well (Warren 2021).

Assisting people currently experiencing persistent disadvantage to change their lives might require a different form of assistance to helping people at risk of experiencing persistent disadvantage build protective factors that will reduce those risks.¹⁸⁴

We recommend a new approach for addressing persistent disadvantage that builds on Warren’s idea and is supported by strengthened accountability arrangements.

A single senior Minister should be appointed to take overall responsibility for coordinating activities to address persistent disadvantage. To avoid conflicts of interest, this Minister should not have responsibility for any other social policy portfolio.

¹⁸² We deliberately did not include specific accountability relationship between the Crown and iwi, since that is a matter for further discussion and debate between the Treaty partners.

¹⁸³ Following a review of Child, Youth and Family services, the then government established the Ministry for Vulnerable Children, Oranga Tamariki in April 2017. The Ministry reported to a Minister for Vulnerable Children. The intention was to create a “single point of accountability which would ensure that government agencies work together to provide coherent and complete services to these children, young people and their families” (Ministry of Social Development 2017). In 2019, the current government refocused the Ministry, renamed Ministry for Children, Oranga Tamariki on care and protection (Government of New Zealand 2019). It now reports to a Minister of Children. Following a further review, and a Waitangi Tribunal inquiry, in 2021 Cabinet agreed a Future Direction Plan for Oranga Tamariki (Oranga Tamariki 2023).

¹⁸⁴ There are also many people who, while they will need some form of social assistance to lead lives they value, are likely to benefit most from traditional, specialist services provided by mainstream providers such as the Ministry for Social Development, Te Whatu Ora and Kāinga Ora. While the focus in this report is on addressing persistent disadvantage, improvement in all areas of social service delivery is warranted. The Productivity Commission’s *More effective social services* report contained many recommendations about the system as a whole, including several directed at improving services available to the whole population (New Zealand Productivity Commission 2015).



4.6.3 A new approach

The core of our new approach is to move away from a system that uses separate departments, and contracted providers working for them to provide multiple ‘services’ to people experiencing persistent disadvantage. Instead, community-based organisations should work with whānau to change their lives through whānau-specific assistance provided in the context of trust-based relationships - some of which may still be administered by central departments. In effect, we are proposing a significantly expanded network of Place-Based Initiatives (PBIs).¹⁸⁵

While we term this a ‘new’ approach, we acknowledge that the practice of centring whānau voice is already being used in several different contexts. One learning from COVID-19 was the power of local groups with a deep understanding of the needs of people in their community to achieve better public health outcomes. Whānau Ora has many of the features of what we propose, especially through the work it is starting to trial on local commissioning (Te Puni Kōkiri 2022).¹⁸⁶ Work on social sector commissioning is also looking to improve the way services are contracted “in partnership with tāngata whenua, communities and service partners including NGOs and philanthropic funders” (Fry 2022, 15).¹⁸⁷

Our principal concern is that centralised, specialised agencies that are set up to serve a wide section of the community seem to have limited success in turning the changes people want to make in their lives into actionable plans that draw on multiple sources of assistance. We are less concerned with the form of agencies; it is new functions that matter.¹⁸⁸

In our proposed approach, more organisations like Manaaki Tairāwhiti and the South Auckland Social Wellbeing Board would be established, with the role of working directly with people experiencing persistent disadvantage. As the example of these two organisations shows, structure is less important than objectives and way of working.

We envisage an expanded role for Whānau Ora.

Developing a new approach to addressing persistent disadvantage will require balancing top-down control and the power of emerging best practice at the front line. Ministers can deliver a top-down political commitment to reform, matched by the resources required to build a better system. Best practice often develops locally and organically in response to specific needs. It can be easily swamped by the desire of the centre to seek uniformity and conformity with established operating systems.

¹⁸⁵ Timothy Besley and Maitreesh Ghatak suggest that in the provision of services whose consumption yields collective benefits, the appropriate structure is to have multiple providers with different missions, use choice to match workers, providers and customers and make limited use of monetary incentives (Besley and Ghatak 2003).

¹⁸⁶ Whānau Ora is still very small within the context of the social sector. In the current fiscal year, funding to the three commissioning bodies totals about \$135 million (The Treasury 2022c). To put this into focus, the Winter Energy Payment is budgeted to cost \$518 million, while the largest single programme of any Government department, New Zealand Superannuation, has a budget of \$19.5 billion (ibid.).

¹⁸⁷ For more details, see Ministry of Social Development (2022c; 2022d).

¹⁸⁸ For example, Whānau Ora is a “culturally-grounded, holistic **approach** to improving the wellbeing of whānau as a group, and addressing individual needs within the context of whānau” (Te Puni Kōkiri 2016, emphasis added). It is a way of doing things, with a range of national, local and iwi-based organisation working together. Funding for Whānau Ora is appropriated to Te Puni Kōkiri, which in turn has engaged three Whānau Ora commissioning bodies, which employ staff and in turn work with partner organisations across the motu who provide services to whānau. (For clarity, the Whānau Ora Commissioning Agency is the trading name of Te Pou Matakana Limited, a registered charity that is the largest of three Whānau Ora commissioning bodies. It operates in the North Island. The other two are Te Pūtahitanga o Te Waipounamu (South Island) and Pasifika Futures, which works with Pacific families across the whole country).



Our constitutional system requires that public funds be appropriated to a minister and administered by a department.¹⁸⁹ We envisage that in the case of addressing persistent disadvantage, the department involved should not be responsible for the delivery of services to individuals and their whānau, either directly or through contracting. Rather, it should have the role of selecting, funding and co-ordinating a network of PBIs that would be at the frontline of addressing persistent disadvantage,

One challenge in assisting people experiencing persistent disadvantage is balancing the cost savings that can come from assisting at scale (through providers delivering a common product to multiple people) and the effectiveness benefits of personalised assistance directly tailored to an individual or whānau. In our view, the current system of using large, specialised agencies places too much emphasis on scale. This, however, can be a false economy if the resulting programmes, while cheap to provide, are not effective and need to be followed up with more assistance in the future.

Rather than only following a standard approach, we suggest that one of the roles of the new department should be to investigate the appropriate range of assistance that needs to be provided and if there are economies of scale. They should then commission the appropriate provider or providers. It could be that a government department is an appropriate provider, but this should be decided on a case-by-case basis. It might be that in some cases a PBI would be the direct employer of specialist staff working with whānau (e.g., social workers, nurses, budgeting advisers).

Front-line workers in these provider organisations should also have accountabilities to people experiencing persistent disadvantage. This would largely be achieved by way of job descriptions and the business models of the organisations.

4.6.4 A new structure

In Figure 12, we presented a new accountability structure for addressing persistent disadvantage, which placed whānau at the centre. It is this accountability structure that we have used to develop our new approach. In summary:

- Data held by government agencies, along with local provider knowledge, would be used to identify whānau who might be eligible for additional assistance.
- Whānau would have a direct relationship with a frontline worker, for now termed ‘lead community workers’.¹⁹⁰ Their responsibilities would be much broader than those of a traditional ‘navigator’ tasked with helping whānau access available services.
- Lead community workers would be employed by a PBI.
- PBIs would have access to the data and local knowledge needed to select the people they will be assisting.
- Together, whānau and the lead community worker will develop a plan for a better life.

¹⁸⁹ See Section 7C of the Public Finance Act.

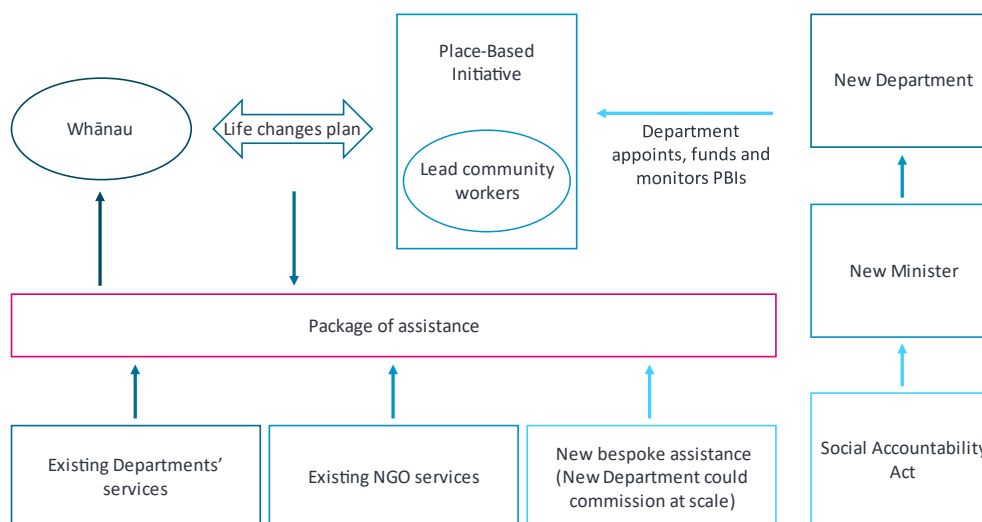
¹⁹⁰ This name emphasises both their leadership role, but also that they are there to work in a community to help whānau achieve better lives.



- PBIs would be empowered and funded to design programmes of assistance to put the plans into effect. This could involve a combination of in-house delivery and third-party provision and may require commissioning new forms of assistance.
- A new department would be responsible for selecting, monitoring, and funding the network of PBIs. We envisage a portfolio approach, with different types of PBIs established across the country.

Figure 13 sets out an initial ‘wiring diagram’ that shows what this structure might look like. We expect this to evolve over time.

Figure 13 Our proposed structure



Source: The authors

Lead community workers would be empowered to take control of the entire approach to support within carefully defined and monitored limits and be able to make adjustments. For example, they could make a holistic assessment and decide that a whānau should be eligible for assistance under multiple programmes, instead of requiring individual assessments under each programme, with the attendant data gathering and stress. This assessment would stay in place until revoked, thus removing the need for people to continually prove that they need help. Staff would also be expected to seek ways to address identified service gaps, for example, by escalating to the new ministry described above.¹⁹¹

The aim would be for the lead community worker to become the ‘sole car in the driveway’ most of the time.¹⁹² They would have principal, and maybe even exclusive, authority to gather information required to plan and deliver care.¹⁹³ There would be

¹⁹¹ In the absence of such a structure, committed communities have often worked together to address service gaps. Tauawhi, the Tairāwhiti Men’s Centre (see Presbyterian Support East Coast 2020) is one example of this.

¹⁹² The ‘five cars in the driveway’ phenomenon occurs when a whānau is visited by representatives of multiple agencies, who will often ask the same questions as they seek to determine what assistance their agency can provide. For people who have experienced trauma, this risks multiple triggering events. See Ryall (2010) and Gisborne Herald (2017) for examples.

¹⁹³ While representatives of state agencies exercising special powers like police and Oranga Tamariki may be involved from time to time, systems would need be put in place to at least allow co-ordination with the lead community worker.



some cases, for example dealing with family violence callouts, where other agencies would still need to take an active role.

The lead community worker would also be empowered to authorise additional assistance identified by the whānau they are working with. They would, possibly jointly with the whānau, become a budget holder. The ethos would be to do 'whatever it takes within the budget' to improve the lives of the people they are supporting.

We propose that individual lead community workers would be supported by teams of peers and supervisors on a day-to-day basis. We discussed how a similar process already works in Tairāwhiti and South Auckland in section 2.5.10.

We envisage that there would be a range of PBIs. Some might be iwi- or faith-based; others could be newly established charities or arms of existing charities. Some could be staffed by public servants (the South Auckland Social Wellbeing Board is an example). The names given to PBIs, their operating models and their cultures should all seek to minimise the risk of stigmatising the whānau they are assisting. They should not be seen as being imposed on people by a government that knows best what they need.

The important point is that they be closely connected to people experiencing persistent disadvantage and that their prime accountability be to those people.

The role of a PBI would be to exercise devolved power. As we discussed in section 3.2.1, by 'devolution of power', we mean that decision rights about what to do are given to the PBIs by the government, which retains the power to change the terms of devolution.¹⁹⁴ In relation to persistent disadvantage, the main power that we propose to be devolved relates to entitlements to assistance and the form that assistance takes. This would involve moving away from the current system where individual departments decide eligibility criteria and thresholds on a case-by-case basis. Rather, PBIs would make an holistic assessment of needs based on the changes that whānau want to make to their lives. From this would come a plan of assistance, which the PBI would be empowered (and funded) to provide.

In essence, and at a very broad level, we are proposing that PBIs will be charged with addressing persistent disadvantage in their areas of responsibility. By 'addressing' we mean delivering measurable improvements on pre-set dimensions of wellbeing.¹⁹⁵

This is a significant change, and one that is not without risk. It will take time to develop, and we envisage that PBIs will be established or developed over time to take responsibility in their areas.¹⁹⁶ Devolving power should be accompanied by PBIs being accountable to both the people they are assisting and the new department for the desired outcome of improvements in lives. (We discuss constitutional and learning accountability below).

Given some existing organisations are already starting to operate in this way, there will be some boundary and transition issues to work through. A key question the Crown will

¹⁹⁴ In Fry and Wilson (2022a), we discuss in more detail the boundary between services provided by the central government and what can be devolved.

¹⁹⁵ As an example of the measurement approach we have in mind, see the work of Trust Tairāwhiti in measuring the outcomes of programmes to support He Rangitapu He Tohu Ora, its wellbeing framework (Trust Tairāwhiti 2023).

¹⁹⁶ As noted, the Whānau Ora commissioning agencies, Manaaki Tairāwhiti and the South Auckland Social Wellbeing Board are already working in this way. We envisage their powers to improve assistance will continue to develop over time in conjunction with the development of other PBIs.



need to work through with its Treaty partner is how best to realise the potential of Whānau Ora in this context.¹⁹⁷

To become a PBI will require an organisation, its leadership, its staff and even the people in its community to commit to improving the lives of people experiencing persistent disadvantage and to accept responsibility if this does not occur. This means that funding will be tied to results rather than secured in perpetuity.¹⁹⁸ We acknowledge, given the complexity of the issues that people experiencing persistent disadvantage face, that this is not an exact science, and that some people will need ongoing help.

The core role of the PBIs would be to engage in what might be a long-term process of building trusted relationships with whānau, understanding their needs and priorities and working with them to develop and implement a plan for improving their lives.

4.6.5 Introducing a Social Accountability Act

We recommend that legislation should be enacted, modelled on the fiscal responsibility provisions of Part 2 of the Public Finance Act (see Box 4 on page 61), that imposes an additional accountability regime addressing persistent disadvantage on Ministers.¹⁹⁹ We propose ‘the Social Accountability Act’ as a working title.²⁰⁰ It will be up to Parliament to decide whether the Social Accountability Act supersedes other existing legislation or is seen as complementary to it.²⁰¹

In the New Zealand context, such a comprehensive approach represents one of the highest levels of accountability possible, especially if a cross-political party agreement can be achieved, resulting in enduring commitments to the system.

At the core of the Social Accountability Act should be a requirement to state desired policy outcomes at a sufficient level of detail to allow progress to be assessed. But these outcomes should neither be aspirational and thus meaningless (such as ‘eliminating persistent disadvantage by 2030’) nor focus on only part of the issue (for example, by committing the government to only reducing the incidence of low income).

Specific features of this regime should include:

- The government, at least every three years, must issue a Government Policy Statement (GPS) on persistent disadvantage, with the legislation specifying matters the statement should address, which would include desired, quantified outcomes and policy targets.

¹⁹⁷ Some of the issues that will need to be addressed include the level of resourcing required (Fry 2022, 11); whether more localised commissioning models would be more effective, particularly in the North Island (Rangi et al. 2018, 5–6); and how to respond to mainstream departments failing to deliver on their core functions and “expecting Whānau Ora to pick up the slack” (Fry 2022, 35).

¹⁹⁸ In practice, there might be situations where agencies need to fund repeat their efforts ‘if assistance is not delivered effectively.

¹⁹⁹ This regime could be either a stand-alone Act or incorporated in an existing transparency and reporting regime. For example, the Public Finance (Wellbeing) Amendment Act 2020 inserted wellbeing provisions into the pre-existing fiscal responsibility provisions of the Public Finance Act, and they could be modified to incorporate our approach. We would not favour inserting these provisions in the Social Security Act 2018, as that would diminish the cross-portfolio nature of the scheme we propose.

²⁰⁰ Jonathon Boston and his colleagues proposed a ‘Social Responsibility Act’ in 1996, which was also designed to apply the concepts of the fiscal responsibility provisions to social policy (Boston, St John, and Stephens 1996).

²⁰¹ For example, the Child Poverty Reduction Act, which is the responsibility of a separate minister, includes elements of an accountability regime, but it has a focus on children. Likewise, the Children’s Act, the responsibility of another minister, also sets up some accountability-like strategy development obligations on the government.



- Officials,²⁰² acting on their best professional judgement, should regularly²⁰³ publish a report on persistent disadvantage, with the Act specifying the minimum data to be included in that report.
- Adequate, detailed, policy-relevant, trusted time-series qualitative and quantitative data on people experiencing persistent disadvantage be collected, analysed and made widely available.

Section 6B of the Children's Act 2014 provides a guide for the kinds of policy principles that should guide the development of the GPS.

Box 7 Section 6B of the Children's Act

This section of the Act reads as follows:

6B Policy-related principles Minister must have regard to before strategy adopted or changed

(1) Before adopting a strategy, or changing a strategy adopted under section 6, the responsible Minister must have regard to the following policy-related principles:

(a) policies should be informed by evidence about their expected effectiveness in achieving the social and economic outcomes sought by the strategy:

(b) policies should prevent or minimise negative social outcomes and, if they do occur, should address them as early as possible:

(c) the Government should evaluate the effectiveness of policies.

(2) In this section, policies means policies implemented, or to be implemented, by the Government to achieve the outcomes sought by the strategy.

To increase transparency of policies to address persistent disadvantage, we recommend that the Act should require:

- At least one year prior to the due date for the next GPS, the responsible Minister to seek the written views of agencies active in social policy on the content of the next Statement.²⁰⁴
- The Minister to transmit the draft to consulted agencies, seeking their advice and recommendations.
- When making the final Statement public, the Minister to release the advice received from the agencies and public submissions.
- The Minister presents the Statement to Parliament.

²⁰² Given the cross-portfolio nature of persistent disadvantage, we recommend that responsibility for this report not be vested in a department that is also a provider of services. Candidates include The Treasury, possibly as a subset of the Wellbeing report now required to be published under Section 26NB of the Public Finance Act; the Department of the Prime Minister and Cabinet; or the Government Statistician (noting his reporting responsibilities under the Child Poverty Reduction Act).

²⁰³ Many indicators of persistent disadvantage do not change rapidly and measuring them accurately requires long-run time series and panel data, preferably covering the progress of a cohort of people. Annual reporting may not be necessary. We note that the Wellbeing report is produced on a four-year publication cycle and that may be an appropriate model.

²⁰⁴ Reflecting the multi-dimensional nature of persistent disadvantage, the group of agencies is likely to be large. Some examples include: the Health and Disability Commissioner; the Human Rights Commission; the Children's Commissioner; Kāinga Ora – Homes and Communities; Te Whatu Ora - Health New Zealand; Te Aka Whai Ora - Māori Health Authority; and the Retirement Commissioner.



To ensure that people experiencing persistent disadvantage and their families and communities have a clear voice in this new approach and to increase external accountability, we recommend several additional features:

- The Minister be required to consult widely before preparing a draft policy statement.
- The Minister be required to provide those they are consulting with sufficient resources to allow effective consultation.²⁰⁵

We recommend that the principles of consultation set out in Section 82 of the Local Government Act should apply. These are set out in Table 7 below.

Table 7 Principles of consultation

Principle	Description
Access	People with interest in a decision or matter or who will be affected by it should be given reasonable access to relevant information in a manner and format appropriate to those persons' preferences and needs.
Encouragement	Affected and interested persons should be encouraged to make their views known.
Clarity of purpose	The authority should make clear the purpose of the consultation and the nature of any subsequent decisions.
Opportunity	Affected and interested persons should be given the opportunity to present their views in a manner and format appropriate to those persons' preferences and needs.
Open-mindedness	The authority should receive submissions with an open mind and give them due consideration.
Reporting	The authority should provide submitters with access to a clear record of any decision made, together with access to any material used by the authority to make that decision.

Source: Local Government Act

We are suggesting wide engagement as a way of ensuring that the life experiences of people are brought to the fore in designing policy objectives and programmes and assessing their effectiveness. But it will be vital for accountability for the government to be, and be seen to be, taking full responsibility for those goals.

To support policy debate and discussion, there should be a dedicated stream of research. Topics should include the adequacy of funding and both the costs and benefits of alternative policies and service delivery models. We recommend that an independent body be used to select and fund an ongoing research programme into persistent disadvantage.²⁰⁶

Embedded within the accountability regime should be a requirement that decision-makers demonstrate that they are regularly reviewing who provides assistance and what they provide to ensure that the most effective approach is being used. The current government-level approach of generally focusing on new spending, while existing

²⁰⁵ In doing so, ministers should respect the cultural norms of the people they are consulting with (for example, hui hosted by Māori should be resourced according to tikanga, including around the provision of kai and koha).

²⁰⁶ The Marsden Fund administered by the Royal Society of New Zealand is a possible model. Whatever model is used, the scope of research should be wide and not just on publishable academic research.



departmental baselines are seldom subject to routine effectiveness checks, should be replaced.²⁰⁷

The Treasury has recently acknowledged these issues:

The current system strongly focuses on the marginal new spending decided on each year, with limited attention given to the value that could be gained by reviewing existing expenditure. The system does not adequately support joined-up work on cross-sector issues, particularly complex, intergenerational issues. The annual government reporting and funding cycle is short, and it can be hard for departments and agencies to focus on long-term wellbeing and sustainability. (Government of New Zealand 2022, 11)

While full ‘zero-based budgeting’ across all programmes is unlikely to be efficient,²⁰⁸ we can see a strong case for a combination of:

- Automatic testing of effectiveness and efficiency before new initiatives become part of established baselines.
- Regular audits of the effectiveness of major programmes within established baselines, undertaken by a well-resourced independent agency, which is required to seek public input into both what should be reviewed and the actual audits.

All parties in the social services sector should be held accountable for the desired policy outcomes set in this strengthened accountability regime. Government departments, Crown Entities, delivery agencies, NGOs and local government organisations that fail to deliver required outcomes should not be assured of continued funding. In saying this, we are aware of the many difficulties that have been raised in the past with attempts to introduce a focus on ‘managing-for-outcomes’ in New Zealand (Cook 2004; Webber 2004; Norman 2007). However, the question always is whether a new system is better than the current, poorly performing approach to addressing persistent disadvantage.

Solutions to these difficulties, at least in relation to persistent disadvantage will include:

- Starting slowly and not expecting dramatic improvement overnight. While there should be clear expectations of ongoing improvement, ‘aspirational’ but unrealistic targets should not be set, especially in the short term.
- Admitting that persistent disadvantage cannot be addressed using a ‘diagnose, treat, cure, discharge’ model. Some of the underlying conditions that both contribute to and reflect disadvantage – for example, alcohol and drug dependence – may require varying degrees of support over time.²⁰⁹
- Using externally-developed reporting frameworks and independent monitoring to reduce the ability of agencies to hide poor performance.²¹⁰

Addressing persistent disadvantage is likely to be expensive, at least in the short term. The accountability system should therefore ensure robust debate about adequacy of

²⁰⁷ Section 26KA of the Public Finance ACT, which relates to the contents of the Fiscal Strategy Report, provides that the report may include details of the outcomes sought from new or reallocated expenditure, but not in respect of existing programmes.

²⁰⁸ According to Mark Hopkins, “Zero-based budgeting is a budgeting process that allocates funding based on program efficiency and necessity rather than budget history” (Hopkins 2015, 1).

²⁰⁹ See Tan (2023) for a description of how recovery from substance abuse is for life.

²¹⁰ Under the Child Poverty Reduction Act, for example, the Government Statistician decides how required statistics are to be produced. The Crown accounts issued under the Public Finance Act are prepared using externally set accounting standards.



funding and the costs and benefits of alternative service delivery models. While a requirement to provide ‘value for money’ is often interpreted as a call for crude cost-cutting, in our view it is better understood as involving examining the difference between benefits and cost (net benefits) of different options. In the case of persistent disadvantage, that will involve taking a long-term view. Ensuring that wider costs and benefits, not just monetary ones, are counted is also important.

4.6.6 A new lead department

We recommend that a new department should be established to support the new minister.²¹¹ We suggest that this department should not have other social assistance delivery functions.

We see this department having a number of separate roles.²¹²

It should provide policy advice on addressing persistent disadvantage, with a focus on cross-departmental activities and multi-disciplinary approaches. It should also have a research and evaluation function.

The department should be responsible for exercising independent monitoring activities, as required under the proposed Social Accountability Act.

On the operational side, the department should have two roles.

The first is to identify the group of people experiencing persistent disadvantage and those who might be at risk of doing so, at a very granular level (possibly down to individuals). They should have access to data held by other departments (with appropriate safeguards). This would be a very sensitive function which needs to be undertaken with extreme care to avoid stigmatisation or victim-blaming.

The second operational task would be appointing, funding and monitoring a network of PBIs. These PBIs would employ the lead community workers who will work with whānau experiencing persistent disadvantage. As part of this, the lead department should be charged with championing the development of a contracting system for outcomes to engage PBIs and for PBIs to use when engaging NGOs to assist them.²¹³ The work should be realistic and be targeted at improvements, not perfection. A ‘test, learn and adapt’ approach should be applied.²¹⁴

4.6.7 Empowering front-line workers

Figure 5 on page 22 shows that addressing persistent disadvantage more effectively requires an empowered and capable workforce. This is especially the case for the lead community worker role we are proposing.

²¹¹ We use the term ‘department’ in a generic sense. There are a number of possible structures under the Public Service Act that could be used.

²¹² Some of these roles are currently undertaken in other department and agencies, like MSD and the Social Wellbeing Agency. These roles could be transferred to the new department.

²¹³ MSD is currently hosting a social sector commissioning initiative that is working on developing a series of relational contracts between departments and NGOs. While this work has some common elements to what we propose, our idea is that PBIs should have greater authority in deciding what they do on a whānau-by-whānau basis. See Ministry of Social Development (2022c; 2022d)

²¹⁴ The Productivity Commission said that it saw merit in creating “a functional leadership role” for social sector commissioning to drive best practice. It also suggested a de-coupling of procurement and commissioning (New Zealand Productivity Commission 2022a, 91). “The former is rules based and buys things, the second is principles and relationships-based and commissions long-term services, frequently involving elements of devolution” (ibid.).



As key front-line staff, lead community workers should have the skills, support, authority and tools to allow them to assist people in changing their lives.

Because they will be accountable to the people they are working with, they should be able to easily answer in the affirmative questions like: “Do you understand how I want my life to change?” and respond with specific, practical suggestions to “How can you support me to improve my life?”²¹⁵

One specific role we envisage is for lead community workers working with whānau to develop a documented plan about the changes they want to make to their lives. Part of that plan will undoubtedly include access to services available from a range of providers. But we envisage lead community workers having the authority to make, with support and within limits, decisions about what additional or modified assistance should be provided to people experiencing persistent disadvantage.

Front-line workers should also have an accountability to their employers to always be alert to ways to improve the systems they operate. Those employers (including supervisors, managers, executives, and Ministers) should be accountable for ensuring that identified reforms are examined and implemented if they will increase productivity. We discuss this proposal in more detail in section 4.7.3.

At this stage, we have only presented a high-level sketch of the lead community worker role. There are many details that would be required to be finalised before our proposal could be implemented, including:

- job descriptions of front-line staff
- discretion exercised by front-line staff
- complaints, escalation, and review procedures operated by departments and NGOs, including the courts and other specialist tribunals
- professional standards of front-line staff and
- contracts between departments and NGOs.

4.7 Making constitutional accountability more proportionate and effective

Constitutional accountability is about promoting honesty, transparency and integrity. It is often focused on preventing those exercising power from unjustly enriching themselves through fraud. It reduces waste.

There is no question that these are important considerations. Waste, fraud and abuse take valuable resources away from assisting people in changing their lives and proportionate and cost-effective prevention, detection and remediation procedures should be part of all assistance programmes. An assistance system that demonstrates that it is achieved honestly will also increase its legitimacy with the wider community.

But the current public accountability system in Aotearoa places disproportionate weight on ensuring honesty and ethical behaviour. These efforts are also not as effective as they could be.

²¹⁵ Adding this second set of accountabilities does not mean that people experiencing persistent disadvantage should be able to direct front-line staff as if they were their employer.



More generally, reducing the effort applied to instruments of pseudo accountability – such as voluminous reports that look impressive (but often fail to address desired outcomes) – would free up resources that could be applied to more effective accountability tools and processes. The ideal is to provide all interested stakeholders with just enough information on what agencies do to allow effective scrutiny.

4.7.1 Reducing the weight given to constitutional accountability

As discussed in section 4.5, New Zealand's current system focuses too heavily on constitutional accountability at the expense of other forms.

We recommend reducing the government's emphasis on constitutional accountability and increasing the relative effort expended on democratic accountability and accountability as learning.

4.7.2 Improving the effectiveness of constitutional accountability

At the same time, we also recommend improving the effectiveness of constitutional accountability.

Parliament and its officers, like the Auditor-General and the Ombudsman, currently have wide investigative powers.

Organisations like the Office of the Controller and Auditor-General have both the powers and capacity to hold the executive to account, but they are creatures of the New Zealand Parliament which, as we have seen, is dominated by the Executive the Auditor-General is seeking to hold to account.

Parliament currently undertakes a significant accountability role itself, especially through the work of Select Committees within the annual budget cycle. But again, the dominance of the majority party on all Select Committees reduces their independence, as does the level of resourcing and effort applied by parliamentarians to scrutiny relative to serving constituencies or other political activities.

But there is also an imbalance between the effort that is expended in creating accountability documents and the analysis of those documents by truly interested independent parties.

As a first step to address this, we recommend that Select Committees be granted more analytical resources so that they have a capacity at least equal to that of the agencies they are reviewing.

We note that in a recent letter to the Speaker in the context of the triennial review of standing orders, the Parliamentary Commissioner for the Environment made two suggestions that he thought could be made quickly to improve scrutiny of the Executive by Parliament:

- 1. Select committees could ask for the Government to provide them with financial and nonfinancial information aggregated by outcome. This would be in addition to information contained in appropriation documents and annual reports. It would provide select committees with some of the information that they need to apply a whole-of-government (or whole-of-sector) lens to their scrutiny.*



2. Select committees could make more use of independent advisors to help them craft probing questions, make sense of the responses they receive, and act as a source of independent advice more generally. This applies equally to any specific inquiries a committee is making, to its scrutiny of estimates, to its annual review of agency performance or to any legislation it may be examining. (Upton 2022b)

We support these suggestions. The Office of the Clerk has a reputation for political neutrality that could be used here. We, therefore, recommend that the Office be provided with more resources to provide politically neutral support to Select Committees.

Regarding independent external assistance, we see this as involving more than hiring external experts, although that has a role. We also see merit in Select Committees providing resources to independent organisations with interest in their areas of work to provide an additional voice.

The systems of regulation to which those providers are currently subject, such as the disclosure provisions in the Charities Act, should be relied on to do most of the work required to ensure probity.²¹⁶ Strengthening accountability as learning

The third dimension of accountability, learning, has an efficiency and effectiveness focus, and it involves assessing past experiences to improve future efforts and outcomes.

Matthew Palmer and Dean Knight suggest that it is important to consider the learning potential of all accountability relationships rather than seeking additional mechanisms that only focus on this dimension (Palmer and Knight 2022, 167).

Therefore, effective learning systems often involve using information collected as part of democratic and constitutional accounting and applying it for an additional purpose. There is thus an overlap between the dimensions: learning requirements need to be embedded in the design of democratic and constitutional accountability mechanisms rather than be a separate add-on.

In the case of democratic accountability systems that promote an ongoing focus on programme effectiveness, lessons learned from existing programmes – what works and what does not – need to be incorporated into the design of new programmes to make them more effective.

The reporting of past activities in constitutional accountability systems – like annual reports – can then be used to ask questions about what should happen in the future.

4.7.3 Embedding systems thinking at all levels

In addition to our recommendations about accountability systems made above, we also propose a widespread shift to a systems-thinking approach to increase the ability of the social assistance system to learn and improve.

²¹⁶ For example, agencies preparing contracts with NGOs should inquire about the nature of the organisations, its legal status and what other regulatory or accountability arrangements apply to it. The terms of any contract should not require an NGO to provide information to the agency that it already provides to another regulator. Agencies should be responsible for accessing this information directly themselves from the appropriate sources. Charities, for example, are required to submit detailed information about their activities on the Charities register, which is made public on Charities Service's website. NZIER's page is here: <https://register.charities.govt.nz/Charity/CC33555>.



Systems thinking is about the ongoing examination of operations to determine what improvements are possible and then making any required changes (Fry and Wilson 2022b).

Ongoing monitoring of the systems they operate to identify required changes should be something that front-line staff should be accountable for to their employers. Those employers (including supervisors, managers, executives and Ministers) should be accountable for undertaking an active programme of research and policy analysis that is continually seeking improvements. Under the existing accountability system in New Zealand, systems-level challenges are often identified by front-line workers, but they rarely lead to systems change, as we discussed in the case study on Manaaki Tairāwhiti and the South Auckland Social Wellbeing Board in section 2.5.10. The result is multiple local level ‘workarounds’ are developed, some of which can strain existing accountability regimes as staff test the limits of their powers.

We see embedded systems thinking as being achieved as a by-product of the augmented accountability regime that we propose. As well as specifying desired high-level policy objectives, we recommend that Ministers would be required to report the activities that they and their advisers have undertaken to improve the system of assistance. An example is found in the requirements in the Pae Ora (Healthy Futures) Act for the Minister to prepare a series of health strategies: see Box 8.107

Box 8 Section 41 of the Pae Ora (Healthy Futures) Act

This section of the Act reads as follows:

Section 41 New Zealand Health Strategy

The New Zealand Health Strategy must—

- (a) contain an assessment of the current state of health outcomes and health sector performance; and
- (b) contain an assessment of the medium and long-term trends and risks that will affect health outcomes and health sector performance in the next 5 to 10 years; and
- (c) set out opportunities and priorities for improving the health sector over at least the next 5 to 10 years, including workforce development.

Section 48 Review and progress of health strategy

The Minister must—

- (a) regularly monitor and review all health strategies; and
- (b) assess how the health sector has performed against the health strategies.

In the regime we recommend, Ministers would be required to state the opportunities for improvement that are available and report progress on the work they have commissioned to investigate their possible implementation.



5 Being ready for change

In New Zealand's version of constitutional democracy, power is highly concentrated in the hands of the Cabinet.

While we have frequent elections with high integrity (Transparency International New Zealand 2019, 215), we have few of the 'auxiliary precautions' the founders of the United States thought were required to hold a government in check.

Enhancements in accountability are, therefore, a matter for the government of the day, which dominates the legislative branch of government in New Zealand (ibid., 38):

Political contestation remains the dominant driver of parliamentary outcomes, primarily because this culture is deeply embedded in the way Parliament operates.

...

A challenge for Parliament is how to maintain sufficient independence to assure the public that its laws are coherent and constitutional, to approve the raising of revenue, and to scrutinise the efficiency and effectiveness of spending and regulation. At present, the parliamentary culture is not strongly supportive of these roles. Improvement would require new attention to the role and status of the Speaker, the control of parliamentary business, and the organisation of select committees. (ibid., 76)

We are realists: any improvements in the system of accountability will only come about in Aotearoa New Zealand, if a government wants to hold itself and its successors to a higher level of accountability than the status quo. There have been some examples of this being the case:

- The introduction of 'caretaker conventions' regarding the powers of an outgoing government were first stated by the outgoing government after the 1984 election (McGee 2005, 93).
- The introduction of the fiscal responsibility provisions of the Public Finance Act, which were first enacted as a stand-alone Fiscal Responsibility Act in 1994.
- The 'Zero Carbon Bill', where Parliament agreed to the establishment of an independent Climate Commission, which has the role of regularly monitoring and reporting on the progress of New Zealand towards meeting an emissions budget and the 2050 emissions target.

It is telling that two of those examples (the caretaker convention and the Fiscal Responsibility Act) resulted from political crises, while the third was in response to a climate emergency. It may be, therefore, that improvements to accountability surrounding persistent disadvantage will need to wait for a more widespread perception that it too constitutes a crisis.

Fundamentally, being accountable for addressing persistent disadvantage does not mean that governments should only provide assistance themselves, using staff employed in government agencies. Nor does it mean that agencies should necessarily be designing programmes with administration contracted to NGO providers. Given the very personal nature of persistent disadvantage, the experience here and overseas suggests



that empowering the people experiencing persistent disadvantage to determine what changes they want to make to their lives and then accessing a package of assistance with the help of appropriately resourced and trained front-line staff is a more effective way of bringing about those changes.

All parties in Parliament – and indeed all of society – need to take collective responsibility for admitting that the current system is complicated, expensive and failing. Rather than partake in the usual New Zealand political game of trying to blame what has happened on the failings of every previous government, they need to look forward and commit to implementing a new approach.

The ultimate accountability we all owe is to the people experiencing persistent disadvantage. They have been let down badly. We need a new approach to accountability that supports the development of assistance that will help them to improve their lives.

The Productivity Commission should take the opportunity of its current inquiry to make the case once again for reform and provide New Zealand with a blueprint for what it considers is required.

We encourage them to pose a challenge to all those exercising power to reduce persistent disadvantage: why are you not prepared to be held to greater account for addressing this issue?



6 Recommendations

This section sets out our recommendations.

1. Honour Te Tiriti o Waitangi

The Crown should honour its obligations under Te Tiriti o Waitangi and provide redress for any prior or ongoing breaches.

In parallel, as this process continues, Māori be supported to exercise tino rangatiratanga and mana motuhake in responding to persistent disadvantage.

2. Commit to addressing underlying issues

Governments should acknowledge, examine and address underlying systemic issues that contribute to persistent disadvantage, including New Zealand's history of colonialism, structural racism, sexism, ableism, and how power is shared and exercised throughout society.

The strengthened accountability system we are proposing is designed to support this process.

3. Make the social assistance system accountable to people experiencing persistent disadvantage

Policymakers, legislators, their advisers, and those who deliver assistance must be accountable to people experiencing disadvantage.

To achieve this, the social assistance system needs to centre the diverse voices of people experiencing persistent disadvantage at every phase of policy and delivery, from conception through design, delivery and assessment of effectiveness.

This will require adequate resourcing of engagement with a wide range of people to ensure genuine accessibility. We mean this in the widest sense, to include economic, social, cultural and disability grounds.

A network of Place-Based Initiatives should be established to identify and assist people currently or at risk of experiencing persistent disadvantage. The network of PBIs should be comprised of a range of organisations: iwi- and faith-based; arms of existing charities or new charities; operating offices of departments might also be PBIs.

4. Introduce a strengthened democratic accountability regime

Introduce legislation that imposes on Ministers an expanded accountability regime for addressing persistent disadvantage. We recommend modelling this regime on the fiscal responsibility provisions of the Public Finance Act. The working title of the Act is the Social Accountability Act.

The government that introduces the legislation should seek to build wider cross-party consensus on the Act and its provisions. The aim should be for the legislation to assume constitutional status as something that is binding on successive governments.

People experiencing persistent disadvantage should have a major role in developing the legislation.



The Act should require the government of the day to state its short- and long-term objectives regarding how to meet the Act's principles in measurable terms and explain how it proposes to meet those objectives. It should be required to demonstrate how its programmes are effective and provide value for money, through a nuanced description of the differences between benefits and costs (net benefits).

Its features should include:

- Flexibility of targets and methods. The regime should accommodate different political views while requiring every government to state and explain its policy preferences.
- A greater focus on outcomes, in addition to inputs and outputs, while being realistic that stating and measuring desired outcomes at more than the generic level is often difficult in social policy.
- Independent monitoring and reporting of progress against objectives. Along with Parliament and the Auditor-General, external parties such as universities and think tanks should also be given an explicit role. A contestable research pool, operating along the lines of the Marsden Fund, should be established that facilitates external assessment of programmes and policies.
- A direct role for the voices of people experiencing persistent disadvantage in accountability forums established under the Act (e.g. Select Committee hearings on reporting under the Act) supported by the engagement principles set out in recommendation 3.

5. Appoint a single Minister responsible for addressing persistent disadvantage

A senior Minister should be appointed with cross-portfolio responsibility for addressing persistent disadvantage. To avoid conflicts of interest, this Minister should not have responsibility for any other social policy portfolio.

The Minister should be given specific responsibility for co-ordinating a system of regular reviews of those providing assistance and what they provide to ensure that the most effective approach is being used.

6. Establish a lead specialist department

A lead department that does not have other social assistance delivery functions should support the Minister. Its roles should include:

- Providing policy advice
- Exercising independent monitoring activities, as required under the proposed Social Accountability Act
- Using data held by other departments (with appropriate safeguards) to identify the group of people experiencing persistent disadvantage and those who might be at risk of doing so
- Establishing a network of Place-based Initiatives to assist people experiencing persistent disadvantage.
- Championing the development of a contracting system for outcomes to engage NGOs. The work should be realistic and be targeted at improvements, not perfection, A 'test, learn and adapt' approach should be applied.



7. Create a new role of lead community worker

PBIs should employ lead community workers who will work with whānau experiencing persistent disadvantage. The role of a lead community worker includes:

- building trusted and trusting relationships with the people they are assisting
- working with them in identifying the changes they want to make in their lives and
- facilitating the support needed to effect those changes (including through providing overall assessments of eligibility, navigating existing services, and developing suitable bespoke assistance).

Lead community workers should have two accountabilities:

- to the people experiencing persistent disadvantage to assist them in effecting the desired changes to their lives and
- to their employers for the work they do.

8. Streamline constitutional accountability

The current system of reporting inputs and outputs should be scaled back.

In respect of NGOs, contracts should be written within the context of the wider formal accountability regimes to which they are subject (e.g. the Charities Act) and the informal networks of accountability within which they operate to avoid duplication of effort.

In the case of the systems addressing persistent disadvantage, this should be undertaken in parallel with the development of the enhanced democratic accountability regime.

The Auditor-General's proposed review of accountability should examine other areas of government.

9. Embed effective systems thinking at all levels

A systems thinking approach should become a bedrock feature of all organisations addressing persistent disadvantage.

Systems thinking is about the deliberate, ongoing examination of operations to determine possible improvements and then making any required changes.

Front-line staff should be accountable to their employers via job descriptions and operating models to always be alert to ways to improve the systems they operate.

Those employers (including supervisors, managers, executives, and Ministers) should be accountable for ensuring that identified reforms are examined and implemented if they will increase productivity. To achieve this, we have recommended the Social Accountability Act include a requirement for the Minister to demonstrate that a systems thinking approach is in place.



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Appendix A The capabilities of indigenous people

The capability approach is largely the result of work by academics from Europe and the United States.²¹⁷ It is also the analytical core of the human development paradigm applied by the United Nations Development Program (Stewart 2013). It is very much within the western philosophical tradition, with particular links to Aristotle, Adam Smith, and Karl Marx (Robeyns and Byskov 2021). It was not specifically designed with indigenous worldviews in mind.

A.1 Capabilities in diverse societies

In a recent review of the Treasury's Living Standards Framework (LFS), which draws on the capability approach, Tim Hughes suggests that:

Treasury should adopt a pluralistic approach to wellbeing, allowing for multiple interpretations of what wellbeing is depending on the context in which the framework is being used. I advance that the Treasury should allow for both collective and individual conceptions of wellbeing, as well as multiple approaches to each. (Hughes 2021, 33)

Part of Hughes' motivation for this proposal was a concern that the LFS is based on western philosophical traditions, which are not appropriate when considering the wellbeing of a hyper-diverse society like Aotearoa New Zealand. He specifically notes that the capability approach focuses on individuals, compared with indigenous world views that often put more weight on groups or collectives:

In the previous version of the LSF, wellbeing was implicitly conceived as being about individual people. This new version introduces the concept of collective wellbeing to reflect the importance of families, whānau and community to the wellbeing of Māori, Pacific Peoples, and many other New Zealanders. (ibid., 2)

While we agree with these comments regarding the LSF, we do not think they apply to how we are using the capability approach.

The capability approach is an assessment tool designed to test proposals and programmes against a concise definition of what wellbeing consists of ('the freedom to live a life a person values and has reason to value'). A proposal is 'better' if it expands a person's freedoms. It is not a statement of the things that make up a good life, at least in Sen's work.²¹⁸ The LSF is a statement of Treasury's views of the components of a good life (the domains of wellbeing), the sources of wellbeing (originally four capitals, now captured under the heading 'Wealth of New Zealand')), and what is required to sustain the ability of those capitals to produce wellbeing through time and between generations. In its current manifestations, the LSF has three levels:

- The domains of wellbeing: "those resources and aspects of our lives that have been identified by research or public engagement as being important for our wellbeing as individuals, families, whānau and communities"

²¹⁷ Amartya Sen was born in India. Much of his work on the capability approach was completed while he was at Oxford, Cambridge, Cornell and Harvard universities. The other pioneer of the capability approach is the American philosopher, Martha Nussbaum.

²¹⁸ Martha Nussbaum, in contrast, has produced a list of the capabilities that she thinks everyone needs if they are to be regarded as truly living well.



- Institutions and governance: “the role that our political, economic, social and cultural institutions play in facilitating the wellbeing of individuals and collectives, as well as safeguarding and building our national wealth”
- the Wealth of Aotearoa New Zealand: “*how wealthy we are as a country, including aspects of wealth not fully captured in the system of national accounts, such as human capability and the natural environment*” (Hughes 2021, 2).

While Hughes’ views find some support in the literature, others see the capability approach as providing useful insights (Bockstael and Watene 2016, 269). We discuss some of the prominent contributions to the literature below. We have selected examples of scholars studying the wellbeing of indigenous people living in the colonial settler states of Aotearoa (Watene 2016), Canada (Murphy 2014) and Australia (Klein 2015; 2016) and (Yap and Yu 2016).

A.2 Krushil Watene: A severely limited contribution

While agreeing that the capability approach has much to recommend as a theory of justice, prominent Māori philosopher Krushil Watene says that it fails to create space to fully include indigenous philosophies (Watene 2016). In her view, the capability approach is deficient because it does not explicitly answer questions about how indigenous philosophies can be articulated and, on whose terms, intercultural conversations should take place, nor does it directly address the barriers that prevent these questions from being answered.

Watene concludes that philosophies developed by Māori should be applied to issues of Māori wellbeing, in ways that have also been developed by Māori themselves, rather than by importing a theory developed by other cultures. She especially notes that distinct Māori worldviews around nature and its relationship to personhood need to be acknowledged. While other world views might see little connection between nature and social policy, for Māori they are inextricably linked:

Māori creation narratives provide an account of the relationships between all things, and extend back to the origins of the universe. The narratives place all things within a single creation framework – that is a single genealogy. In so doing, the narratives illustrate the central place that “whakapapa” (i.e. genealogy – literally, “to place in layers”) has within the Māori world. “Whakapapa” provides an account of the connections and relationships between people and all things – making sense of the world through relationships. All human beings, non-human animals, and the natural world have a common origin, history and future. (Watene 2016, 292, internal citations omitted)

Watene calls for a “cross-cultural dialogue which is able to generate practical pathways forward”, noting that this requires engagement and understanding at philosophical levels (ibid., 288).

A.3 Elise Klein: A misapplied idea

Elise Klein provides an example of how the ‘capability approach’ label can be misapplied (Klein 2015).



Noel Pearson, an indigenous leader from North Queensland, proposed a series of reforms that he said were based on Sen's capability approach – specifically, Sen's book *Development as Freedom*. These policies were implemented by State and federal governments in Australia and directed at Indigenous Australians.

While these reforms were promoted under the guise of increasing 'personal responsibility', they were not consistent with the ideas of freedom, agency and pluralism. Rather, they involved a range of paternalistic and directive measures that placed conditions on benefit receipt and mandated particular spending patterns. Indigenous Australians were required to conform to certain behavioural norms (e.g., being employed in the market economy) and to exhibit a sense of 'personal responsibility' (ibid., 4).

A.4 Michael Murphy: Valuable insights

Michael Murphy suggests that freedom for indigenous people must be understood to include the collective capability for self-determination. This requires two explicit modifications to the traditional capability approach.

The first modification required is to recognise that for indigenous people, control over their political environment is comprised of both individual **and** collective freedoms:

For disempowered and politically marginalized individuals, this entails measures to enhance their capability for individual political self-determination vis-à-vis the more politically dominant members of society. For colonized and politically subjugated minorities, this entails measures to enhance their collective capability for political self-determination vis-à-vis the more dominant peoples with whom they share a state. (Murphy 2014, 325)

The second is to recognise that self-determination can require different constitutional structures, where multiple people existing within a single state exercise different degrees of autonomy over their lives (ibid.).²¹⁹ These structures need to accommodate different world views about the fundamental components of a good life.

As we discuss in the body of this report, building māna motuhake results in better outcomes than the traditional service provision model, because people value and have reason to value exercising tino rangatiratanga and self-determination:

The sheer tenacity with which indigenous peoples worldwide have been struggling to make self-determination a reality in their communities is itself some of the clearest evidence of the value they themselves attach to this collective capability. The struggle for indigenous self-determination is a genuinely global phenomenon ... (Murphy 2014, 325)

²¹⁹ Joseph Kalt and William Singer note, in the context of the treaties concluded by indigenous people in the United States, that tribal sovereignty over their lands exists within a federal system of multiple over-lapping sovereign jurisdictions. There, the federal government, states, municipal governments, and tribes can all be sovereign at the same time over the same territory, with the Constitution and the courts deciding the boundaries (Kalt and Singer 2004, 10). In contrast, New Zealanders are not accustomed to the idea of multiple sovereign powers or the possibility that they can coexist. This is an area for further research and discussion.



A.5 Mandy Yap and Eunice Yu: a useful starting point

Mandy Yap and Eunice Yu consider the capability approach to be a 'useful **starting point** for conceptualising wellbeing from Indigenous perspectives' (Yap and Yu 2016, 327, emphasis added). They see the placing of individuals at the centre of development as one of the capability approach's strengths, one that, in their view, is well aligned with the articles on self-determination contained in the United Nation's Declaration on the Rights of Indigenous Peoples (ibid.).

But the approach is only a starting point. It is a way of thinking about development and a tool for evaluating proposals designed to improve wellbeing. As noted above, Amartya Sen's insistence on not listing desirable capabilities point to its nature. Its purpose is to frame questions about how people can live better lives life, rather than being a statement of what constitutes a good life. Thus, Yap and Yu suggest that:

The capability approach thus lends itself to augmentation through the incorporation of methods and worldviews which bring to the fore the individuals who are the recipients of development programmes and policies.
(ibid.)

If people see the path to a good life for them to be via the strengthening of the groups to which they belong and the enriching of collective decision-making, then that worldview is easily accounted for by the capability approach, provided the right questions are asked.

