



WELLBEING ECONOMY ALLIANCE AOTEAROA NZ

Submission from the Wellbeing Economy Alliance Aotearoa to the Productivity Commission interim report *A fair chance for all:* *Breaking the cycle of persistent disadvantage* interim report.

November 17, 2022

About the Wellbeing Economy Alliance Aotearoa

The Wellbeing Economy Alliance (WEAll) is the leading global collaboration that brings together organisations, individuals and governments to transform the economic system into one that prioritises shared wellbeing for people and the planet and delivers on 5 core needs: dignity, purpose, nature, fairness and participation.

WEAll's vision is that economies around the world are redesigned to create shared wellbeing for people and planet. It is currently made up of 276 organisations, alliances, and movements, 2,800 individuals, 150 academics, and 88 WEAll ambassadors and spokespeople across all continents. Our global policy makers network has over 40 participants and the Wellbeing Economy Governments Partnership (WEGo) initiated by WEAll is now composed of six governments, including a G7 country. It has established hubs in 15 states.

The WEAll Aotearoa New Zealand Hub has been in existence for the last three years and volunteers have participated in global forums, collaborated internationally to craft the Wellbeing Policy Design Guide and have advocated for a wellbeing economy to the public and decision makers around the country. In 2022 the Hub attracted funding to employ its first Country Lead - Gareth Hughes to deliver an ambitious work programme. Gareth is a former Member of Parliament, writer and change maker. The WEAll Aotearoa Hub has been active participating in wellbeing initiatives, hosting networking and workshop events, undertaking research and writing think pieces, and hosting webinars.



The Wellbeing Economy Alliance and WEAll Aotearoa members have participated over the last year as part of a global policy collaboration and have recently published a comprehensive resource for decision makers outlining policies that enhance environmental and social wellbeing without the need for economic growth:

<https://sustainable-prosperity.eu/designing-policies-wellbeing-economy/>

We hope the policies contained can also be considered towards the final report.

Introduction

WEAll Aotearoa welcomes the Productivity Commission's *A fair chance for all: Breaking the cycle of persistent disadvantage* interim report and sees it as a significant contribution to the national discourse and we believe the report is a positive development.

We commend the use 'systems thinking' approach contained in the interim report and investigation of the 'upstream' system settings that hold persistent disadvantage in place in Aotearoa.

WEAll Aotearoa strongly endorses the finding that system-wide change is needed, starting with re-thinking the values behind our society and that these must be grounded in te ao Māori in recognition of Te Tiriti o Waitangi as the foundational document of Aotearoa New Zealand. We agree the He Ara Waiora wellbeing framework can provide useful guidance for resolving complex policy problems and believe it should be at the heart of ensuring our collective wellbeing.

Our primary recommendation is the need to focus on economic system settings both as a current driver of disadvantage and if redesigned, an opportunity to create shared wellbeing for people and planet while delivering dignity, purpose, nature, fairness and participation. New Zealand's current economic priorities are still grounded in the values of the Neoliberal reforms of the 1980s and early 1990s which crafted the conditions for persistent disadvantage and saw one of the fastest increases of inequality in the OECD. While New Zealand has seen significant economic growth in the years since 1984 this has come with many social and environmental problems and the prosperity has not been shared fairly. WEAll believes the current economic paradigm needs transforming and the great challenge Aotearoa and other countries face is the need to design a new system where people can feel secure and live in comfort, part of thriving communities within a healthy environment. As the interim report notes 'effectively, we need economies that make us thrive, whether there is growth or not'.

While the terms of reference for the inquiry sets income policies as out of scope and are dealt with by other inquiries such as the Welfare Expert Advisory group and Tax Working

Group it is important to note breaking the cycle of disadvantage will require employment and welfare income levels set at liveable levels above poverty rates, Government spending via a fair tax system that reduces inequality, delivers quality public services and modern infrastructure. As such we agree with F6.20 it is time to re-examine the “low debt” orthodoxy and our fiscal rules, and with it our approach to accounting for future government liabilities.

Recommendations

1. WEAll Aotearoa supports that He Ara Waiora should be used as an overarching framework for public policy in Aotearoa New Zealand.

While derived from a Māori world view we note the core concepts of He Ara Waiora capture many of the values and needs of Pasifika communities and resonate with Tauīwi non-Māori. As part of a global organisation we also note there is a growing movement around the world that seek to refamiliarise, reconnect with, and rediscover indigenous perspectives of health and wellbeing.

2. We support the use of a systems thinking approach as being central in this analysis and the recommendation that this becomes a function that can sit within government.

While the systems thinking approach has been around for some decades, it has not always been fully appreciated or widely used to full effect in public policy. The use of this here reflects an increasing reconnection with the tools, principles and powerful insights possible from using systems thinking. How this might best be incorporated into the structure of the government is difficult to know but an important question to pose. Ideally it would have an independent role, such as a commission, who could advise, advocate, research, report and monitor the work of government. We would recommend the Productivity Commission engage with The Complexity CORE (Te Punaha Matatini) about how they might contribute to the question of thinking systemically in public management.

3. Systems barriers and system shifts.

We agree with the Productivity Commission’s analysis that points to power imbalances, discrimination, a siloed and fragmented government and short-termism system barriers to addressing persistent disadvantage and believe they can be overcome.

We also agree with the four system shifts you propose.

We support Shift 1 to Re-think our macro-level system settings to better prioritise equity, wellbeing and social inclusion. At its heart we need to move away from the dominant values since 1984 that prioritised economic growth, deregulated markets, citizens as consumers and short term profit maximisation towards a system grounded in the values of te ao Māori.

We support Shift 2: Re-focus public accountability settings to activate a wellbeing approach and believe a lead entity be tasked with the leadership and stewardship of our public

accountability settings. We believe the Office of the Auditor-General could play a more involved role and the climate disclosure's regime could be expanded to include broader information disclosure aiding accountability.

We support Shift 3: Broaden and embed a wellbeing approach across policymaking and funding. We absolutely support a continued and strengthened need to anchor a wellbeing approach at the core of public services and policy making. While Wellbeing Budgets, the Treasury's Living Standards Framework and Long-term Insights Briefings have all been positive developments, more is needed to fully address the complexity and interconnection of factors that create and embed inequities in people's lives. We note business as usual will not deliver transformational changes or deal with the challenge of a rapidly changing world facing numerous crises. Crucial to this will be gaining public acceptance. A comprehensive engagement and consultation process should be undertaken as part of a broader shift towards more general and frequent participatory processes.

We note as part of an international organisation with Hubs in 15 states and supporters in many more that this is a growing movement and trend around the world. While the word 'wellbeing' has been in use for many years encompassing a variety of meanings, it has not always been well understood, or it has been narrowly interpreted or influenced by basic assumptions of causality that are no longer fit for purpose in the current day for example economic growth being the pathway to wellbeing.

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

We strongly support the concept of a New Zealand Wellbeing of Future Generations Act with a Commissioner responsible for considering the long-term and future generations. We believe there is much to learn from the Welsh example and other initiatives around the world and New Zealand should develop its own version to help address our systemic lack of long-term thinking and embed the wellbeing approach within public management and society.

Summary

WEAll Aotearoa welcomes the Productivity Commission's *A fair chance for all: Breaking the cycle of persistent disadvantage* interim report and celebrates it as an important milestone in Aotearoa's long journey towards a true Wellbeing Economy.

While time constraints has limited our submission's detail, we support the general thrust of the report and in particular the 'systems approach' and grounding in the He Ara Waiora framework. We support the recommendations and have added to them with some

additional detail and insight. Our major point is that disadvantage can't be solved solely by the public management system and separated from the dominant economic paradigm – it will take redesigning the economy so that by default it does not encourage disadvantage. Until other macro tools, such as the welfare system and tax system, are also utilised as part of a concerted and joined-up mission to deliver dignity, purpose, nature, fairness and participation thereby reducing disadvantage it is unlikely to succeed.

Additionally, it is important to recognise that – as much as we may want them to be – the system drivers of disadvantage are unlikely to be 'solved' by any single or one-off action. Things like institutional racism won't simply disappear with one off action. Defeating institutional racism will require ongoing effort and an ongoing focus, even if and when the impacts of it are diminished in the future. In effect this will require ongoing efforts to dampen such challenges. That is exactly when we will need to ensure there is a sustained focus on such values and paradigms. This will require constant areas of focus over many years and successive governments. This is a great challenge but one of the most important facing our world.

Thank you for the opportunity to make a submission.