



11 November 2022

Chair  
Productivity Commission

Kia ora Ganesh

**Feedback on interim report: *A fair chance for all***

Thank you for the opportunity to provide feedback on *A fair chance for all*. Unfortunately, due to a number of other commitments, LGNZ has not been able to provide a comprehensive response, but we are able to provide a few high-level comments, which are set out below.

LGNZ supports the general direction of the report. We especially support the emphasis on taking a holistic approach to addressing disadvantage by employing the four dimensions of identity and belonging; connection and balance; aspiration and capability; and prosperity. We agree with the Commission's findings and recommendations. However, we feel some don't go far enough, particularly in terms of giving communities a bigger role in making decisions about their own wellbeing.

We agree New Zealand needs better measures of disadvantage and data collection, especially longitudinal studies. We also agree with the factors that contribute to disadvantage set out in Table 5.1. However, we have limited confidence in the efficacy of many of the listed reforms, which have been designed to address those factors. The majority are "top down" initiatives adopted by the centre rather than initiatives developed in genuine partnership with the communities directly affected, their elected representatives, or Iwi/Māori.

LGNZ agrees with the barriers identified by the Commission, namely power imbalances, discrimination, the ongoing impact of colonisation, siloed and fragmented government, and short-termism and status quo bias. However, we would like to add a fifth barrier. This is the imbalance of power between central government and communities. We note the countries that have been most successful at addressing disadvantage are those, such as the Scandinavian and north European states, that have actively distributed power and authority between national and sub-national spheres of government.

While we support the proposed shifts in chapter six, most of which are designed to improve the efficacy of the public service, it needs to be noted that they, like many of the recommendations in the report, are technocratic rather than substantive. They fail to address the critical imbalance of power between the centre and the periphery.

We believe more attention could be given to the socio-economic gap between our richest and poorest regions. These are on a par with the income and wealth gaps between regions in the United Kingdom, recently described by The Economist as being the largest in Europe, which led their current government

to introduce its “levelling up” agenda. Just as the state provides assistance for individuals and whānau, it also needs to have policies to support our poorer regions, particularly support for infrastructure investment (including social investment in social investment) and giving citizens and their elected representatives the resources to make meaningful policy interventions.

LGNZ’s own thinking on the issues addressed in the Commission’s report is developing, particularly as we develop our response to the Future for Local Government Review. We are heavily influenced by the thinking of Elinor Ostrom and thinktanks like New Local, which in a recent report argued that national ambitions cannot be fulfilled without enabling a rich diversity of localised, intelligent responses building on the energy that exists within communities.

In that report (<https://www.newlocal.org.uk/publications/the-community-paradigm/>), the authors set out a pathway to get there:

1. **achieve organisational culture change** – shifting from paternalistic and transactional mindsets to an open and collaborative culture.
2. **adopt macro-decision making** – changing the way in which major decisions are taken within public institutions by directly involving communities in the processes of making those decisions through mechanisms like citizens’ assemblies and resident-led participatory panels.
3. **focus on micro-decision-making** – recognising the way in which the millions of small and unconscious decisions made by public servants impacts on users. Changing how service users and communities engage with public services through techniques like co-production, local area co-ordination, and asset-based community development can create “respectful collaboration and empowerment of those users.
4. **transfer money and assets** – shifting money and assets historically controlled by public sector agencies into the hands of communities, not to remove accountability from public sector agencies, but to recalibrate their relationship with communities to one that is based on equality. This can involve techniques like participatory budgeting and community investment funds.
5. **adopt community governance** – giving community a formal and legal role in decision-making bodies usually reserved for public sector professionals or elected representatives. Such models include community members sitting on panels as well as service design and delivery groups.

Some of this thinking may be of interest to the Commission as you further develop your thinking and produce your final report.

LGNZ is very happy to talk further with the Commission about its views on the policy shifts necessary to significantly improve the wellbeing of Aotearoa New Zealand's communities.

Noho ora mai

A handwritten signature in black ink, appearing to be 'Grace Hall', with a long horizontal flourish extending to the right.

**Grace Hall**  
Director Policy & Advocacy  
Local Government New Zealand