

Article 1

Building a fair future for all

Introducing the 2019 series

At the heart of Kiwi values we believe in fairness, that everyone has the right to a fair go regardless of their personal characteristics, social condition, or access to wealth and resources.

We feel it is unjust when we hear about people who have less opportunity to get ahead, contribute and fulfil their potential, even though we may not know how to help them. We understand that everyone's current situation is different: some are wealthy, live in areas with more jobs and higher incomes, are part of the religious, political or ethnic majority, are smarter or better looking, don't have mobility challenges and have never suffered from chronic illness. Others are not as lucky.

This landscape of inequality is part of the reality of life. Inequities occur when these disparities spill over and erode opportunity. The idea that someone's postcode determines their ability to access health services, or that ethnicity affects their ability to get a job, or that gender could mean someone earns less for the same role: these cut to the heart of what New Zealanders think is right and good. ➔

By David Lovatt



David Lovatt is Deloitte New Zealand's national leader for the public sector. His passions lie in helping public sector organisations be more successful in a rapidly changing and dynamic environment. He does this by focusing on strategy and transformation, citizen and government outcomes, innovative services and new ways of working, and the growth of new public sector capabilities.

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Unfortunately in our society opportunity is not evenly distributed

Now, with the recent launch of government's first "wellbeing budget," we consider one of the greatest risks to successfully growing wellbeing for New Zealanders: that opportunities for greater wellbeing will fall inequitably across society, and that injustice extends beyond financial capital into the social, human and natural capital domains introduced by the Living Standards Framework.

What is the risk?

On average New Zealand is a prosperous, well-endowed country with a high quality environment and a high standard of living. Incomes tend towards the upper end of the OECD comparisons and people have access to warm, safe housing, clean water, education, employment, personal security, recreation, and social connectedness. Individuals can participate in our democracy, freely express their views and perspectives, and be supported in sickness, old age, or disability.¹

However the average can be misleading because of the great diversity between those who have more of each of these measures of wellbeing, and those who have less.²

New Zealand's prosperity and growth have historically been measured using gross domestic product (GDP) and the "average" measure of GDP divided by each person in the country (GDP per capita). This masks a wealth gap where some people are very rich and some very poor.³ The highest paid CEO in New Zealand earns about \$8.3 million a year compared to the full time minimum wage of about \$37,000.⁴ And when financial and physical assets are considered, the wealth inequality gap between the richest and poorest in New Zealand is \$1.7 million with 20% of households collectively holding about 70% of total household net worth.⁵

The inequality gaps become starker when we divide the population into smaller groups and compare between them. Between Māori and non-Māori; between old and young; female and male; urban and rural; incarcerated and free; homeless and housed.^{6,7,8,9,10,11} It would be reasonable to say that while New Zealand's prosperity is growing on average, many people and groups are not having the same experience of prosperity and growth as those who are well off.¹²

An inclusive society is one where fairness is built into our thoughts and actions. Inequities exclude members of our society from full participation and the meaningful lives they seek to lead.

These income and wealth inequalities are the reality we live in today. Wishing it weren't so won't make them go away. The state, and other actors such as communities, non-profits, and businesses, do attempt to address the effects of inequalities through social and income-based programmes such as housing, welfare payments, public health and disability services, but the results are far from perfect and sometimes make things worse by stigmatising beneficiaries.¹³

Nobody sets out to be left behind. No specific person designed intergenerational poverty into our society. Nobody meant for gender stereotypes to so significantly impact the roles that people play in work and family, or that pay gaps are so widespread and our children lack diverse role models in important areas such as parenting and work.

In our society, inequalities have spilled over to form systemic inequities that are unjust because they compromise the fundamental rights we believe all New Zealanders are entitled to.

We believe that everyone in New Zealand has the right to get ahead, to benefit from growth and prosperity, to be included, involved, employed, educated, healthy and active, and to live a fulfilling life. Inequity occurs when these rights can't be enjoyed due to factors beyond the control of the individual, either innate characteristics or circumstances they find themselves in. It compounds the inequality and it means that not every New Zealand can enjoy a fair go.

Why does this matter?

This government, and the one before it, have been pursuing under different names a similar agenda of investing for social wellbeing which recognises that financial and physical capitals are not the sole measures of economic success.¹⁴ The Living Standards Framework and the recent Living Standards Dashboard introduce social, human and natural capitals and invite investment and growth in all of these areas to achieve greater overall wellbeing as well as balance.^{15,16} Overall this work has been positively received^{17,18} albeit with some concerns around vagueness in the concepts^{19,20} affordability²¹ and some of the mechanisms used by Treasury to effect trade-offs between investments in the four capitals in the lead-up to the first wellbeing budget in May 2019.²²

On the face of it, investing for wellbeing has the potential to address some inequities by unlocking paths to prosperity that do not depend solely on financial or physical capital. If your view of wellbeing is more about living in a clean, green, healthy, natural environment than having financial means, then it may now be possible for that outcome to be achieved as government redirects some of its resources in that direction.

If social connectedness is more important to you than publicly-funded healthcare, the trade-offs enabled by the wellbeing budget could see an investment shift that builds communities but compromises on access to publicly funded healthcare.

Unfortunately the opposite is also true – that inequities in the financial and physical capital dimension have the ability to replicate and scale across the other three capitals, so that “poverty” is no longer just a financial measure but has its equivalents in the social, human and natural capitals as well.

Without consciously trying to do so, we may be locking inequities into our social system. But the possibility now exists through economic prosperity and a broader framing of wellbeing to use these new-found levers and direct our efforts towards inclusion and to right the balance.

An inclusive society is one where fairness is built into our thoughts and actions. Inequities exclude members of our society from full participation and the meaningful lives they seek to lead. Inclusion – like equity – is binary at the individual level, and it has no equivalent to the economic growth and prosperity averages that can be calculated at a population level. A door is only open or shut to an individual.

New Zealanders don't buy into inequities that operate like a drafting gate to opportunity, triggered on the basis of gender, ethnicity, income, location or employment status. A fair and just New Zealand could use wellbeing investments to enable a redistribution of the four capitals to address the inequities that divide us.

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About this article series

Deloitte's State of the State New Zealand 2019 article series, produced in collaboration with our partners at Victoria University of Wellington, is an exploration of reducing inequities: different kinds of inequities, how each affects us, and what we can do to reduce inequities and build a fair future for all Kiwis.

In the last three years, our State of the State reports have explored the state's role to catalyse social impact through:

- Social investment (2016),²³
- Resilience (2017)²⁴, and
- Wellbeing (2018).²⁵

The state has an important role in our society to create an environment where positive changes can flourish, and people in business and community groups, families and societies, government agencies and non-profits, as well as individuals acting on their own, can lower the barriers to success and raise our aspirations around what's possible in today's society.

In the series of articles that make up this fourth State of the State New Zealand report, we will look at how we can build a fair future for all from a number of perspectives, through the lens of the opportunities we could realise and the solutions we could explore as a society. We will introduce research into the causes and effects of inequities, and look at the role of the state as a leader and catalyst of change.

The perspectives we'll use are based on the Social Investment Agency's wellbeing measurement approach of 12 domains²⁶ (see infographic), which in turn are based on the OECD's Better Life Index.²⁷

We'll also bring in the voices of ethnic groups, business and community stakeholders as they reflect their views on practical steps to reduce inequities. We will conclude with the path forward and recommendations that help all New Zealanders to benefit from greater wellbeing and prosperity.

New Zealand will be able to better realise its potential when all members of society are treated fairly and have opportunities to contribute to, and benefit from, increased wellbeing. As Kiwis we should feel empowered to combat inequities in all their forms, and take positive action wherever it is needed to build a fair future for all.

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State of the State 2019

Framing inequity



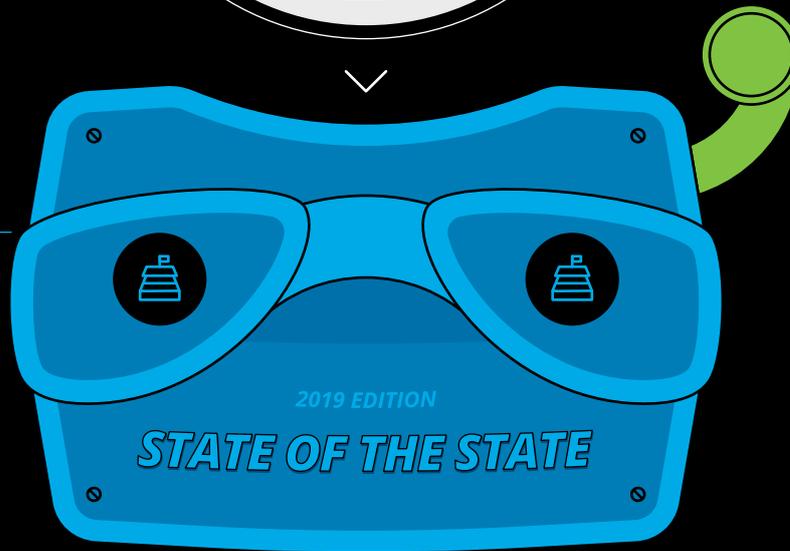
State of the State 2019 explores perspectives on how we can equitably grow wellbeing to build a fair future for all Kiwis



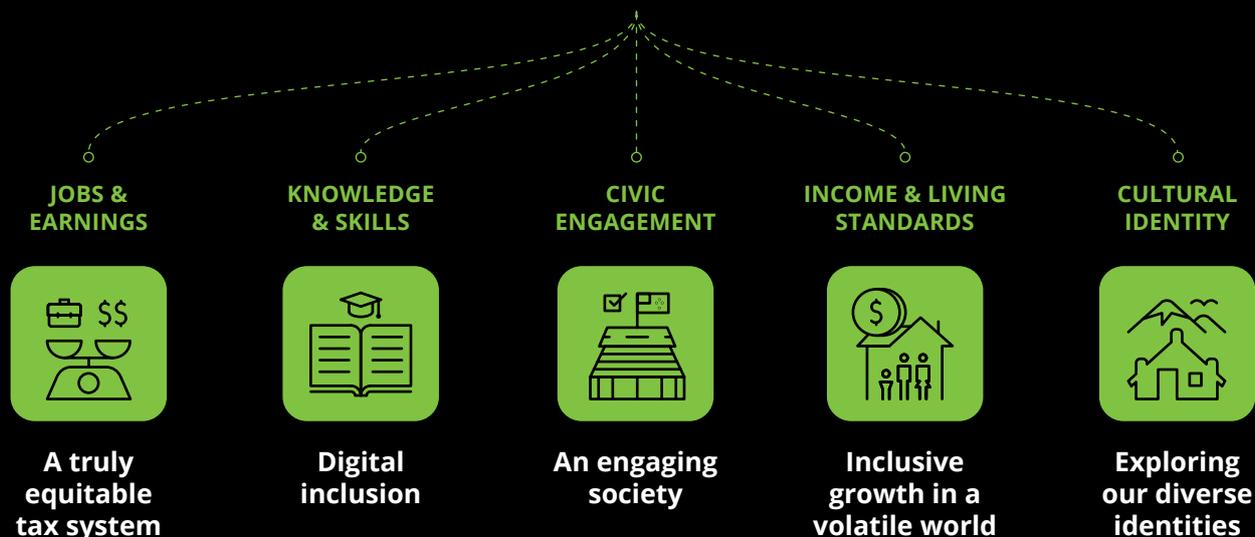
We look closely at the causes and effects of inequities in five of the twelve domains of wellbeing and the role of the state as a leader and catalyst of change



New Zealand will be able to better realise its potential when all members of society are treated fairly and have opportunities to contribute to, and benefit from, increased wellbeing



ARTICLE TOPICS



Our final article in the series will provide a path forward for government, business and the community to build a fair future for all in New Zealand

Endnotes

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