

Staying on track

Resilience at the heart of long-term policy



Resilience underpins the security of our wellbeing. We make four recommendations for boosting household resilience to ensure we are fit for the future.



A resilient future



A resilience outcome for universal services

→ 1



Targeted household interventions

→ 2



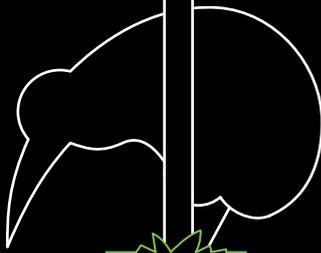
Public institutions' focus on resilience

→ 3



Engage New Zealanders to build an index of wellbeing and resilience

→ 4



Recommendations

There is plenty that New Zealand gets right. We have learned a lot about resilience from our recent experiences, particularly in infrastructure, community and disaster preparedness.

But international and domestic experience has also taught us how precarious our wellbeing can be and, as we have shown, New Zealand households are facing numerous challenges.

We recommend government takes the following actions to address circumstances affecting household resilience and put resilience at the heart of long-term policy:



A resilience outcome from universal social services

We have identified that government intervention through core universal services – particularly health, education and housing – has a foundational impact on the resilience of households. Taken together these three areas represent government’s primary means of influencing the personal and household resilience of *all* New Zealanders.

We recommend government explicitly applies and evaluates resilience objectives in health, education and housing policy.

In State of the State 2016 we identified social investment as an approach with the potential to recognise lifetime costs and benefits of early and preventative interventions. This approach promotes targeted investment in vulnerable families and individuals at risk of poor outcomes.

While we support this approach, we believe it must be complemented by explicitly targeting household resilience as a key factor to be considered for policy development.

Doing so will result in a wider – or different – set of options being considered. By incorporating a resilience objective, government can recognise that building strengths in *all* Kiwis to bounce back from shocks contributes to the greater wellbeing of society and a more robust economy. This is particularly true where services have an indirect or long-term effect on wellbeing. Examples include the impact of free and subsidised GP visits and universal services such as improved literacy and numeracy, access to quality childcare and investment in research and development.

The emphasis on resilience is particularly useful given the role of health, education and housing in helping households absorb and adapt to the global and systemic trends that the next generation is likely to face. Prominent New Zealanders we interviewed agreed, reflecting on the importance of an education sector taking action now in anticipation of the impact of technology and automation, a health system preparing for our changing demographics and a housing policy addressing affordability to relieve pressure on demand for social housing.

- 1 Incorporate resilience as an outcome for investment in health, education, housing and other universal services that contribute to household resilience
- 2 Explore policy interventions that specifically address key areas of inequality for those households with the least resilience
- 3 Strengthen our public institutions’ focus on resilience as a policy objective
- 4 Engage with New Zealanders to build an index of wellbeing and resilience



Explore policy interventions that address income factors for household resilience

We have identified a group of households for whom income levels and volatility are the primary barriers to their resilience.

While social assistance is available for many of these households, we identified two limitations on existing assistance approaches when viewed through a resilience lens:

- There are households who are not eligible for targeted social assistance based on current needs but would benefit from income support to build their resilience
- There is a long term benefit of a resilient household that maintains its wellbeing in the face of disruption, which is not currently taken into account in policy making

There are challenges to targeting and evaluating resilience as an outcome. Many of the factors of resilience, like good mental health, are difficult to measure objectively and the interplay between them is complex.

And by definition greater resilience is measured by costs avoided. A resilient household maintains its wellbeing in the face of disruption and we may never know what the impact might have been if a household were less resilient. Any intervention should evaluate the factors we have identified in this report (levels of income buffers, evidence of planning, etc.), *and* last long enough to evaluate the household resilience being tested.

We recommend government progress interventions to address income factors for household resilience, advancing trials to build household resilience through a social investment approach and income support.

A social investment approach to household resilience

In the 2016 State of the State report we defined social investment as government activity undertaken on the basis of a return on investment justification. Social investment is a people-centred, customised approach, which identifies interventions that work based on evidence.

Any social investment approach to improve resilience should consider interventions across multiple Crown agencies (including housing, family support, and child and youth services) that are tailored to the household. Successful interventions will be measured by the greater wellbeing of individual households across generations and by a better return on investment for government.

While there are challenges to a social investment approach for resilience, we believe it is possible to progress interventions that take resilience into account through the long term security of wellbeing.

We propose a ‘positive returns’ approach – where the investment is made on the basis of where the greatest social returns will be gained – as opposed to reducing lifetime Crown expenditure. This may fit most logically with health (particularly mental health) or education, which are the areas where existing evidence shows the greatest potential increases in resilience. Examples could include things like cognitive behaviour therapy or investment in problem-solving in early childhood.

Enough is known about the factors that contribute to resilience. There is plenty of research on risk factors and, increasingly (from fields such as youth and social work, mental health and education), on protective factors that contribute to resilience.

We can use information on the frequency and impact of household disruptions (divorce, moving house, starting a family) and an increasing understanding of how households access government services in these events. This means it is possible to put a conservative estimate on the average costs of disruption to a household, and in particular the difference in costs between households that are more, or less, resilient. Costs and outcome measures should be amended and refined as richer local data becomes available.

There is also enough information about specific cohorts of New Zealanders to get started. This includes the Integrated Data Infrastructure (IDI), which is building an economic and social data ecosystem to support decision- and policy-makers. No doubt the evolving and expanding practice of social investment will show links between factors that we don’t readily see today. These could inform additional measures of resilience over time.

Income support interventions

A level of income security can enable better decisions and planning at a household level as well as reduce the impact of disruption. Income support interventions will allow households to plan and allocate resources in the way that they believe will best improve their current and future wellbeing.

Recently, there has been much attention on the idea of a universal basic income (UBI). In other words a cash payment to all citizens over a certain age. However, a pure UBI that replaces all needs-based assistance could be at the expense of the resilience of households that previously would have qualified for greater assistance.

We recommend government runs evaluated trials on the impact of targeted income interventions on household resilience.

We propose two potential options for consideration. These would explore the impact of guaranteed and means-tested income interventions while continuing to target households with poorer resilience.

New Zealand's child poverty levels remain unacceptably high

(i) Child benefit for all New Zealanders: testing a universal approach

As we have noted, New Zealand's child poverty levels remain unacceptably high. There is also a perceptible shift away from investment in younger people towards older people, for example through rising relative investment in health and reduced per capita funding in education.

New Zealand had a universal child benefit until 1991, and its absence is somewhat out of step with international practices. Twenty-three out of thirty-four OECD countries have some form of universal child payment.⁹²

Trialling a child benefit, available to the primary caregiver in all households with children of a certain age, would test the impact of a universally administered benefit while continuing to direct assistance toward households with vulnerable dependents.

(ii) Guaranteed minimum income for households experiencing high income volatility: testing a targeted income support

A guaranteed minimum income is a means-tested income supplement. Households whose incomes fell below an identified threshold would be entitled to an effective top up of income rather than a tax liability for the income they earned. There are some shortcomings from a resilience perspective – particularly that means-testing still results in some uncertainty about income and a potential delay in receiving assistance due to the qualification assessment. However, it allows for greater targeting.

A randomised controlled trial would need to identify an appropriate cohort considering households at higher risk of material hardship *and* income volatility. It would also consider what an appropriate level of assistance would be to make a material impact to households' ability to cope with disruptions, but not be so high that it could not be scaled affordably if successful. Consideration should also be given to what other financial support this would replace or complement.



Strengthen our public institutions' focus on resilience

Resilience, in the face of uncertainty, is an objective with only a long-term pay off. The role of government in long-term issues and opportunities is an important one and there are good examples of this in New Zealand. But we have identified that there is more to be done to focus the public sector on resilience if New Zealand is to be fit for the future.

We recommend government establishes a Resilience Unit within one of the central agencies with end-to-end accountability for ensuring that public institutions and policy are actively boosting resilience, from strategy and policy through to operations and coordination.

A public sector that contributes to resilience

A centralised Resilience Unit will enable government to take a cross-cutting approach across portfolios while using existing mechanisms for collaboration across institutions. Consideration should be given to existing models such as the Ministry for Civil Defence and Emergency Management and the National Infrastructure Unit, in terms of their set-up and remit.

The Resilience Unit should be accountable for whole-of-system resilience. Its success could be measured by a balanced scorecard for resilience. In this way the Resilience Unit would ensure that a drive to increase resilience in one aspect of the system would not have a disproportionate impact on others.

By maintaining a view of New Zealand's resilience, the Resilience Unit would provide an informed, evidence-based counterpoint to shorter-term objectives. This includes efficiency objectives which may reduce government's ability to respond and adapt to disruption.

The Resilience Unit should have a role in identifying current and future trends and analysing the likely impact on New Zealand, as well as learning from success in resilience-building elsewhere. To prevent this from becoming a horizon-scanning exercise, the function should have a practical role in bringing the public sector together to share intelligence and collaborate in identifying patterns, trends and potential tipping points for New Zealand.

A public sector that is itself resilient

Finally the function should have a leadership role across portfolios to ensure that public institutions are themselves resilient. How the Crown fares in the face of disruption, and its ability to continue providing for New Zealand households, is the cornerstone of the nation's resilience.

Rather than focus on future-proofing, the objective should be to instigate change and adaptations in a timely manner so that New Zealand is best positioned to anticipate and respond to disruptions. This should include a role in supporting transformational change to ensure major change is driven by both wellbeing and resilience outcomes. This should include sector strategy and reform described in Recommendation 1, as well as operating model changes.

The objective should be to instigate change so that we are best positioned to anticipate and respond to disruptions



Engage with New Zealanders to build a wellbeing and resilience index

We recommend government engages with New Zealanders to describe the aspects of wellbeing and resilience that are important, identify appropriate indicators to measure them and use these indicators to guide and evaluate policy-making and government services.

In this report we have laid out a picture of what New Zealand's resilience landscape looks like. Being able to measure resilience is critical to the previous recommendations. Having the right measures in place will tell us how households are doing, where we should target interventions, and enable us to evaluate the evidence for resilience and the impact of investments.

What resilience means also varies between households, communities, and even regions. We have shown how differently households build and deploy resilience, influenced by economic, social and cultural factors. As our demographics change we will have more interpretations not fewer. New Zealand measures of resilience should reflect the values of its communities.

Internationally, there are good examples of countries engaging with communities to understand what aspects to measure. For example the Canadian Index of Wellbeing⁹³ is built on public consultation on what matters to people.

New Zealand already has plenty to build on, for example the Quality of Life surveys run across a number of councils and frameworks that build a cultural view of what is important, including the Mauri model of decision-making,⁹⁴ the Markers of Flourishing framework,⁹⁵ and the Te Whare Tapa Whā model of health and wellness.⁹⁶

Any framework should consider qualitative and quantitative measures across economic, social and cultural dimensions.

Having the right measures in place will tell us how households are doing, where we should target interventions, and enable us to evaluate investments



How well we respond to uncertainty
relies on resilience at all levels,
individually and together, ensuring
we stay fit for the future