



10 November 2022

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Tēnā koe Dr Nana,

**SUBMISSION ON “A FAIR CHANCE FOR ALL – BREAKING THE CYCLE OF PERSISTENT DISADVANTAGE”**

Thank you for the opportunity to comment on the interim report titled *A fair chance for all – Breaking the cycle of persistent disadvantage* (the interim report).

As you know, the Auditor-General is an independent Officer of Parliament. In that role, the Auditor-General is responsible for giving Parliament and the public assurance that public organisations are operating and accounting for their performance in keeping with Parliament’s intentions. Fundamental to the role is ensuring that public accountability arrangements work to improve trust and confidence in the public sector.

As an independent Officer of Parliament, the Auditor-General does not comment on government policy except to review how well particular policies are implemented (for example, their effectiveness and efficiency). The interim report includes a wide discussion about matters that relate to central and local government policy, and this submission is therefore limited in what we can say about these.

However, the interim report contains significant findings, discussion, and recommendations about the effectiveness of the public accountability system. We consider this an important matter on which to comment. It is a matter on which we have, in several reports and through other work, expressed some concerns.

This submission focuses on the parts of the interim report that are relevant to the Auditor-General’s role. These include the findings about the need to refocus public accountability settings (in Shift 2) and the recommendation for a first-principles review of public accountability settings across the public management system (Recommendation 6.5).

**The importance of public accountability**

In essence, public accountability is about public organisations demonstrating to Parliament and the public their competence, reliability, and honesty in their use of public money and other public resources. This information has value for central and local government decision-making, Parliamentary scrutiny, and the public’s understanding, support, and trust.

We have for some time now been concerned about the state of public accountability in New Zealand. Our recent work suggests that while parts of the system continue to operate well, public sector information and accountability processes are falling short of what is expected by Parliament and the public in the 21st century.

The public sector needs to find better ways to engage with, and communicate to, Parliament and the public about what it does, why it does it, and how it contributes to the outcomes that are important for New Zealanders.

### **The interim report raises significant issues with public accountability**

One of the primary findings in the interim report is that the many issues with public accountability system settings are a major barrier to addressing the complex and intergenerational issues associated with persistent disadvantage. In particular, the interim report notes a lack of:

- **cohesive** leadership in public accountability;
- suitable measures that demonstrate what is important;
- mechanisms for being accountable to future generations;
- a range of voices to properly inform public accountability processes; and
- retrospective analysis or evaluations of what was achieved for the public money spent.

These weaknesses in public accountability settings are a constraint on how best to effectively and efficiently reduce persistent disadvantage. They are also consistent with the findings from our previous work that has found, for example, that it is often not clear to Parliament or the public what outcomes are being sought by government, how that translates into spending, and ultimately what is being achieved with public money. In our view, these weaknesses suggest a system that is not responding as it should to the complex and intergenerational challenges facing New Zealand.

Responding to these and other identified issues, the interim report suggests a number of accountability system setting changes, including a wider first-principles review.

### **Improving the design of the public accountability system**

We agree with the need for a wider system review and to tailor system settings where necessary. In our view, the problem does not lie with the overall level of public accountability, but with its design.

The challenge therefore is to reshape the public accountability system so that it encourages and supports organisations (within and outside central and local government) and communities to work together towards reducing persistent disadvantage.

We suggest that the scope of such a review should go beyond the public management system. Any such review should start with the nature of the relationship between the public, Parliament, and central and local government. The review should consider what principles and settings would best support those relationships. The review could include, for example, a focus on what is needed to ensure that Parliament and the public are appropriately engaged and informed about the outcomes government is intending to achieve, how they will achieve these outcomes, and what progress is being made.

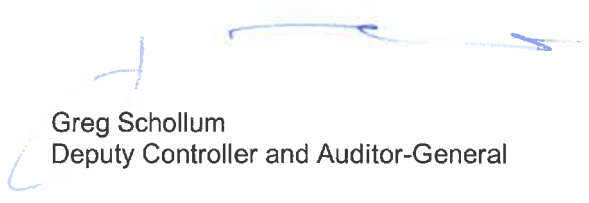
In our view, the real value of an effective public accountability system is in how the measures, reporting, scrutiny, debate, and consequences all come together to encourage different people with different perspectives to work together towards improved outcomes for New Zealanders.

The current public accountability system is not designed to do this well. As we said in our 2019 report, Public accountability: A matter of trust and confidence:

*In many respects, the public accountability system is doing what it was designed to do. However, whether this is enough to meet the expectations of the public today and in the future is unclear. The system might be hitting its original targets but increasingly missing the point.*

Thank you for the opportunity to contribute. As we do with other submissions, we will publish this submission on our website.

Nāku noa, nā



Greg Schollum  
Deputy Controller and Auditor-General

