

# Hon Grant Robertson

MP for Wellington Central

Minister of Finance

Minister for Sport and Recreation

Minister for Cyclone Recovery

Leader of the House



7 September 2023

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Tēnā koe Dr Nana

## **Government response to the Productivity Commission inquiry into economic inclusion and social mobility – *A Fair Chance for All***

We would like to thank the New Zealand Productivity Commission for your work to produce the inquiry into persistent disadvantage in New Zealand, *A Fair Chance for All*, released in June 2023.

The Commission was directed to undertake an inquiry into economic inclusion and social mobility in 2021 by the referring Ministers to the inquiry including myself, the Minister for Child Poverty Reduction, the Minister for Social Development and Employment, the Minister of Revenue, the Minister for Māori Development, and the Minister for Pacific Peoples; (the referring Ministers).

The Terms of Reference of the inquiry asked the Commission to focus on understanding the dynamics and drivers of persistent disadvantage and the impacts this has on different population groups and across generations. The Commission released an interim report in September 2022 and the final report was published June 2023, making 20 findings and 20 recommendations.

In its inquiry, the Commission has focussed on the role of the public management system in contributing to persistent disadvantage, with recommendations focussed on addressing 'system-level' issues. The system barriers identified include siloed and fragmented government and short-termism (focused on the immediate issues of the day, at the expense of addressing long-term challenges), power imbalances, discrimination, and the ongoing impact of colonisation. The findings and recommendations made in the inquiry set out to address these.

We confirm that the Government supports a strong focus on addressing disadvantage, as the Commission recommends. Better understanding of the drivers and impacts of economic inclusion and social mobility is a step towards ensuring all New Zealanders have opportunities to realise their potential and make the most of their talents.

Many of the concerns with the public management system signalled by these recommendations are consistent with findings of various reviews and reports over recent years, and with the direction of travel of public service reforms that are already underway.

The report recognises much of the work that is already underway in the public service and wider public management system to address these identified barriers. A number of these are highlighted below reflecting our desire for improved policies and services to support the most disadvantaged. This includes:

- Embedding Te Tiriti o Waitangi and Māori perspectives, including through implementation of the Public Service Act 2020 requirement to develop and maintain the capability of the public service to engage with Māori and understand Māori perspectives.
- Ensuring the public sector consists of diverse perspectives, including ensuring that public sector workplaces are inclusive for all and truly represent the people we serve.
- Recognising the interests of future generations through the introduction of long-term insights briefings. A system-wide review of briefings is being carried out to inform any revisions to the guidance which supports agencies to develop their briefings.
- Amendments to the Public Finance Act 1989 to embed wellbeing in the public finance system through the Budget process each year, by setting out wellbeing objectives through the Budget Policy Statement. There have been changes to the Budget process design to ensure that wellbeing is incorporated in Budget advice to Ministers including the use of He Ara Waiora and the Living Standards Framework to frame advice.
- Improved cross-agency working to help provide collective action on complex issues was enabled by the new Public Service Act in 2020, alongside updates to the Public Finance Act 1989. These changes have provided more flexibility as to how the public service can organise itself.
- The pilot of the cluster model that grouped the funding of agencies in related areas. This seeks to break down agency silos and encourage longer-term planning, by providing agencies greater financial flexibility along with stronger accountability for outcomes.
- Implementation of the Social Sector Commissioning Action Plan to systematically strengthen the commissioning of social-sector activities to drive integration between agencies and clarify leadership roles for social sector procurement.
- Support for more locally-led whānau-centred and centrally enabled ways of working where recent prototypes have demonstrated effective delivery of services into communities. Community Connectors are an example of a locally-led and nationally-supported approach that coordinates support across multiple government agencies and service providers.

Given the proximity to the general election we are writing to you with this interim reply to acknowledge your work, and as indicated above that we believe that many of your recommendations align with existing work programmes. There are some other recommendations that you have made that are also deserving of further investigation, including the introduction of new legislation (Wellbeing of Future Generations Act) and establishing a Commissioner for Future Generations, the establishment of a social floor that measures levels of both material and non-material wellbeing necessary for social inclusion, and the follow-up inquiry in three years' time.

It is our intention that after the election the government will undertake a more detailed response to the report. The Government recognises that more work is needed in some of these areas, but this needs to be done in a way that builds on the changes already made and maintains the strengths of the existing system. As we undertake this work in the future, we will take into account the findings and recommendations of the inquiry.

We appreciate the Commission's considered approach to this challenging issue. We look forward to continued, constructive engagements with Commission staff on this and future inquiry topics.

Nā mātou noa, nā



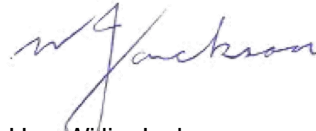
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**Minister of Finance**



Hon Carmel Sepuloni  
**Minister for Social Development and Employment**



Hon Jan Tinetti  
**Minister for Child Poverty Reduction**



Hon Willie Jackson  
**Minister for Māori Development**



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