

These comments are my own, rather than my employer's, but consistent with the position we've taken on related topics.

The first comment is that using He Ara Wairoa is a positive move, in that it gets away from the attenuated, reductionist approach commonly used previously and elsewhere. While I'm not uncritical about the "wellbeing" approach (it can be naïve or nostalgic), this is a unique approach for Aotearoa/New Zealand. Each aspect of He Ara Wairoa can be looked at as having dimensions such as development, sufficiency, power/control and paucity/poverty which link to aspects of persistent disadvantage.

Second, there is a substantial body of research in NZ on persistent disadvantage, going back several decades which provides a lot of valuable findings and insights on the causes, mechanisms and effects of persistent disadvantage and inequalities, including intergenerational health impacts. I'm most familiar with the health inequalities research such as that done by Wellington School of Medicine (Decades of Disparity series (Vol 1, 2, 3) and Haoura Maori Standards of Health (eg Vol 4)), but researchers at the Ministry of Health, VUW, Massey and Auckland University, as well as NGOs such as the Salvation Army, have contributed substantially. The two researchers I contacted weren't aware of the Commission's project, but would be interested in contributing.

Third is that our complex social systems and public policy settings are a large part of the cause and persistence of inequalities and disadvantage. The pathways which have caused or accentuated persistent disadvantage aren't necessarily reversible, so different pathways and approaches are needed. I've attached a review article by Dr Anna Matheson of Victoria University on social complexity and health inequalities.

Fourth is that an "equality of opportunity" approach (pg2) is unlikely to have lasting impact at a community/population level, based on experience and research. An analogy might be that no matter how unbiased (equal) the dice is in a game of snakes and ladders, if you have a lot of snakes on your board, but others have a lot of ladders, having an equal change of rolling a 6 isn't that helpful. The game needs to be changed.

Fifth would be that the analytical framework needs to be clear and valid. Persistent inequality and disadvantage is profoundly economic and political territory. As your paper notes, the NZ situation deteriorated from the mid-late 1980s into the early 1990s. One consequence was that life expectancy fell (most notably for Maori males) or stalled. This was the result of political and economic policy choices, resulting in a largely self-inflicted recession/austerity, when the governments tried rigorous implementation of standard textbook economic theory. Few if any other OECD countries had the same extent of socio-economic deterioration at the time (eg when comparing PPP GDP over the period). Similarly in the UK in the last several years, life expectancy in the north of England has stalled and fallen sharply with the implementation of austerity following the GFC bailouts to the financial sector. So if the economic framing which lead to austerity policies (causing worsening of persistent disadvantage and inequalities) is used to evaluate the effect of austerity it's unlikely that any responsibility would be placed on the austerity policies or the framing, rather on exogenous alibis (eg imperfect information, excessive regulation, imperfect competition, all unemployment being voluntary in an economy in equilibrium etc).

Another aspect of the framing is how information and change is represented. For example, on page 6, the paper notes that income growth since the mid 1990s has been relatively

evenly spread. This is only so if looking a relative change rather than absolute change. If relative inequality (eg the ratio of income/change between high, middle and low deciles) remain steady, the absolute difference will increase substantially, and income inequalities will continue to increase in terms of purchasing power. This is an important distinction and both types of inequality should be reported and analysed. For example, there was a presentation by a UK academic at the NZ Government Economics Network conference a couple of years ago which didn't make the distinction, implying that people on low incomes who had, say, a 2% increase in income over a particular period were relatively better off than high income people whose income had only increased 1.9%, even though this could amount to tens of thousands of pounds a year difference. Which would you rather have? The distributional questions need to be asked openly.

Sixth, the role of household debt should be a part of the Commission's analysis, including non-mortgage debt such as payday lending. While there was some improvement in the law on predatory lending a few years ago, the accumulated debt of many low income households is a pernicious and enduring problem which compounds persistent disadvantage.

Seven, the structure of income support/transfers (including in relation to employment and taxation policies) over time has accentuated disadvantage, especially when public policy has moved to a more punitive approach to income supplementation or when employment fails to provide adequate income for basic living costs for many families. The long term effects of public policy should be part of the Commission's framework.

This is a hugely complex area, but an important opportunity to develop a unique approach for Aotearoa/New Zealand.