

Hon Grant Robertson

MP for Wellington Central

Deputy Prime Minister

Minister of Finance

Minister for Infrastructure

Minister for Sport and Recreation

Minister for Racing



21 December 2021

Dr Ganesh Nana
Chair
Productivity Commission
PO Box 8036
The Terrace
Wellington 6143

Dear Ganesh

TERMS OF REFERENCE FOR AN INQUIRY INTO ECONOMIC INCLUSION AND SOCIAL MOBILITY – A FAIR CHANCE FOR ALL

On behalf of myself and the Ministers for Child Poverty Reduction, Māori Development, Pacific Peoples, Revenue, and Social Development and Employment, I am pleased to refer to you the terms of reference for an inquiry into Economic Inclusion and Social Mobility – *A Fair Chance for All*.

Better understanding of the drivers and impacts of economic inclusion and social mobility will be a step towards ensuring all New Zealanders have the opportunity to realise their potential and make the most of their talents. This inquiry will generate new insights about the dynamics and drivers of persistent disadvantage, the incidence and impacts across different population groups, including social and economic factors, and how these impacts link to productivity and economic performance.

I welcome the public conversation the Commission held across Aotearoa to develop the Terms of Reference. Persistent disadvantage is a complex and multi-dimensional challenge. People thrive when they have the resources they need, are empowered to grow and develop, and can connect with their community and other individuals.

I wish you all the best as you commence this inquiry and look forward to your findings.

Yours sincerely

A handwritten signature in black ink, appearing to read 'Grant Robertson'.

Hon Grant Robertson
Minister of Finance

Terms of Reference - New Zealand Productivity Commission Inquiry into Economic Inclusion and Social Mobility – *A Fair Chance for All*

Issued by the Ministers of Finance, Child Poverty Reduction, Māori Development, Pacific Peoples, Revenue, and Social Development and Employment.

Pursuant to sections 9 and 11 of the New Zealand Productivity Commission Act 2010, we hereby request that the New Zealand Productivity Commission (“the Commission”) undertakes an inquiry into economic inclusion and social mobility, focussing on the drivers and underlying dynamics of persistent disadvantage.

Context

The trends in indicators of economic inclusion and social mobility in New Zealand are not widely understood. This includes understanding how trends in economic inclusion and social mobility impact on individuals, different population groups and wider society, and how these impacts link to productivity and economic performance. In addition, some trends in New Zealand differ from other countries, such as the United Kingdom and United States. A robust, authoritative narrative about the New Zealand situation is lacking from public discourse.

A key gap in the existing New Zealand evidence is measurement and analysis of persistent disadvantage, and its dynamics across lifetimes and generations. Available evidence points to significant and growing disadvantage in the bottom income deciles, particularly in the context of rising housing costs. Covid-19 may exacerbate these trends. Children growing up in these households face the prospect of entrenched disadvantage.

The inquiry will focus on the persistence of disadvantage which will bring together the two concepts of economic inclusion and social mobility.

The purpose of this inquiry is to:

- generate new insights about the dynamics and drivers of persistent disadvantage, and the incidence/impacts across different population groups, including social and economic factors;
- develop recommendations for actions and system changes to break or mitigate the cycle of disadvantage (both within a person’s lifetime and intergenerationally); and
- help raise public awareness and understanding of trends in economic inclusion and social mobility (with a focus on persistent disadvantage) in New Zealand.

Scope

The work will promote a strengths-based approach, looking to make recommendations that would help individuals, families, whānau and communities realise their potential, and enhance their mana and wellbeing. It will recognise the importance of the Treaty of Waitangi as a key founding document of Aotearoa New Zealand.

To inform the inquiry's recommendations, the Commission should:

- bring together and build on the considerable existing evidence and many knowledge bases across a range of disciplines, including work undertaken for previous major reviews and inquiries (such as the Welfare Expert Advisory Group, the Tax Working Group, the Expert Advisory Group on Solutions to Child Poverty and the Commission's inquiry into More effective social services);
- establish definitions of economic inclusion, social mobility and persistent disadvantage;
- undertake research and analysis to better understand the dynamics and drivers of persistent disadvantage, applying relevant frameworks such as He Ara Waiora;
- draw on te ao Māori and Pacific approaches, including applying a collective as well as an individual lens to research and analysis, and the principles of mana motuhake (collective/self-reliance), rangatiratanga (independence) and mātauranga Māori (Māori-specific knowledge);
- explore how realising people's potential (through reducing persistent disadvantage) translates into direct increases in wellbeing, as well as higher productivity and better economic performance. Greater success for Māori and Pacific peoples is particularly important given their increasing proportion of the working age population in future years;
- create a clear, authoritative and accessible narrative about the trends in economic inclusion and social mobility in New Zealand.
- take into account any relevant insights and findings from other Commission inquiries, including its current inquiry into immigration settings, as well as work underway across government (including relevant reforms and work programmes such as Just Transitions and the Disability Action Plan).

Based on the above, the Commission will develop recommendations for effective actions and systems changes to help break or mitigate the cycle of disadvantage. This may include investigating:

- improvements to current measurement and data collection systems;
- the way public services are designed, commissioned, funded and delivered;

The inquiry will take a system-wide and whole-of-government perspective, look at life-course and intergenerational outcomes, and consider a broad set of impacts on, and measures of, wellbeing.

Out of scope

To avoid duplicating parts of other major inquiries (such as the Welfare Expert Advisory Group and the Tax Working Group) the inquiry will focus on non-income policies. This will not, however, preclude the inquiry from identifying income levers in its recommendations.

Constitutional reform is out of scope.

Engagement requirements

In undertaking this inquiry, the Commission should:

- engage with key interest groups, organisations and practitioners, across the public, private, not-for-profit and philanthropic sectors;
- collaborate with iwi and Māori, Pacific peoples and disabled people to explore barriers to reducing persistent disadvantage, and ways to support Māori- and Pacific-led solutions;

- draw on the lived experience of different people, groups and communities who may be affected by, or have overcome persistent disadvantage, including Māori, Pacific peoples, women, tamariki and rangatahi, sole parents, disabled people and their families, rural, provincial and urban communities, and the intersection across groups;
- partner with relevant government agencies, researchers, experts and practitioners across a range of disciplines and sectors; and
- use a wide range of modes and products (e.g. short reports, videos, graphics), including accessible modes and alternative formats, to maximise reach, and engagement with a wide range of voices.

Timeframe

The Commission must publish a draft report on the inquiry for public comment, followed by a final report or reports, which must be submitted to each of the referring Ministers by 31 March 2023.