The April Report

VOLUME II

Future Directions

Report of

The Royal Commission on Social Policy

Te Kōmihana A Te Karauna Mō

Ngā Āhuatanga-Ā-Iwi

April 1988

Report of the Royal
Commission on Social
Policy



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THE ROYAL COMMISSION ON SOCIAL POLICY

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THE ROYAL COMMISSION ON SOCIAL POLICY

TE KŌMIHANA A TE KARAUNA MŌ
NGĀ AHUATANGA-Ā-IWI

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FUTURE DIRECTIONS

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Future Directions: An Introduction

1 Introduction

Social policy is about people. At the very beginning of the inquiry early in 1987 the Royal Commissioners recognised 2 broad requirements as fundamental. One was to try to develop a coherent approach to the identification of the goals and values and principles which are the foundations of New Zealand society—the way we see ourselves as a society and the kind of society we want to become. That area of inquiry was given the title *Standards and Foundations,* these being descriptive words which the terms of reference also use in the same way. The other was to recognise from the outset that the Maori dimension is basic to New Zealand society and this must have profound implications for all social policy. That area of inquiry was given the title *The Treaty of Waitangi: Directions for Social Policy*, reflecting the significance of the Treaty as a basic constitutional document of general application in the life of the nation.

As the inquiry proceeded it became clear from the submissions and from our early consideration of those 2 areas, as well as of the terms of reference, that there were 4 further broad areas which should also be given some primacy: the position of women; the interrelationship of economic and social policy; social wellbeing as the focus of social policy; and the nature, role and value of work. Those 6 broad areas thus approach in different ways and with different emphases the features of today's society which should govern social policy. Leaving aside for the moment Standards and Foundations, the other 5 subject areas—the Treaty of Waitangi, Women, the Interrelationship of Economic and Social Policy,

Social Wellbeing and Work—are discussed in turn in fairly extensive overview chapters in this volume. Supporting papers relating directly to the overviews are included in the associated papers in Volume III following the same subject sequence.

There are 5 further overviews in this volume with supporting papers being included in the associated papers in Volume III. The first of these additional overviews is called *Outcomes of Economic and Social Processes*, a title which speaks for itself. It is followed by *Funding, Income Maintenance and Taxation, Social Provision: Access and Delivery*, and *Policy Development, Assessment and Monitoring*. These papers raise questions of principle of wide general application. It has seemed sensible to adopt this approach rather than to go directly to particular functional areas such as health, education or housing, or to specific perspectives on social policy such as those of the elderly, the young, the disabled or ethnic minorities. Rather, it is, we think, preferable to look first at broad principles and then later consider their application in various functional areas and from various special perspectives. That second step is taken in Volume IV of the Report with the significant limitations that are discussed in the short overview that precedes the position papers on functional areas and special perspectives in that Volume.

2 The Standards and Foundations papers

Standards and Foundations is dealt with differently from the other overviews. The Commissioners had the advantage of early papers prepared by Treasury and others prepared for the Department of Social Welfare as a contribution to the discussion. Following a number of early and lengthy sessions we reached a firm conclusion. It reflects New Zealand's dual heritage and, too, the need to balance the emphasis on individual rights and freedom common to the majority of Western philosophical traditions with the greater Maori emphasis on community. That decision was that there should be separate papers prepared from those 2 viewpoints.

The papers prepared by Maxine Barrett and Manuka Henare respectively are included in the compendium of associated papers. Although appropriately standing in their names, each paper has been through several drafts and is the product of development through many discussions with the Commissioners over a long

period which, as the inquiry proceeded, also drew heavily on submissions we heard throughout New Zealand. To that extent the papers substantially reflect our thinking and our assessment of the values and aspirations of New Zealanders.

There is, we think, little point in reviewing each of those papers in detail, particularly as there is a short discussion of them in section 5 of the *Social Wellbeing* overview. The discussion in that overview also makes the important point that while in theory and in principle the Maori and Western traditions seem to be some distance apart, in everyday life the differences may well be more apparent than real:

> In practice the Western tradition recognises group-based entitlements (pension rights for those aged 60 [or 65] and over, civil rights for the intellectually handicapped); in practice the Western tradition accepts the significance of non-measureable qualities (the quality of life, social solidarity); in practice the Maori tradition uses the imagery of measureable indicators of need to make claims about the significance of spiritual and cultural integrity in relation to health, education and housing.

In short, the ties that bind us as New Zealanders are much greater than the differences which divide us. But that does not lessen the importance of recognising and valuing and giving expression to those differences.

In the next section we refer briefly to a limited number of points emerging from the 2 papers in turn which it may be helpful to have in mind when we come to consider the terms of reference and then as a prelude to other overviews in this volume.

2.1 *Tikanga and Ritenga paper*

Nga Tikanga me nga Ritenga o te Ao Maori (Standards and Foundations of Maori Society), describes the values and beliefs from which Maori society takes form. While emphasis is given to their historic origins, the Commission regards them as highly relevant to contemporary New Zealand and particularly pertaining to social policy.

Four cornerstones are identified: Te Ao Turoa (the environment); Whanaungatanga (the bonds of kinship); Taonga tuku iho (cultural heritage); and Turangawaewae (a place of security). Elaboration of these concepts clarifies the interrelationship between physical, human, spiritual and cultural dimensions and their need to be viewed together when social policy is considered.

It is a demonstration par excellence of the inseparability of economic, social and environmental policies and the very real links between the material and the spiritual, the past and the present and the wellbeing of individuals and groups. A particular focus, and one which differs in emphasis from Western traditions, is the significance of the group as a source of wellbeing to the individual and the difficulty in analysing that group (be it at whanau, hapu or iwi levels) only by identifying individual members.

Obviously social policy in New Zealand needs to take account of that and other related perspectives.

There are, for example, well established Maori patterns of social relationships: the way in which people care for children, the elderly, visitors; attitudes to knowledge and learning; and the differentiation of social roles which do not detract from individual worth.

It is clear also that social policy objectives must give recognition to the significance of mana as it relates to individuals and groups, but perhaps more importantly for its underlying associations with dignity, self-determination and the development of full potential. Families, land, the environment, and cultural riches such as language, are central to the wellbeing of a people and to the maintenance of their mana, without which obligations to each other or to the wider society cannot be met.

2.2 *Values and Principles*

Maxine Barrett's paper is designed to clarify thinking on those very basic values and principles which in the Western tradition are the foundation of New Zealand society. For reasons given there and which we endorse, the paper identifies 5 fundamental moral and philosophical principles which should guide understanding of social values:

1 The objective of all social policy is to create the conditions necessary for human wellbeing and the achievement of potential.

2 All individual human persons are of intrinsic moral worth; this worth is not derived from personal ability, merit or contribution to society, but is derived simply from their moral status as persons.

3 All persons have interests which provide the basis for an equal claim to consideration, and all persons are worthy of

respect in some fundamental, or residual sense, irrespective of differences in respect based on merit or desert.

4 Human beings are social beings; and can only realise their nature, or individual potential, in a community.

5 Human wants are in principle unlimited, and resources limited. In any society which permits freedom of choice, scarce resources must be allocated between conflicting claims in a way that is fair and just, as well as efficient. Justice is a moral requirement that all organisations and institutions should meet. At a pragmatic level, social stability depends on individual differences in material conditions being recognised as just.

In our approach in other areas we have also drawn on other parts of the discussion in the paper. We put particular emphasis on the final section of the paper under the heading of *Social Wellbeing and Social Justice* and on 4 conclusions in that section: (1) Whatever side in the current debate about social wellbeing is being considered, all participants appear to accept that advances made in individual and collective wellbeing in this century have been due to the recognition that the responsibility for basic needs in modern industrial societies must be collective rather than an individual matter; (2) Social policy, which is viewed (as we view it) as embracing all those forms of social intervention that have a primary and direct concern with promotion of the wellbeing of the individual and of society as a whole, gives rise to rights which every New Zealander can claim; (3) In terms of that definition, wellbeing is concerned not so much with the treatment of problems or problem people, as with identifying their causes in institutions and social structures, and with attacking the problems at their presumed source: and this view is associated with both social planning and community action; and (4) A rights based approach to social policy recognises that there are claims all human beings ought to be able to make. It follows that taxing all members of the community to finance this entitlement to the basic requirements for wellbeing cannot be considered coercion. It is simply the requirement to meet an obligation that all have in virtue of being members of the community.

That approach to social wellbeing is also directly reflected in the framework developed in the Income Maintenance and Taxation paper for considering social policy questions in terms of the objectives, principles and criteria specified there.

3 Terms of Reference

The second and larger part of this paper is directed to the Terms of Reference of the Royal Commission set out in the warrant from His Excellency the Governor-General, to which we now turn.

The Commission is asked to consider what needs to be done to make New Zealand a more fair and just society. Recognising the breadth and elusiveness of general expressions of that kind, the terms of reference go on to provide substantial guidance. They do so in 4 steps. The first is the opening statement directing the Commission:

> to inquire into the extent to which existing instruments of policy meet the needs of New Zealanders, and report on what fundamental or significant reformation or changes are necessary or desirable in existing policies, administration, institutions, or systems to secure a more fair, humanitarian, consistent, efficient, and economical social policy which will meet the changed and changing needs of New Zealand and achieve a more just society'

The second is the identification in the terms of reference of the standards of a fair society. The third is the description of what are termed 'the foundations of our society and economy'. The fourth is the list of specific questions which the Commission is to answer.

3.1 *The Opening Statement*

The opening statement sets out the wide scope of the Commission's work. The inquiry is not limited to social welfare or income maintenance questions. In 'meeting the needs of New Zealanders', it must be concerned with material wellbeing of course, but also with all those other features of living in New Zealand that contribute to the quality of life and to relationships with each other. The expression 'existing instruments of policy' includes not only laws and regulations as such, but also the administration of policies and programmes and the institutions and systems by which policy is given effect. And the adjectives 'fair', 'humanitarian', 'consistent', 'efficient' and 'economical' are in their context intended to have the wide meanings they bear in ordinary usage. Thus, 'fairness' refers both to the processes followed and to the results of the policy. In other words policy should be assessed for fairness both in terms of availability and access on the one hand and of outcomes on the other. 'Humanity', 'consistency' and 'efficiency' hardly need elaboration. And 'economical' should not be viewed narrowly as

confined to financial costs. Certainly it is concerned with value for money. But social policy involves a range of resources, human and material, which are necessarily limited. It must be tailored realistically but positively to all those resources. The concern underlying the emphasis on an economical social policy is with the avoidance of waste of any resource. In placing a high value on efficiency and economy in the use of scarce resources social policies are no different from other policies. In other respects they are different and,as the terms of reference so explicitly demonstrate, a broader set of values which include but are not dominated by considerations of efficiency and economy are applicable where social policies are under consideration. There the larger emphasis must be on the active participation of all New Zealanders in the enjoyment of the nation's resources.

There are two further features of the opening statement which deserve emphasis. One is that the report is on what 'fundamental or significant reformation or changes are necessary or desirable'. Major changes are looked for, not just minor adjustments to existing policies and their administration. The other is that social policy must reflect fairness, humanity, consistency, efficiency and economy. No one of that broad set of values is to dominate. A balance must be struck. Thus greater fairness may in some cases be at the expense of some consistency in principle or practice. Again, while some policies may equally serve equity (fairness) and efficiency objectives, others will involve a trade off or balance. The weighting given to each value in a particular case will be that which best meets people's needs and in that way achieves a more just society.

3.2 *Standards and Foundations*

Clearly it is not intended that there be a wall separating the 2 sets of considerations. By way of illustration, opportunity and responsibility are opposite sides of the same coin: a society which promises genuine opportunity for its people to develop their own potential expects a corresponding responsibility on its people to be independent and self-reliant to the best of their abilities, and to contribute to society; or to put it the other way, the acceptance by the people of that kind of responsibility for themselves and to their society presupposes that they are given genuine opportunity to develop their potential.

A further feature which the 2 sets share is that they reflect a blend of civil and political rights on the one hand, and economic, social and cultural rights on the other. In that way they not only reflect contemporary reality—for civil and political rights alone are not an adequate measure of the way we wish to view and treat each other as participating members of society—but also recognise New Zealand's ratification in 1976 of both the International Covenant on Civil and Political Rights and the International Covenant on Economic, Social and Cultural Rights.

3.3 *Standards of a Fair Society*

Three questions must be asked about each standard: what does it mean; in what ways does New Zealand today fall short of this ideal; what changes will help us to reach this standard? Many of the overviews in this volume and of the social perspectives in Volume 4 are directed to these questions.

(i) Dignity and self-determination for individuals, families and communities

The words 'dignity' and 'self-determination' are often used in international covenants and declarations. Usually, dignity refers to individuals and self-determination to groups of people. Dignity comes from a recognition of the uniqueness and worth of each individual, each family, each community. Self-determination involves the right of individuals, families and communities to make decisions for themselves.

Families and communities come in many different shapes and sizes. Communities, for example, may be neighbourhoods, suburbs, towns, cities or regions. They may also be religious, ethnic or occupational or interest based. And by using both words, dignity and self-determination, to cover not only individuals but also families and communities, the terms of reference make the obvious point that our society is not totally individualistic, that there is a distinct role for families and communities as natural and fundamental group units of society. This also links in with the acceptance of diversity later in the standards. Finally, as applied to individuals, the Maori translation captures the sense of self-determination in describing it as 'a right to be yourself, your own person'.

(ii) *Maintenance of a standard of living sufficient to ensure that everybody can participate in and have a sense of belonging to the community*

This standard comes from the Report of the Royal Commission of Social Security (1972). On its assessment of community values in New Zealand that Commission firmly concluded that while the 1930s had stressed subsistence—that was not enough for the 1970s. Social security benefit levels should be directed to the higher goal of belonging and participating. As the Commission put it:

> No one is to be so poor that he cannot eat the sort of food that New Zealanders usually eat, wear the same sort of clothes, take a moderate part in those activities which the ordinary New Zealander takes part in as a matter of course. The goal is to enable any citizen to meet and mix with other New Zealanders as one of them, as a full member of the community—in brief, *to belong* (para 32).

In the overview on *Income Maintenance and Taxation* we have identified the specific objectives on which we consider the income maintenance and redistribution system should be based, and have provided a statement of principles and criteria to assist in balancing those principles in particular cases. Those objectives are:

1 To ensure that all New Zealanders have access to a sufficient share of income and other resources to allow them to participate in society with genuine opportunity to achieve their potential and to live lives that they find fulfilling. In so doing to provide a measure of certainty and security for all throughout their lives.

2 To relieve immediate need arising through unforeseen circumstances.

3 To ensure the wellbeing and healthy development of all children.

The guiding principles designed to achieve the objectives are community responsibility, individual responsibility, dignity, equality of treatment, progressivity, cultural diversity, fiscal responsibility, flexibility, and transparency. And the criteria applied in balancing the principles are equity, efficiency, simplicity and transitional fairness. The paper concludes that the primary instrument for achieving a fairer society must be economic and social policies designed to provide wide employment opportunities. This is the essential platform on

which income maintenance policy integrated with the labour market can build.

The focus in the *Income Maintenance and Taxation* overview is naturally on income maintenance. However, as the paper emphasises, in using the word 'resources' in the first stated objective, access to social provision such as education, health and housing has a substantial impact on the standard of living and on social wellbeing. Not surprisingly, Chapter 10, *Social Provision: Access and Delivery*, adopts the same objectives, principles and criteria.

The overview of Social Wellbeing draws on this and other standards of a fair society in concluding that the fulfilment of social potential is the touchstone of social wellbeing. That requires a healthy economy which generates wealth and fair access to resources. What is needed is a sound base of material support providing worthwhile employment and access to services such as housing, health and education. Beyond that, the overview concludes, a fair and just society is one which allows people to have a voice in their future, choice in their lives, and a sense of belonging that affirms their dignity and identity.

(iii) Genuine opportunity for all people, of whatever age, race, gender, social and economic position or abilities to develop their own potential

The related concepts of opportunity and participation require a commitment to employment, education and cultural life without being limited to those areas of social wellbeing. For most New Zealanders labour force participation and the recognition of the social value of unpaid work are essential elements of self identity and self worth. These themes are taken up in the overview on *Work*.

How work is distributed, the conditions under which it is performed and the significance attributed to it have an impact on every other aspect of social policy. The overview canvasses a wide range of questions and makes numerous recommendations. A central conclusion is that waged and unwaged work are interdependent and that: (1) there is an urgent need to develop adequate measurements of unpaid work so that that work may be properly taken into account

in the formulation of policy; (2) certain work which is currently unpaid should be the subject of payment (and reference is made to the discussion of a careers' allowance in the Income Maintenance and Taxation papers); and (3) that the State has a responsibility to ensure that the functioning of the labour market enables people to combine both paid and unpaid work in their own interests and in the interests of the wider community. Then, as to paid employment, and drawing on the terms of reference and on the Commissioner's assessment of the goals and values of New Zealanders, the overview emphasises that all New Zealanders are entitled to jobs which enable them to participate in, and have a sense of belonging to the community, which allow them to support themselves with dignity and to develop their potential: in short, to live lives they find fulfilling. And that in the interests of a fair and just society, of social wellbeing and cohesion, and balanced economic growth, full employment must rank alongside, and at least equal to, low inflation and economic growth as the key objective of all policy. The overview goes on to identify the areas of youth, Maori and female employment as warranting particular measures and recognises that discrimination in the labour market on grounds of disability, gender, sexual orientation or age be outlawed.

The associated right to education is itself an essential element in developing one's potential and furthering participation in the community. As the International Covenant on Economic, Social and Cultural Rights, puts it, education should be directed to the full development of the human personality and the sense of its dignity; it should strengthen the respect for human rights and fundamental freedoms; and it should enable all persons to participate effectively in a free society (Article 13 (11)). The paper on Education in Volume IV discusses a range of questions that arise there.

In the same way the realisation of potential and involvement in the community could never be satisfied without recognition of the importance of culture as a central element of life. That significance is implicit in these two standards. It is carried further in the last of the listed standards which is discussed below.

A final point, the terms of reference do not use the familiar expression 'equality of opportunity'. No doubt the adoption of the higher test of genuine opportunity reflects a recognition that initial inequalities may never be redressed without affirmative action. Maxine Barrett's paper on Standards and Foundations sees equality and freedom as compatible and interdependent values; genuine freedom depends on the capacity to exercise meaningful and effective choice—which may be constrained by inequalities.

(iv) A fair distribution of the wealth and resources of the nation including access to the resources which contribute to social wellbeing

Wealth covers much more than cash income. At the individual level it refers to the ownership of valuable assets. At the national level wealth and resources include natural assets such as forests, rivers, mineral deposits and fisheries, communal assets such as schools, hospitals and roads, and the most valuable resource of all, the people. Social policy should have regard to the creation and distribution of the wealth or resources of the nation—human and material—to the practical availability of social services, to access to information and participation in decision making and to all other facets of living in New Zealand which enhance social wellbeing. Two further points may be noted. The first is that the distribution of the wealth and resources of the nation must be fair. It need not be equal so long as the inequalities are such as can be justified in a fair society. The second is that the fairness of the distribution is not confined to individuals. In some circumstances it may be appropriate and necessary to consider fairness as between groups, communities, regions or sectors.

The overview on *Outcomes of Economic and Social Processes*, in summarising the main characteristics of New Zealand society in an historical setting, carries out a broad stocktaking and identifies those features and trends that will significantly influence the context in which social decisions are made in the future.

(v) Acceptance of the identity and cultures of different peoples within the community, and understanding and respect for cultural diversity

This standard recognises that the people of New Zealand come from many different cultures and that diversity enriches our lives. It reflects the express commitment to the

equality of all races which is one of the foundations of our society and economy. But it goes further in emphasising that understanding and respect for cultural diversity should be seen as one of the hallmarks of a fair society. In doing so it reflects our commitment to the International Covenant on Civil and Political Rights. Article 27 states that those belonging to ethnic and linguistic minorities shall not be denied the right, in community with the other members of their group, to enjoy their own culture and to use their own language.

The Treaty of Waitangi chapter in this volume and the paper on equality of races in Volume IV are directed to this standard and the outcomes for those concerned.

3.4 *Foundations*

(i) Democracy based on freedom and equal rights

Democracy is government by the people through their elected representatives in Parliament. In speaking of freedom and equal rights the terms of reference are understandably unspecific. Understandably, too, they do not attempt to arrive at a particular balance between the emphasis on individual rights and freedoms common to the majority Western philosophies and the greater Maori emphasis on community. And while democracy involves far more than simple majority rule and is clearly concerned with the interests of minorities, the terms of reference are silent about the manner in which and the extent to which the special interests of permanent minorities with their own special values and goals will be respected. Finally, as the Waitemata City Council said in its submission (5258):

> In order for people to have an effective vote, they have to be well informed about the issues facing them as individuals, communities and a nation, they have to understand how the political system works, they have to be free from economic, cultural and gender constraints to having a voice, they have to have access to the decision-making bodies and they have to have evidence that those bodies are committed to encouraging their participation in decision making and are accountable for the decisions made. It is simply not enough to spend five minutes voting every 3 years and call it democracy.

In the overview on *Policy Development, Assessment and Monitoring*, the Commission recognises that creating an effective

democracy through enhanced public participation is a complex process. The 3 themes developed in the chapter are participation, transparency and representativeness. Effective public participation requires first that alternative options for the policy should be laid before the relevant members of the public. Next, that the views of the public should be actively sought and actually valued and accordingly should be taken into account before a decision is made. And finally, that the public should then be told of the decision so made and the reasons for it. Transparency requires that the public be kept informed about how, when and where decisions are being made. The third theme, representativeness, requires that those who influence the making of the decision should themselves be representative of the particular community.

(ii) *Adherence to the rule of law*

In Western societies the concept of the rule of law has developed over the centuries as a means of controlling the use and abuse of power, particularly by the State and other powerful interests.

In the terms of reference, adherence to the rule of law reflects the principle that no one is above the law and disputes between citizen and citizen or citizen and the State will be settled according to law. It follows that the organs of central and local government are accountable through the Courts for any abuse of the exercise of power. If New Zealanders do not like a particular law, their remedy is to try to change it through Parliament, not to flout its requirements.

This standard in itself does not give full protection against the erosion of fundamental values through the exercise of State power for in the absence of entrenched constitutional guarantees a democracy in which Parliament is supreme and a strong party system can procure rapid legislative change. The sanction of possible recriminations at the next general election may provide little protection for human rights, particularly for those of minorities.

(iii) *Collective responsibility of our society for its members with continuing roles for individuals, families, voluntary social groups, ethnic and tribal affiliations and other communities as well as local and central government*

Two important points are made in this statement. The first is that society as a whole does have a responsibility for all its

members. The second is that all those identified in the list—from individuals and families to central government—share that responsibility and must continue to play a part. And the recognition of our ethnic and cultural diversity is reflected in the acknowledged role of ethnic and tribal affiliations and other communities.

(iv) The principles of the Treaty of Waitangi

Substantial discussion of the Treaty of Waitangi is contained in Chapter 2 of this volume and also in the Associated Papers in Volume III. Its lengthy treatment reflects the Commission's view that the Treaty is central to understandings of New Zealand society, its historical development and contemporary realities.

The terms of reference refer to the principles of the Treaty as one of the foundations of our society and economy. We agree that the Treaty has implications for all aspects of our inquiry and that the conclusions reached in the overview paper, *The Treaty of Waitangi: Directions for Social Policy*, are applicable across the broad range of issues raised in subsequent chapters and papers.

The relationship between the Treaty and social policy is further elaborated in the discussion on principles of social policy and we have paid particular attention to partnership, protection and participation, three considerations fundamental to the type of society favoured by New Zealanders and clearly signalled in the Treaty itself. Our view is that although the Treaty was drafted and signed in 1840, it remains a significant document for all New Zealanders and for New Zealand as a nation. It is not only an historical record upon which grievances from the past can be based, but more importantly we see it as a pro-active agreement with relevance into the twenty-first century and beyond.

There is an anomaly between the place accorded the Treaty of Waitangi in our terms of reference and its recognition within the statutes of New Zealand. Our clear view is that anomalous situations such as that must be addressed, a point developed later in this report.

(v) The operation of a mixed economy with private co-operative and public activity

At this point the terms of reference specifically address the economy. In doing so they leave open the balance between

private, co-operative and public activity involved, recognising that that balance may well change over time with changes in national and international conditions. Clearly the creation of wealth and the healthy performance of the economy are of crucial importance. Policies must reflect that. What this statement also brings out is that the economy does not function on its own. Social policy and economic policy are necessarily inter-related and so economic policies must be assessed in social terms.

This theme is developed in the overview on *The Inter-relationship of Economic and Social Policy*. The conclusions there are: (1) that there are both theoretical and practical reasons why economic and social policy must be regarded as inseparable. Not only are the objectives of the two types of policy ultimately identical but, in practice, the effects of one type of policy are likely to have a large impact on the domain of the other; and (2) that, instead of focusing on one of either economic or social policy, both should be pursued through a co-ordinated approach which involves economic and social policies being designed jointly, carefully taking into account the predicted effects of economic policies on the likely achievement of social goals and of the predicted effects of social policies on the likely achievement of economic goals.

There are 2 further overviews which are concerned with the other implications of the functioning of a mixed economy and social system. They explore various questions relating to what activities are properly 'private', 'co-operative', and 'public'.

The *Funding* overview chapter highlights some of the key issues surrounding the funding of social provision. It discusses the line of argument that social problems are mainly to do with income insufficiency and should be tackled by means of cash transfers allowing recipients to determine their own expenditure patterns in the light of their enhanced incomes. While there are a number of areas where this is an appropriate response, and that will include the use of various forms of insurance to cope with uncertainty, we conclude in the *Funding* chapter that it cannot be generalised to cover all areas of substantial government social provision. There is a range of social services which are important in themselves as basic ingredients of the social fabric and which the State should

take a large hand in providing. Taxation is obviously a key aspect in the funding of these services. Much of health and education fit into this category and, to a small, but no less important, extent, housing and childcare. These categories contain services which the Government ought to ensure are provided for and available to the section of the population to which they are aimed, in order to secure a number of the conditions of a just society, as set out in our terms of reference.

The overview chapter on *Social Provision: Access and Delivery* concludes that, if social policy is to meet the needs of people, social provision must be reasonably accessible and available and be delivered in a manner which is satisfying and appropriate. That requires that in the interests of efficiency and equity the State take overall responsibility for ensuring the availability of provision since only the State can facilitate the equitable distribution of provision, and only the State has the potential to ensure that the best use is made of resources. It does not at all follow that there should be a State monopoly of provision. Other channels of provision—kin, communities, religious and voluntary organisations, employment-based provision, private sector provision, and Maori sources of provision—must be recognised as partners of the State, undertaking complementary roles. This kind of partnership in provision is required to ensure that provision is responsive to the diversity of needs within New Zealand society, so that its pluralism can be both protected, and enhanced.

The chapter goes on to discuss the framework within which social provision should be available and concludes that it should operate within the principles of choice, adaptability and flexibility, co-ordination and accountability. If the development of social provision is guided by these provisions, meeting the needs of people will be paramount rather than a concern with organisations, structures or processes.

(vi) *The responsibility which all people have to be independent and self-reliant to the best of their ability and to contribute to society*

The premise is that society is best served where its members are independent and self-reliant. Clearly social policies which can be shown to encourage inappropriate dependency on the State are to be discouraged.

In ordinary life the ability to be independent and self-reliant varies a great deal depending on age and health as well as other factors. However, the statement is making the important point that care must be taken to ensure that people are not trapped into dependency by policies, systems and programmes which make it difficult for them to help themselves.

(vii) A commitment to the country's children and regards for the future generations of this country

The goal is obvious. So is the justification for special reference. It is a reminder that there is a substantial responsibility to care and provide for the young who are necessarily dependent on others for their wellbeing and healthy development. As has been noted, that is expressly reflected in the third objective of social policy specified in the *Income Maintenance and Taxation* overview. And the perspective of youth is the subject of a separate paper in Volume IV.

The standard also sets out the duty we have as temporary dwellers in this land to protect and develop it wisely for future generations.

(viii) The equality of men and women, and the equality of all races

This is a reminder, based on an awareness of past and present failures to achieve a fair society for women and for all people regardless of race, that the goal of equality must be kept firmly in the forefront of our thinking.

The overview on *Women and Social Policy* looks separately at the economic and personal wellbeing of women. It concludes that the disadvantaged economic position of women stems from the kind of work they do and the lack of choice and options their work involves. The critical questions for social policy are: (1) How can the relationship between wages and unwaged work be shaped and controlled in ways that promote equity, efficiency, consistency and fairness? And in particular, what can be done:

- to ensure that responsibility for unwaged caring work is fairly shared, not only between family members, but between families, other groups and the state?
- to ensure that the conditions under which waged work is undertaken take full account of individual and social responsibility for unwaged caring work?

– to ensure a fair distribution of paid work?

– to broaden the narrow range of occupations where women are still concentrated?

– to ensure women's skills and responsibilities are fairly rewarded in terms of training, pay and status?

– to give women genuine equal opportunity?

(2) How can both economic and social policies take account of family functions while remaining neutral to family form?

(3) What policies will allow both women and men to make genuine choices which:

– enable the necessary unwaged work to be done?

– develop and use all their capabilities?

– allow them to participate fully in society?

Their personal wellbeing is also constrained, the overview concludes, by their lack of access to accurate, reliable information; their lack of participation in decision-making and resource allocation; stereotyped expectations of female behaviour; and patterns of male behaviour which are damaging to women and harmful to society as a whole.

In the parallel paper on Maori Women, the Commission (1) notes the importance of the spiritual dimension and Maori Tikanga to Maori women; (2) endorses the calls of Maori women to be recognised as equal to Maori men according to 'Nga Tikanga me nga Ritenga o te Ao Maori' and to be represented in equal numbers in any policy input or advisory capacity; (3) recognises the consistent call by Maori women to have the Treaty of Waitangi recognised as the consitutional foundation of New Zealand and to have the principles of the Treaty applied at all levels of governmental, administrative, social and economic activity; and (4) endorses the recommendation of Maori women that the strengthening and development of whanau, hapu and iwi structures be seen as essential in order to enable whanau to practise greater responsibility for the care and protection of its members and for Maori women to regain their dignity and self-determination.

The equality of races is the subject of a separate paper not in this volume, but in Volume IV.

3.5 *Specific Questions*

First, the Commission is asked to report on how far New Zealand meets the standards of a fair society, and the reasons why it fails in any areas. In doing this the Commission is to examine whether the achievement of the goal of a fair society is helped or hindered by present ways of sharing responsibility for social wellbeing and by existing government systems and policies. It is also asked to identify any other constraints that need to be overcome. It follows too that we also need to ask in relation to each of the identified standards of a fair society what are the effects of age, race, gender, social and economic position, disability and geographic location, and to what extent it can be said overall that New Zealand meets that standard.

The overview on *Outcomes of Economic and Social Processes* is concerned to provide some answers in broad terms to the questions and the Social Perspective papers in Volume IV relating to *Youth, The Elderly, The Disabled* and the overview on *Women and Social Policy* in this volume also answer some of those questions.

Second, the Commission has to report on principles which Government may apply to all policy (paragraph (ii)). Those principles are to be based on the standards of a fair society and on the foundations of our society and economy. It is, then, a matter of developing 'the guidelines for the application of these principles in each of the areas of social wellbeing' (paragraph (iii)). It is not a case of adopting the same approach in each area. On the contrary, the varying social goals in different areas of wellbeing such as health, employment, the environment and the justice system will call for different answers. There is, too, the fundamental problem in balancing the different foundations and standards because different New Zealanders will attach different weights to each of those concepts. What is required is a principled approach to the identification of social values and goals in the particular area of social wellbeing, the weighing of those values and goals and the identification of the means by which we should seek to achieve them.

The overview statements on *Funding, Social Provision: Access and Delivery*, and *Policy Development, Assessment and Monitoring*, seek to develop broad principles of general application as envisaged in paragraph (ii) and the separate papers on *Health, Education, Housing, Justice* and other areas in Volume IV are more directed to paragraph (iii).

Third, the Commission has to consider changes which will enable New Zealand to meet the standards of a fair society 'with greater effectiveness and efficiency' and the setting of 'priorities for the implementation of [the Commission's] recommendations' (paragraph (vi)). The former makes it abundantly clear that effectiveness and efficiency are objectives which have to be taken into account. The latter brings out the obvious point that resources are limited and all social goals cannot be achieved over night. A ranking must be made and priorities set.

Finally, the requirement that the Commissioners report on 'the criteria and mechanisms by which the social impact of policies may be monitored and assessed' (paragraph (v)) brings out the obvious point that regular evaluation of social policies and the programmes is just as important as their initial formulation and implementation. That important function is discussed in the overview on *Policy Development, Assessment and Monitoring*, where 9 principles are identified. They are: (1) All the significant values and goals associated with both policy formation and programme delivery should be identified; (2) Monitoring information should be available for public scrutiny to provide feedback adequate for the modification of policy and policy goals; (3) The community should participate in the setting of policy goals and objectives; (4) All forms of activity that have express or implicit community endorsement should be monitored; (5) The performance of individual public institutions or programmes must be assessed in the context of both the emerging needs of a changing society and the demands of an internationally healthy market economy; (6) The goals and objectives of Maori development should be recognised by relevant official statistics, and they should acknowledge definitions of wellbeing and spirituality that are of distinct relevance to Maori; (7) Effective monitoring should be timely, planned, or known quality, relevant, economical, and where required, ongoing. It will bring together a variety of information, measures and judgments; (8) Where any professional judgment is made about an individual in the course of assessing and monitoring policies, then that judgment should be checked by the individual before any resulting action is taken; and (9) Access to information that is essential to the effective functioning of democratic processes should be acknowledged as a public good.

THE TREATY OF WAITANGI

Directions for Social Policy

1 Introduction

1.1 Terms of Reference

The Terms of Reference of the Royal Commission on Social Policy require the Commission to give attention to 'the principles derived from the standards of a fair society and based on our social and economic foundations, which government might apply to all policy'. The principles of the Treaty of Waitangi are listed as one of those foundations and this section of the report seeks to give understanding to the Treaty, so that its application to policy might be more clearly determined.

1.2 Sources

The views which follow derive from several sources and may be regarded as an overview after considering:

- the oral and written submissions
- consultation with statutory and voluntary agencies
- the discussions from four seminars arranged by the Commission to debate the Treaty of Waitangi
- an extensive research programme undertaken by the Commission and drawing on the published literature, Court records, the findings of the Waitangi Tribunal, Government papers and the personal views of community leaders and scholars.

1.3 Working Papers

The phase working papers, assembled by the Commission secretariat under the guidance of Manuka Henare, brought together historical and contemporary views that were helpful to the Commission. They are included in their entirety in the Compendium.

1.4 Focus

Mindful of the evolving and dynamic nature of the Treaty and its implications, we have not attempted to deal with its every aspect nor have we described its detailed application to each facet of social policy. Instead the focus has been on the introduction to our Terms of Reference that we should 'report on what fundamental or significant reformations or changes are necessary or desirable in existing policies, administration, institutions or systems to secure a more fair, humanitarian, consistent, efficient and economical social policy which will meet the changed and changing needs of this country and achieve a more just society'.

1.5 Fundamental Document

The Commission views the Treaty of Waitangi as a document of fundamental importance both to the history of New Zealand and to the future development of our country and all its people. Accordingly this chapter has been included at an early stage in our report, recognising the Treaty as part of the matrix from which all social and economic policies should take form.

1.6 Translations

One lesson learned from the Treaty is the limitation of any language in describing the basic tenets of another culture. For that reason our findings are reported in English and in Maori and each translation needs to remain alongside the other. While for the most part they can be regarded as equivalents, the understanding of some passages will be enhanced by the careful consideration of each text. It will be helpful also for this section of the report to be read in conjunction with our earlier publication, *The Treaty of Waitangi and Social Policy, Discussion Document Number 1* (1987), which gives greater attention to the wording of the Treaty and summarises changing social and economic circumstances in New Zealand since 1840.

2 The Authority of the Treaty of Waitangi

2.1 Diversity

It is clear to us that there has been no uniformity afforded the standing and recognition of the Treaty, and in New Zealand today there remains a lack of consensus as to the authority which it commands or the importance which should attach to it. A wide range of viewpoints exist. One is that the Treaty is an interesting historical document but of little relevance to contemporary New Zealand. Another regards the Treaty as a supreme and sacred document upon which our concepts of nationhood are founded. In some places it is held up as a beacon for the future of race relations in New Zealand, while other individuals express an uneasiness about giving it prominence fearing that it will create divisiveness and an unrealistic set of expectations. Yet a further emphasis stresses it as a statement about the position of Maori in New Zealand and the relationships they have with other New Zealanders and the country's institutions.

The Commission has considered the Treaty in the light of those varying attitudes, and in the context of the overall objectives of its inquiry. In searching for the status due the Treaty we have found it helpful to examine community, international, legal, constitutional and Maori perspectives.

2.2 Community Views

Many submissions made to the Commission referred to the standing of the Treaty of Waitangi and its place in our society.

Cardinal Williams presented the Archdiocese of Wellington submission (2541) and described the Treaty as:

> 'the foundation charter for New Zealand as a modern nation; it recognised the existence and integrity of each of the two parties; it confirmed the rights of the Maori people as "tangata whenua o Aotearoa" and it laid the foundation for a partnership which has yet to be fully realised'.

According to the New Zealand Nurses' Association (3131), the principles of the Treaty are:

> 'the basis for building a fair and just society. Any progress made in achieving justice for the Maori people will be gained by examining the principles of the Treaty. From that foundation will come the possibility of bicultural development which will redress the inequalities between Maori and non-Maori in New Zealand'.

The Taieri Social Services Council (191) saw the Treaty as 'vital for New Zealand. Until we get to grips with it we will be unhappy'.

A lengthy submission from the Methodist Church of New Zealand, Te Hahi Weteriana o Aotearoa (3736) urged the Commission to 'base your deliberations on the principles embodied in Te Tiriti o Waitangi and a commitment to a bicultural society which emphasises justice and power sharing'. Later, they described the Treaty as 'a sacred document which stands alongside the biblical covenants we honour ... it calls upon Pakeha and Pakeha institutions to be faithful to God and to the other partners who signed Te Tiriti'.

K.F. Osborne of Dunedin (2985) thought that

> 'the Treaty of Waitangi should be scrapped immediately and the rights of all individuals clearly and justly defined by law, and/or constitution to ensure them as much freedom as possible provided they are not infringing on the rights and/or freedoms of any other person or persons'.

Robin Watt (a member of the Wellington Ethnic Affairs Council) in a submission (2645) dealing with multiculturalism felt that the Treaty was 'already enshrined in our law. I personally believe it will stay there too because ... what Court will say he (Mr Justice Chilwell) was wrong in thinking that the Treaty of Waitangi was part of the fabric of our society'.

Joan Elmes of Blenheim (2379) was less enthusiastic. 'Less friction and get on with progress. ... Three quarters of both parties don't really understand the true facts of the Treaty of Waitangi so why foist the argument on to many innocent people? Only a few stirrers seem to be in on it.'

'A Pakeha perspective' of the Treaty was described by Project Waitangi, Wellington.

> 'We see the Treaty as the basis of our nationhood: it was and is an invitation to share this land with Maori and in an equal partnership. The Treaty is also the basis of Pakeha culture. It is what makes us unique and different from British or European peoples in other lands. Though we recognise those people as our ancestors, we have a new dimension to our culture that accepts and welcomes our role as partners in a nation.'

2.3 Surveys

Efforts to assess community attitudes to the Treaty were included in the Commission's attitudinal survey which is included in the Report.

The Diocese of Nelson and Project Waitangi also conducted surveys, using their own questionnaires. While the numbers of respondents were not great, the Commission regarded the findings as helpful indicators of prevailing community attitudes.

The Diocese of Nelson Survey formed the basis of their submission (1006).

> 'The Treaty of Waitangi occupies a central place in the history and in the ongoing development of this country. We affirm its value and significance to all New Zealanders regardless of race and date of arrival in this country, and we accept the principles and obligations inherent in the Treaty. There was a certain amount of ambivalence about whether or not the Treaty could best be honoured by incorporating it into law. Although a majority felt this would be a satisfactory way of honouring its principles, some did not see that it might need to be protected from change. The working party feels that this largely non-Maori response is lacking in understanding and there needs to be a great deal of public education about the meaning and obligations of the Treaty.'

The Project Waitangi survey conducted in 1986 reached a similar conclusion that education about the Treaty was needed to meet the widespread misinformation and ignorance. In this survey, the number of people who thought the Treaty relevant was approximately the same as the number who thought it irrelevant.

2.4 International Perspectives

In 1840 the Treaty itself had many features of an international covenant. Essentially it was an agreement between the British Crown and the Maori people favouring British (rather than French or American) entry and respect for existing Maori authority. Five years earlier, the British Resident in New Zealand, James Busby, had drafted and arranged the endorsement of a Declaration of Independence of New Zealand signed by the United Tribes of New Zealand. The Declaration reaffirmed the existence of a national Maori identity which, despite tribal organisation and control, had likely existed among New Zealand Maori for many years. Certainly Maori accounts, including genealogical records, inter-tribal trading and political arrangements, and boundary agreements are consistent with the concept of a nation of Maori tribes.

Similar views were expressed by the British Colonial Secretary who, in 1839, wrote:

> . . . the increase of National wealth and power promised by the acquisition of New Zealand, would be a most inadequate compensation for the injury which must be inflicted on (the indigenous) Kingdom itself, by embarking in a measure essentially unjust and too certainly fraught with calamity to a numerous and inoffensive people, whose title to the soil and sovereignty of New Zealand is indisputable, and has been solemnly recognised by the British Government.

Many countries have treaties between the indigenous people and the colonisers. In comparison with the United States and Canada, where fishing rights, the maintenance of tribal estates and respect for native authority have been long established, New Zealand's record in honouring the Treaty of Waitangi is less than perfect. But international comparisons are not easy or necessarily fair and do not always add to an appreciation of New Zealand's own situation.

The point to be made is that when the Treaty was signed British and Maori signatories respected the other's sovereign status.

2.5 Legal and Constitutional Status

The standing of the Treaty of Waitangi in law cannot be considered apart from constitutional matters. The Courts administer the law; Parliament makes the law and appoints the judiciary.

Mr Justice Somers in the Court of Appeal, (*New Zealand Maori Council* v. *Attorney-General,* 29 June 1987) explains the relationship thus: 'Neither the provisions of the Treaty of Waitangi nor its principles are as a matter of law, a restraint on the legislative supremacy of Parliament.'

Court judgements in the past have noted the limitations imposed when the Treaty is not specifically referenced to a particular act. Viscount Simon (Privy Council, 1941) considered that:

> It is well settled that any right purporting to be conferred by such a treaty of cession cannot be enforced in Courts, except so far as they have been specifically incorporated in municipal law. . . . So far as the appellant invokes the assistance of the Court, it is clear he cannot rest his claim on the Treaty of Waitangi, and he must refer the Court to some statutory incorporation of the right claimed by him ... even the statutory incorporation of the second article of the Treaty in the municipal law would not deprive the legislature of its power to alter or amend such a statute by later enactment.

In more recent times, however, the Courts have shown a greater readiness to acknowledge Maori views and to grapple with the principles of the Treaty. To some extent that new direction has reflected legislative changes, but other factors, including the reports of the Waitangi Tribunal, have also contributed to the new mood by raising major issues based on the application of the Treaty.

In June 1987, for example, Mr Justice Chilwell (*Huakina Development Trust* v. *Waikato Valley Authority,* High Court) felt able to conclude 'The Treaty of Waitangi . . . is part of the fabric of New Zealand society and is part of the context in which legislation which impinges upon its principles is to be interpreted.'

It was a specific reference legislation, however, which enabled the Court of Appeal to consider in detail the implications of the Treaty of Waitangi to contemporary New Zealand, and to find in favour of the New Zealand Maori Council (*New Zealand Maori Council* v. *Attorney-General,* 29 June 1987). The inclusion of clause 9 in the State Owned Enterprises Act ('Nothing in this Act shall permit the Crown to act in a manner inconsistent with the principles of the Treaty of Waitangi') provided the basis of the New Zealand Maori Council challenge to the transfer of Crown lands to State Owned Enterprises.

Specific reference to the Treaty in legislation was felt to be important by Mr A. Hearn, QC, in his August 1987 review of the Town and Country Planning Act 1977 (and contained in the Territorial Local Government Council Submission (4843)). 'A Maori perspective in the planning process' could be addressed by adding either of two clauses to the Act:

(a) Regarding the Treaty of Waitangi as always speaking so that effect may be given to its spirit and true intent and recognising and giving effect with appropriate priority to the principles of the Treaty of Waitangi.

or

(b) Nothing in this Act shall permit any regional, district or maritime planning scheme to include any provision that is inconsistent with the principles of the Treaty of Waitangi.

Two obvious implications emerge from the legal debate. One is that legislation drafted to require compliance with the principles of the Treaty of Waitangi, enables those principles to be determined and applied in a Court of law. The other is that Courts have been

able to apply the principles of the Treaty in some cases, even when no specific reference exists in the particular legislation in question.

Other implications are also raised and will be further reviewed later. Briefly, there is some unease about the principles of the Treaty being seen as synonymous with the Treaty itself and secondly, that the practice of partnership in the determination of those principles comes under question when there is no Maori presence in the High Court, Court of Appeal or Law Commission.

There remains also the likelihood that notwithstanding current trends and pronouncements, the application of the Treaty to all laws will not receive consideration on a consistent or predictable basis unless a systematic audit of all existing and proposed legislation is undertaken, including the Acts Interpretation Act. Nor can it be overlooked that legislation itself is subject to Parliamentary scrutiny and cannot be regarded as permanent or independent of political objectives and concerns of the day.

The attitudes of successive governments to the Treaty of Waitangi have been uneven, largely neglectful, with a failure to view the Treaty as of any constitutional significance. From the earliest times there was conflict between an undertaking to respect Maori authority and independence, and a desire to facilitate European settlement in New Zealand. Later neglect of the Treaty reflected commitments to majoritarianism, individual rights and freedoms, egalitarianism and integration. The moral and cultural values inherent in the Treaty were generally afforded little importance when face to face with narrow interpretations of democracy or the development of a 'neutral' (as to race), if remote bureaucracy.

In a paper prepared for the Department of Social Welfare ('Aspects of justice, equity and welfare in the debate on social policy') and presented to the Commissioners (March 1987), Keith Ovenden explored the problems associated with minorities in modern democracies:

> It does not take too much imagination to see that some of our circumstances in New Zealand might be said to conform to parts of this discussion. Various efforts to circumvent the consequences of simple majoritarianism, such as reserved Maori representation, the Maori Land Court, the Waitangi Tribunal, and the Department of Maori Affairs, were instituted presumably because of an inchoate but real sense that simple majoritarianism as the central decision-rule was somehow 'unfair' (i.e. unjust) to the permanent minority Maori interest. In this context, and also because it fitted well with traditional Maori methods of self-

> government, a form of very limited consociationalism developed, one in which elites traded agreement at political summits, and then delivered their followers in support of the contents of the deals.
>
> It is widely perceived that these arrangements are now breaking down. Changes in our demographic and cultural circumstances make it harder for elites to deliver the support of their erstwhile followers to whatever bargains it is still possible to conclude. Changes in the economy have drastically reduced the number of bargains available to be struck, and give the appearance of one side reneging on agreements previously concluded. Increasing numbers of Maoris apparently see themselves as a permanent minority victimised by the systematic oppression of decision-makers who are in a permanent monolithic majority that is ranged against them. Many pakehas now appear to hold the view that many young Maoris do not feel themselves bound to respect the law, which leads to demands for 'more discipline' or 'law and order', which are themselves interpreted on the other side of the cleavage as 'further repression'.
>
> Simultaneously, simple majoritarians now find good reason for demanding the abolition of separate Maori representation, while there are strong commercial and political pressures for doing away with the activities (if not the actual structures) of the Department of Maori Affairs. . . .

It was not until 1975 that the Treaty of Waitangi re-emerged as a document of significance in government eyes. Aware of the long-standing failure to honour the Treaty, the Treaty of Waitangi Act established the Waitangi Tribunal, charged with making recommendations on claims arising after 1975 relating to the practical application of the principles of the Treaty. In 1985 the Treaty of Waitangi Amendment Act extended the claim period back to 1840 and in December 1987 the government introduced the Treaty of Waitangi (State Enterprises) Bill, intended to make the Waitangi Tribunal's recommendations binding in relation to Crown land transferred to State Owned Enterprises.

Other references to the Treaty were subsequently to appear in legislation (for example, State Owned Enterprises Act 1986, Conservation and Environment Act 1986) and government directives. A Cabinet minute (1986) agreed that 'all future legislation referred to Cabinet at the policy approval stage should draw attention to any implications for recognition of the principles of the Treaty of Waitangi' and in the same year the Terms of Reference for the Royal Commission on Social Policy included the principles of the Treaty of Waitangi as one of the 'foundations of our society and economy'. The Maori Language Act 1987 saw the establishment of

the Maori Language Commission and by 1988 the use of Maori in Court had become a right.

Political goodwill, however, does not carry with it a commitment on behalf of future administrations, a reality requiring an examination of constitutional arrangements if the Treaty of Waitangi is to be given authority of a fundamental and lasting nature.

The New Zealand Constitution Act of 1852 incorporated certain aspects of the Treaty of Waitangi. Section 71, for example, provided authority for native laws to govern native people in specific districts where those laws would be supreme. Section 73 was concerned with existing Maori land ownership patterns and the Crown's right of pre-emption. Both sections were eventually repealed, s.73 in 1892 and s.71 in 1986 though the status of those provisions of the Act itself were never high in New Zealand. In any event it was an inadequate device to entrench the intentions of the Treaty.

In a paper written for the Commission, Mira Szaszy made three suggestions about constitutional matters: the recognition and legal entrenchment of the Treaty of Waitangi as the foundation or the source of constitutional law in New Zealand; the introduction of a second chamber in Parliament with equal Pakeha/Maori representation; the introduction of a new system of elections such as proportional representation.

A second house was also envisaged by the Ngati Raukawa. In their submission to the Commission they included their submission to the Royal Commission on the Electoral System (1985). It had recommended the establishment of a Senate (10 Maori, 10 non-Maori) which would: (a) ensure that all legislation which is to go to the Governor General for royal assent is consistent with the Treaty of Waitangi and (b) reconcile the legislation coming forward from two legislative bodies, a chamber for Maori representatives (15 members) and a general chamber (with about 85 members).

Maori representation in Parliament was raised in submissions. Proportional representation was recommended by the Royal Commission on the Electoral System (*Towards a Better Democracy,* December 1986) with a strong preference for the Mixed Member Proportional (MMP) system. In it, there would be no separate Maori constituency, no Maori roll and no Maori option but there would be a requirement for the Representation Commission to take into account 'community of interest among the members of Maori tribes' in determining constituency boundaries. That Commission was convinced of the potential of MMP for better Maori representation and a 'just and equitable share of political power'.

Some submissions made to the Royal Commission on Social Policy, however, were critical about a system that did not guarantee Maori representation

or enforce an obligation to 'actively protect' Maori interests. There was disappointment also that other constitutional matters were felt to be outside the brief and that consultation with Maori people had not been extensive.

As an alternative, Maori submissions, at the least, regarded additional Maori seats based on pro rata representation to be a matter of great importance. A Maori in a general seat was not seen as conferring any particular guarantee that Maori interests would be addressed, nor was there confidence that Pakeha members, no matter how well intentioned, would be able to accurately present Maori viewpoints.

Much discussion on a constitution of New Zealand has centred on the proposed Bill of Rights. Hohua Tutangaehe (352) acknowledged the Treaty itself as a Bill of Rights. He told the Commission:

> 'We have a fear and suspicion of the Bill of Rights that is being brought in. We have a right to be suspicious because right through the history of this beautiful country we have been deserted terribly by the partnership in the Treaty.'

While opinion about the place of the Treaty in that Bill is divided, it has been recognised as one instrument capable of entrenching a set of values and principles so that they are always applicable and protected from the vagaries of political whim. The debate about the Treaty's inclusion centres on whether it would be either subsumed by other principles or enabled to speak with its own authority, thus providing a context in which other rights and values could be affirmed.

That debate and others relating to constitutional arrangements must continue in a purposeful manner. A sense of urgency ought not reduce opportunity for informed and wide discussion, but neither should a desire for gradual evolution remove the need for a deliberate and active approach within a specified timetable.

Suffice to say that the Commission, in acknowledging the significance of the Treaty to New Zealand, is strongly of the opinion that the Treaty of Waitangi, in its entirety, should be entrenched as a constitutional document and that deliberations to that end should proceed in accord with the principle of partnership and with due speed.

2.6 Maori Perspectives

Not surprisingly, Maori views about the broad range of social policies are variable and richly diverse, reflecting such parameters as age, gender, region and tribe. On matters relating to the origins and applications of the Treaty of Waitangi, however, the measure

of agreement was sufficiently strong for us to discern a distinct viewpoint and to conclude with some confidence that there was a widely held Maori perspective to the authority of the Treaty.

At the time of its signing, and subsequently, the document was often referred to as a covenant, consistent with the belief that the words of the Treaty had a special significance which took it beyond other transactions. A commitment by chiefs, on behalf of their people, was a solemn act, confirmed by a signature that very often was a replica of a personal tattoo. The signature of the Queen's representative was also regarded, at least by Maori signatories, as a similarly binding and personal commitment which, like other covenants, called for honour, even if circumstances changed.

Sir James Henare holds that the Maori participants at the original Treaty debates, valued an association with the Crown only because it involved a chief of considerable world standing, Queen Victoria. He added:

> 'My own thoughts regarding the Treaty of Waitangi: it is a sacred treasure, made so by signing it with a reproduction of the personal moko of the Chiefs. They, our ancestors, were tapu, possessed of infinite knowledge; they were tohunga because they were Ariki.'

The Treaty was an agreement of chiefly importance, with all the connotations of chiefly authority prevalent at the time and conferring an inviolability, a spiritual dimension, in which trust, honour, obligation, faith and precedence assumed proportions much greater than legal, constitutional or political considerations.

Maori submissions to the Royal Commission lead to the conclusion that such a view of the Treaty remains prevalent. The words used and the signatures of its witnesses, make it an agreement which stands apart from others.

Ngati Kapo (3334) envisage the Treaty being at the mouth of the Social Policy river, the guardian of 'an equal society'.

The submission received at Manuariki Marae discussed at length the Treaty of Waitangi. 'For the sake of New Zealand this matter must be settled quickly not only by dealing with the material aspects of it but just as importantly it must be settled in a spiritual sense.... Without that settlement New Zealand's social ills will continue.'

A Tuhoe submission (2865) reached a similar position: 'All legislation must give effect to the Treaty of Waitangi, and be interpreted and administered to give effect to the principles, spirit and intent of the Treaty of Waitangi.'

The central importance of the Treaty to Maori people is evident in the Department of Maori Affairs Mission statement (submission 776): 'The Mission of the Department of Maori Affairs is to give effect to Government and Maoridom's aspiration to achieve rangatiratanga in the sense of the agreed partnership guaranteed under the Treaty of Waitangi.'

Bishop M. A. Bennett referred to it as 'a stand alone document, a supreme point of reference for the conduct of the nation's affairs'. That view was widely shared and there was no agreement that the Treaty should become part of any other statute or article, lest its broad provisions and guarantees were diminished or their intent confined by superimposed frameworks.

At the same time there was realisation that unless the Treaty were suitably entrenched as a constitutional document, then its promise would never be fulfilled and its very existence could be threatened.

But the uniqueness of the Treaty of Waitangi in Maori eyes is not adequately conveyed in debates on its place in the country's statutes, or as the element of a New Zealand Constitution, important thought they might be. Simply, the Treaty itself is the authority.

3 Provisions under the Treaty

3.1 Scope

The Treaty, including the preamble, is a short and succinct statement. It speaks of rights and obligations, individuals and groups, diversity and conformity, assurances and expectations. In looking forward, it guarantees continuity with the past; in anticipating change it seeks order and stability.

Its changing nature is conveyed in the Waitangi Tribunal's *Orakei Report* (1987):

> '. . . it was not merely intended to fossilise the status quo but to provide a definition for future growth and development, the broad and general nature of its words indicates that it was not intended as a finite contract. It follows that there is room for movement and scope for agreement between the Crown and the Maori people which involves a measure of compromise and change.'

Its scope was noted by the Territorial Local Government Council (submission 4843):

> 'The Treaty of Waitangi is essentially concerned with issues relating to the relationships between people, attitudes to land, cultural practices and background, divisions between races, divisions between rich and poor and relations between decision makers and the community, and as such it has major implications for local government activity in New Zealand.'

The Department of Social Welfare, in its first submission to the Royal Commission (62) also noted the Treaty's wide application:

> 'Puao-te-ata-tu does not, however, close off the agenda for change. Firstly, all state agencies will have to come to terms with their responsibilities under the Treaty of Waitangi which protects the land and treasures of the Maori and provides a constitutional test of the rightness of existing law. A bicultural policy need not exclude other cultures from their due in service delivery. But the Treaty accords the tangata whenua a unique status. It is up to each agency of state to work through the implications of this for its own policies. Secondly, although Puao-te-ata-tu holds out the hope that Maori and Pakeha can work together in a common institutional framework, clearly Maori people want a greater

direct control over their own destiny, using traditional structures of iwi and hapu to manage their social and economic development, even to dispense justice.'

Ngati te Rangi and Ngati Ranginui (2878) described the Treaty as having important implications for social and economic development. The inclusion of land, villages, forests, rivers, linked it to economic development. 'Within the spirit of the Treaty there is very little case for the separation of social, cultural, economic and spiritual policies.'

Another view, however, has been introduced by the Treasury (*Government Management: Brief to the Incoming Government,* 1987): 'Where the Treaty is silent, as in respect of employment, incomes, and economic development, there would be no special claim to partnership or power-sharing other than as provided under Article III.'

The Commission is not convinced that 'areas of silence' can be so clearly identified. Within the Treaty, economic, social, constitutional, cultural and spiritual dimensions are intended. Article II obviously refers to the ownership and management of such resources as land, forests, fisheries and villages. Given the relationship of people to that environment the Article must also be concerned with economic and social issues and with the many factors that contribute to wellbeing. The relationship is even more evident when due weight is given to the notion of 'Chieftainship' (Maori version) and the responsibility that entails for the care and welfare of all sections of the community.

3.2 Wellbeing

So too does reference to 'all their treasures' (Maori version) raise for consideration the place of cultural and social values in the Treaty and their implications for wellbeing.

In 1986 the Waitangi Tribunal confirmed language as a treasure requiring active protection by the Crown: 'There must be more than just the right to use it in the Courts. There must also be the right to use it within any department or any local body if official recognition is to be real recognition, and not mere tokenism.'

Many other values related to wellbeing also warrant consideration under the Treaty.

Often the Commission was told that people were the most valuable resource and that they should be regarded as the greatest treasures with particular value being placed on children and the elderly, the former as guardians of the future, the latter as links with the past.

It is worth remembering also, that prior to the signing of the Treaty at Waitangi (but apparently not elsewhere), a written statement was read to the assembly:

> 'The Governor says the several faiths of England, of the Wesleyans, of Rome, and also the Maori custom, shall be alike protected by him.'

Wellbeing, and its association with the Treaty of Waitangi was discussed in the Department of Health's submission (3331):

> 'We are all aware that the health of Maori people lags behind that of the non-Maori population in many respects. There is a need for formal recognition of the principles of the Treaty of Waitangi and for the identification of ways to foster biculturalism and partnership between Maori and non-Maori.'

The Department of Education (4273) mindful of poor Maori performance in schools, noted that:

> 'The curriculum Review recommends a non-racist curriculum which honours the promises of the Treaty of Waitangi to Maori people and which reflects and responds to the aspirations of the many people who make up New Zealand society.'

The Commission had no difficulty concluding that few, if any, aspects of wellbeing could be seen to stand outside the Treaty.

3.3 Texts

The Treaty of Waitangi was not written as a single text. Maori and English versions were used in different places and on different occasions and although most signatories signed the Maori version, the widely publicised text was the English one. Many of the misunderstandings arising since 1840 stem from the lack of uniformity between them. One was not a literal or accurate translation of the other; rather each conveyed quite different meanings especially in respect of Articles 1 and 2. In an effort to determine Maori rights in relation to the Crown, the Legislative Council (1869) ordered a literal translation of the English version into Maori, attaching no importance to the original Maori version. The old and the new Maori texts were as unalike in meaning as the original English and Maori versions.

Dissimilarities of that nature are not unusual in inter-ethnic agreements and the practice has been to recognise the validity of both by blending the texts.

As for the Treaty of Waitangi, the dissimilarities went beyond semantics. The views and understandings that each party brought

to the signing reflected different perspectives and objectives, based on their own established procedures and custom.

Logically, the Treaty of Waitangi Act 1975, requires the Waitangi Tribunal to have regard to both the Maori (1840) and the English version 'to determine the meaning and effect of the Treaty as embodied in the two texts and to decide issues raised by the differences between them'.

In the *Orakei Report* (1987) the Tribunal outlined its approach to handling those differences:

> In the case of the Treaty of Waitangi, it is important to note that with very few exceptions, the Maori version of the Treaty was signed by the Maori chiefs. We believe that when there is a difference between the two versions considerable weight should be given to the Maori text since this is the version assented to by virtually all the Maori signatories. Moreover this is consistent with the contra proferentem rule that, in the event of ambiguity, a provision should be construed against the party which drafted or proposed that provision.

Clearly the retention of both the English and Maori texts is required not only to enable consideration of differences, but also to give broader meaning to the Treaty.

3.4 The Articles

The provisions of the Treaty are described in broad and general terms. Article 1 allows for British government over New Zealand and anticipates Maori loyalty. Article 2 acknowledges Maori authority over Maori resources and prescribes a negotiating role for the Crown. In the third article, state protection and citizenship are promised.

The situation in 1840 was quite different from that in 1988 and firm conclusions about the understandings of all signatories at that time are not easily reached. It is important, however, that an effort be made to see the applications of the provisions to 1988, and beyond, to identify the areas of uncertainty and to ensure that avenues exist for their discussion, if not resolution.

3.5 Tribal Authority

Considerable effort for example is needed to minimise misunderstandings arising from the interface between government and tribal

authorities. Seldom, until quite recently, was tribal authority recognised, except by Maori, and it was actively promoted only in special conditions such as the setting up of the Maori Trust Boards.

Land development, education, employment policies, all relevant to the 'unqualified exercise of Chieftainship' (Maori version) were generally regarded as part of the Crown's brief, deriving from Articles 1 and 3. There is now much less certainty about the role of the Government in relation to tribal roles both in terms of the extent of Article 2 and the evolving notions of state and governorship.

Many tribes have reiterated their desire to manage their own physical and human resources, claiming that it is their right (under the Treaty) and that they are more able to work towards outcomes favourable to their people.

Some submissions extended the scope of the Treaty to encompass the development of two separate nations, within the same country.

Whiti Te Ra Kaihau presented a submission on Maori sovereignty on behalf of Ngati Te Ata (3381).

> 'We had Maori sovereignty before the arrival of Tauiwi. Hopefully we have been able to explain to you how these discrepancies are covered by the Native Common Law, the International Law, English Common Law and lastly Spiritual Law from both cultures. The International position on the Waitangi Treaty according to recent findings states: "If there is a conflict between the two versions then the indigenous version shall prevail." Maoridom can clearly with precision argue without effort that the TRUST advocated by various findings has been truly busted. That no amount of patching up will ever repair it short of returning our Maori sovereignty.'

Governorship and tribal autonomy will be in conflict unless there is opportunity for adequate representation, consultation, shared decision-making, and a fair allocation of resources. The assertion of 'chiefly authority' does not imply disrespect for the authority of the Government, rather a co-operative relationship. The Treaty does, however, have other tensions.

3.6 Rights, Individual and Group

Article 3 providing for equal rights for all individuals in New Zealand is sometimes seen as limiting the authority of Article 2 and its emphasis on rights accruing from tribal membership. There is no real incompatibility. Clearly the acceptance of 'the rights and

privileges of British subjects' (English version) does not require an extinction of those rights which the members of any tribe have inherited. Indeed the whole thrust of the Treaty was to confer new aspects of citizenship and at the same time ensure the continuation of existing Maori social and economic systems.

That aside some submissions to the Royal Commission regarded the Treaty, and Maori development in general, as discriminatory in so far as it appeared to give Maori people privileges and advantages that other New Zealanders did not have.

G. Gill (submission 1857) voiced that concern:

> 'I have strong displeasure over the privileges that anyone with Maori blood has over my future descendants. Better education grants, better housing grants, separate electorate areas are for their exclusive use. Our children, under protest, have to listen to inadequate tuition of the Maori language — better that they be offered tuition in French or Japanese for use in the future.'

Perhaps it is an understandable concern based on some western views of justice, individual rights and majoritarianism. It does not, however, take into account the need, at least in New Zealand, to consider other views of social organisation and the need to reconcile the group rights protected by the Treaty with the strong views on individualism which have dominated western thinking and policy.

3.7 Indigenous Status

The Treaty acknowledged Maori sovereignty and, in so doing, recognised the status of the indigenous people. In return the role of the British Crown was acknowledged by the Maori signatories and priority was given to British settlers over those of other nationalities.

There is world-wide concern about the plight of many indigenous races who have become minorities in their own lands. Efforts to improve their standing have often been jeopardised by the absence of a clear understanding or agreement made at the time of colonisation.

In many respects New Zealand is in the enviable position of having completed a Treaty which sets out the relationships, responsibilities and conditions under which further development can proceed in a harmonious manner.

In his submission (4626) K.G. MacCormick thought that New Zealand was fortunate to have its

> 'own avenue of proceeding. The Treaty of Waitangi deals with the special rights of the indigenous people of Aotearoa/New Zealand — it is our own charter of indigenous people's rights — and we have a Tribunal to consider, and to assist in interpreting, its meaning and implications. The scope of the Treaty is conceivably very broad. So much the better. The views of the Tribunal are less likely to be delimited. Unless and until the Treaty is replaced by something better, acceptable to Maori and non-Maori alike, then we must not only honour it but endeavour to remedy the injustices of past failures to honour it, with the guidance of that very important Tribunal.'

That the provisions of the Treaty were so often ignored in the past, should not prevent a future predicated by the mutual respect implicit in it.

4 The Treaty of Waitangi and Principles for Social Policy

4.1 Principles

The principles upon which social policies should be based are of major concern to the Royal Commission and are given some emphasis in the Terms of Reference. There is no expectation that the Commission should make a detailed examination of all situations that touch on issues of fairness, efficiency and justice, nor would that be appropriate. Attention to principles, those fundamental and essential precepts which underlie our way of doing things, seems a reasonable course, provided those principles have been carefully determined and opportunities exist for their relevance and application to be tested by all sections of society.

An early reference to principles was made by Maori petitioners to Queen Victoria in 1882: '. . . these matters which weigh heavily upon us are in opposition to the great and excellent principles of the Treaty of Waitangi'.

Legislation incorporating the Treaty provisions also speaks of principles. The Waitangi Tribunal for example is required under the 1975 Act to address the principles of the Treaty. Clause 9 of the State Owned Enterprises Act (1986) prevents the Crown from 'acting in a manner inconsistent with the principles of the Treaty of Waitangi'. The Royal Commission's own Terms of Reference describe the 'principles of the Treaty of Waitangi' as one of the 'foundations of our society and economy'.

Probably it is sensible, given the differing understandings of the Treaty itself. At the same time a focus on principles alone is not without its problems.

4.1.1 *Definition*

There is no universal agreement as to what the principles are or should be. The Waitangi Tribunal examines principles as they apply to a particular claim but wisely has not attempted to make an exhaustive list which can be applied to all cases.

Both the New Zealand Maori Council and the Crown in the Court of Appeal (*New Zealand Maori Council* v. *Attorney General* CA.54/87) identified different sets of principles to argue particular viewpoints and, in turn, the members of the Court, in their judgements, developed others.

4.1.2 *Application*

A not uncommon concern is that the identification of principles in this manner over time may modify the actual intent of the Treaty and lead, in fact, to a new set of understandings and implications. The words of the Treaty, to which many New Zealanders attach great significance, may be subsumed by derivations appropriate only to limited circumstances.

Mira Szaszy raised the matter in a paper written for the Commission:

> 'That the principles can be separated from the symbols that give them life is not accepted in Maori thought. Seemingly, such decisions can only have emanated from a monocultural source. It is not a Maori practice to direct life into its component parts. The statement that the Treaty 'speaks' infers a living organism with a life force of its own — indivisible, and holistic. This life force exists not by its principles alone, but also through its word (spirit) and its accruing mana.'

It is a useful point which cautions against applying principles in isolation, either from the Treaty itself or from other identified and agreed upon principles.

4.1.3 *Determination*

Not unexpectedly, the manner in which principles are distilled and given official or popular approval has received considerable comment. Given the difficulties mentioned in the earlier sections on the Authority and the Provisions of the Treaty, any definition of principles should endeavour to reflect a blending of wisdom from both treaty partners, and be able to accommodate their varying viewpoints derived from textual, historical and current perspectives.

This report does not seek to compile a definite list of Treaty principles, rather the focus will be on three principles — partnership, protection, participation — crucial to an understanding of social policy and upon which the Treaty of Waitangi impacts.

4.2 Partnership

A theme evident throughout the Royal Commission's findings is partnership. It has many contexts and implications and appears to the Commission to be one underlying thread which can draw together the loosely woven fabric of social values and practices.

4.2.1 *Within the Treaty*

It is also a common theme around which the Treaty of Waitangi is discussed.

The Provincial Public and Social Affairs Committee of the Anglican Church (submission 3795) described the position reached by the Church after examining its own performance in the light of the Treaty provisions:

> 'The Church has also over recent years subjected itself to critical examination on its responsibilities towards its Maori members. This has resulted in many new developments, notably the setting up of the Bishopric of Aotearoa in its own right. Since in its own early days it was itself involved in the signing of the Treaty of Waitangi, the Church has felt it incumbent to examine its own performance in the light of the Treaty provisions.
>
> We now have a Bicultural Commission studying ways and means of working in partnership, Maori and Pakeha. Some interesting developments have included a close scrutiny of various lands and trusts and appropriate follow-up action. Currently, the Church is examining its own canons and constitution to see how these measure up to taha Maori.
>
> Serious commitment to this cause has led to the requirement that all candidates for ordination study both taha Maori and te reo Maori. Those already ordained have been enjoined to monitor their own practice and performance to include these and it has been decided that all future bishops must be bicultural. The Anglican Church, not alone in this regard among the churches in New Zealand, has taken on board as a matter of policy that it should reflect the different cultural and racial characteristics of our society. Our liturgies ought to reflect this also. The new Prayer Book with its substantial inclusion of Maori texts and forms of worship embodies the Church's present attitude towards the partnership expressed in the Treaty. The Commission can have every expectation of our support in any approach to a full and fair enactment of the provisions of the Treaty of Waitangi. That approach will involve real sacrifice, but the making of that sacrifice will reap benefits for all.'

Te Kawariki based their submission (3409) on the Treaty of Waitangi. Noting the significance of land, forests and fisheries to Maori economic systems, they concluded:

> 'When the British treated with the Maori Nation, the basis for the Treaty was control and authority over these three resources. The Maori understanding of the Treaty at the time was in the context of already holding over 95% of the resources and maintaining a huge majority in population.
>
> *The Treaty was seen as a partnership* NOT as a transfer of authority. A partnership between two Nations, where the Maori looked after the Maori and our possessions and the Pakeha attempted to quell the unruly elements of their people living in Aotearoa.'

In short, it provided for settled government in New Zealand. Partnership applies at several levels. The focus can be on who the partners are now, the way in which they relate, or the arrangements under which the partnership might flourish.

4.2.2 *Defining the Partners*

If the Treaty partners were clearly identifiable in 1840, they are much less distinctive in 1988.

Over 500 chiefs committed their tribes to the Treaty's provisions. Not every tribe was represented, however, nor did all the signatories have the total support of their people. Consultations had been hasty and there had been insufficient time to conduct serious discussions in all parts of the country. Indeed the declaration of British sovereignty in 1840 in respect of the South Island was based on discovery before Maori chiefs signed the Treaty. Other tribes were opposed to the Treaty fearing loss of authority and control but the absence of a tribal signature did not always mean opposition to the Treaty. Indeed when the Kohimarama Conference was called to discuss the Treaty in 1860, it was attended by many tribes who twenty years earlier had expressed some reservation. Even by then they had come to regard themselves as implicated.

4.2.3 *Maori Partner*

The Commission accepts the view that all Maori people are party to Waitangi both as individuals and members of tribes and tribal confederations. While for many years census definitions of Maori distinguished between Maori and part-Maori, by 1974 it was possible for those of Maori descent to declare themselves Maori if they wished, without regard for their mixed ancestry. Few official forms retain a part-Maori category.

The Maori partner then is all Maori as represented by all tribes and all individual Maori. Article 3 contains the clearest expression of concern for individuals while in Article 2 much stronger emphasis is placed on tribes and sub-tribes. In matters involving a particular tribal interest, clearly that tribe is the Maori partner.

It is less clear who represents Maori people in negotiations on matters of national importance. There are several national bodies, including the Maori Women's Welfare League and the Federation of Maori Authorities, which have made particular representations on behalf of their members and the New Zealand Maori Council operating under legislative and resource restrictions has addressed some major issues affecting all Maori people, though without an explicit tribal mandate or the facility for speedy consultation with its entire constituency.

An iniquitous situation exists when there is not a well resourced federating body able to deliberate on behalf of all Maori and respond promptly when required. Its absence contributes to the often unsatisfactory practice of appointing particular advisors to speak as it were on behalf of all Maori.

4.2.4 *The Crown*

The other signatory to the Treaty in 1840 was William Hobson representing, through the British Crown, Queen Victoria. The authority of the Crown in New Zealand was often unwelcome to European settlers but in 1852 a British statute, The New Zealand Constitution Act, enabled the young colony to establish some form of local government, signalling the start of a progressive transfer of authority from the British Crown to the New Zealand administration. It was a source of dismay to some of the Maori partners that the solemn pact made with the British could be delegated, without consultation, to a new body motivated by different interests and priorities. In effect, the other partner had become the New Zealand Government, representing all settlers and, ironically, Maori people as well.

The functions and size of government have not been static. Earlier accretions have been followed by recent subtractions: the State Owned Enterprises and moves towards devolution. It is not well established whether local bodies operating under statute and receiving public funds are to be regarded as the Crown.

On behalf of Nga Kaiwhakapumau i-te-Reo, Alex Frame argued at a Waitangi Tribunal hearing that the Crown's identity was not confined to government departments but extended to state agencies, those organisations

appointed to carry out government purposes and possibly those which carried out 'traditional provinces of the government'.

The Auckland City Council submission (4653) to the Commission considered:

> 'It would be inappropriate to ask or to allow individual local authorities to interpret the Treaty's provisions. To do so would lead to further confusion in an already complex situation, and could in some cases lead to injustices. This obviously is not the intention of the proposed amendment to the Act.
>
> The Treaty is between the Crown and the Maori people. Where there is disagreement in the interpretation of its provisions this should be decided through the proper legal process. It is then for the Crown to advise the local authorities as to the means by which town planning is to recognise the Treaty of Waitangi and to initiate changes to the Town and Country Planning Act as may be necessary.'

The Wellington City Council (in the Territorial Local Government Council submission 4843) anticipated a more active role for local authorities:

> 'The policies of central government must be directed towards establishing a bicultural society with particular recognition of the values of Maori people. There is a strengthening commitment to the social and economic contract embodied in the Treaty of Waitangi. This commitment needs to be embodied in legislation, covering all aspects and levels of government.
>
> It would be fair to say that, although some local authorities are unwilling to examine the implications of the Treaty of Waitangi, and possible consequent changes to their policies and practices, most are unsure how to proceed.
>
> There is already a legislative mandate for local government to acknowledge its responsibilities to the tangata whenua, through the honouring of obligations under the Town and Country Planning Act (Section 3(1)(g)). The Maori Language Bill (1986), which declares Maori to be an official language of this country, will ultimately affect local government. Also, the establishment of the Waitangi Tribunal and its wide-ranging authority and jurisdiction will have implications for local government with regards to land and water rights (ownership, control and use). Their cultural and spiritual significance, and not just their economic functions, will undoubtedly have to be incorporated into local government policy.'

The Department of Health, in a memorandum to Hospital Boards, Area Health Boards and Health Department Units (1986) pointed out the implications of the Treaty for health and recommended that Boards integrate the Treaty's principles into the health services.

The Commission agrees that the distinction between the responsibilities of central and local government is important. For matters of interest to particular regions, however, the obvious partners in any

negotiation are the relevant local body and the local tribal representatives.

4.2.5 *Immigrants*

The status of more recent immigrants in relationship to the Treaty of Waitangi has also been raised with the Commission. In both Auckland and Wellington for example, the respective Ethnic Councils expressed some disquiet about 'biculturalism' when 'multiculturalism is already a reality' (2645). Other submissions, including those from some government departments contended that it was a matter of progression and that the initial development of a bicultural New Zealand could provide a model for a later emphasis on multicultural pursuits. The strong cultural link between Maori people and Pacific Islanders, was often used as the rationale for creating single departments or positions to serve their joint needs (Maori and Pacific Island Affairs). Both Maori and Pacific Islanders are critical of that trend when their respective situations are vastly different.

Some helpful guidelines in this debate are in fact provided by the Treaty. Even in 1840 there was no contraindication to the entry of settlers from diverse cultures and, indeed, the British Crown clearly represented many ethnicities including those of Welsh, English, Irish and Scottish descent and other non-British settlers already in the country. The multicultural nature of New Zealand is not new and the Treaty, in providing for a partnership between Maori people and the Crown, did not prevent the Crown from addressing the cultural needs of those within its mandate.

Quite another aspect to this debate has been the manner in which subsequent immigration policies have been made, with neither minimal consultation between the principal partners, nor any clear statement to prospective immigrants about the implications of the Treaty for them when they arrive in New Zealand or later when citizenship is conferred. Similar shortcomings are mirrored in all areas of social policy.

4.2.6 *Individuals*

Many other groups making submissions to the Commission, including the major Churches, considered that the partners to the Treaty were in fact all Maori people and all other New Zealanders, and that the spirit of partnership must operate at an individual level if it is to have any real meaning.

The Commission supports the notion of personal commitment to partnership, but does not agree that the goodwill of individuals can replace the responsibilities which attend the state and its agencies on the one hand, and Maori authorities representing tribal members on the other. Furthermore, the development of efficient and effective social policies will require increased opportunities for these partners to meet, not only to consider misunderstandings of the past, but also to review current arrangements and to plan for the future.

4.2.7 *The Nature of Partnership*

A belief that social policies should reflect partnerships of many types is widely held by New Zealanders. There has been strong reaction to structures that assign decision-making to elite groups or particular hierarchical levels since all sections of the community are seen as having views that should be valued. Although the formula for effective partnership (local–central; private–public; employer–employee; voluntary–statutory) is elusive, many of its elements have been identified.

During the 1988 Waitangi Day celebrations at Okains Bay, the Governor-General, Sir Paul Reeves, extended the meaning of partnership: 'The Treaty is pushing us towards a partnership and a social contract which is distinctively ours. We look for a just society where all people would be able to recognise their own worth, have a sense of their own power and own a skill.'

The Court of Appeal in the New Zealand Maori Council, State Owned Enterprises case (1987) gave a context for partnership, at least as it pertained to that case, by the use of such terms as the utmost good faith ('which is the characteristic obligation of partnerships'), mutual trust and honour.

The New Zealand Maori Council has recognised structural aspects of partnership, the sharing of power and decision-making being two basic cornerstones; while the Tuwharetoa Trust Board (3046) has analysed partnership according to the ideals of mutual respect (for property, beliefs, customs, values), good faith and a reasonable manner in the conduct of affairs of mutual concern.

The Wellington City Council sees the Treaty of Waitangi 'as a contract between Maori and Pakeha and as such sets the basis for relationships between the two races. It provides the framework for a partnership on equal terms, between the tangata whenua and tauiwi.'

4.2.8 *Limitations*

Limiting the application of partnership to particular matters only, is raised by the Treasury when it describes the Treaty as a special

and unique partnership 'but only in respect of areas actually covered by the Treaty' with no special claim for partnership or power-sharing 'where the Treaty is silent, as in respect of employment, incomes and economic development'. In an earlier section (Provisions under the Treaty) the Commission did not agree that these could be discounted as areas of silence but it does seem reasonable to expect that partnership will be more appropriate to some situations than to others. Participants at the Commission's Wellington seminar (January 20, 1988) were keen that the Commissioners recognise the relationship of partnership to other principles and that it not be used, for example, to diminish the guarantees of 'full, exclusive and undisturbed possession' promised in Article 2. In their view, partnership was more readily applied to Articles 1 and 3.

4.2.9 *Opportunities*

New Zealand has had but limited success in fostering opportunities for partnership. The Commission heard that many local and national policies had been ineffective because of a failure to share ideas and expertise in a genuine way, to the detriment of all New Zealanders. Often mechanisms for the expression of partnership were lacking or extremely difficult to operate. Some local bodies had tried unsuccessfully to establish contact with a Maori partner; some Maori authorities had been overwhelmed by demands for consultation; a lack of readiness and of resources prevented some partners from taking a responsible role while an unwillingness to share power had not infrequently created an illusory partnership.

4.2.10 *Examples*

Disappointments should not cloud future prospects nor distract from the many admirable examples of partnership which do exist in various parts of the country.

Partnership within a government department was demonstrated during a Commission hearing at the Araiteuru Marae, Dunedin. The two representatives from the Ministry of Womens' Affairs presented both Maori and Pakeha views in their submission and in describing the relationship of Te Ohu Whakatipu, the Maori Womens' Secretariat, to the Ministry as a whole, made the point that differing perspectives required different mechanisms, opportunities and skills.

Partnership between a tribal authority and two government departments was welcomed by the Raukawa Trustees. The Mana Enterprises Scheme (Labour Department model) was described with enthusiasm and a Housing Corporation model, with its congruent service boundaries, involvement of

tribal representatives on a policy committee and community inclusion in staff selection was hailed as a major step towards recognition of the spirit of the Treaty of Waitangi.

Alternatives to partnership were proposed at Commission hearings. They led either to entrenched separatism, or to assimilation and homogeneity. While some arguments were well considered, the Commission was not impressed by them and is strongly of the opinion that fairness, equality and justice will be best addressed when partnership is vigorously pursued at all levels with recognition of differing values and perspectives and an acknowledgement of the other partner's prerogatives. This point was given some emphasis in the State Owned Enterprises case.

4.3 Protection

A just society is one which protects its members, including those who through no fault of their own are not able to protect their own interests or exercise their own rights and obligations. The degree of protection offered by the state as well as its quality, remains a matter for debate and discussion. Protection is sometimes seen as unwarranted intervention, sometimes as care and solicitude. It may become an imposition on individual freedom but equally, an enabling measure which helps individuals and groups participate fully in society.

4.3.1 *In the Treaty*

Protection is a theme not without relevance to the Treaty of Waitangi. In the preamble specific reference is made to the protection of 'just rights and property' (English version) and in the Maori version the protection of 'chiefs and subtribes' and the preservation of 'their Chieftainship and their lands'. The second article (Maori version) similarly 'agrees to protect the chiefs, the subtribes and all the people of New Zealand in the unqualified exercise of their Chieftainship over their lands, villages and all their treasures'.

The third article notes 'Royal protection to the Natives of New Zealand'.

Prior to 1840, the British Resident, James Busby, was concerned about Maori wellbeing (Orange, *The Treaty of Waitangi,* 1987) and in 1837 authored a report which was sent to the Colonial Office. He proposed a British protectorate and went on to describe the 'miserable condition' of the Maori people, 'especially their high

mortality rate'. He placed some of the blame on the total European impact and concluded that the Maori therefore had 'some claim of justice upon the protection of the British Government'.

Whether or not this was taken seriously, responsibility for protection is implicit in the Treaty and can be considered at three levels. There is an expectation that the state will protect certain Maori interests; there is an onus on the Chiefs to protect the well-being of the families and individuals belonging to their tribes, and to uphold the law; and there is the solemn undertaking that all signatories will protect the honour of the Treaty.

4.3.2 *Obligations of the Crown*

The obligations of the Crown under the Treaty have formed the basis for many claims lodged with the Waitangi Tribunal. They relate mainly to the failure to protect lands, forests and fisheries and to respect 'chiefly authority' promised in Article 2. Preliminary findings in the Muriwhenua claim (1987) illustrate the need to recognise cultural meanings of ownership and to respect them. In relation to the Crown and its responsibilities, the Tribunal says:

> It is not that the Crown had the right to licence a traditional user, but rather that the Crown had to acquire a right of commercial user by the general public. There was no difference between that and the land. If the Crown wished to develop it in a commercial way, it had to buy the right to do so, it had to negotiate. It is not therefore that the Crown must merely consult when one refers to property rights, it is rather that the Crown must negotiate for a right.

In earlier reports (*Te Ati Awa*, 1983; *Manukau*, 1985) the Tribunal found that the Treaty obliges the Crown to protect Maori people in the use of their fishing grounds to the fullest extent practicable, and to protect them especially from the consequences of the settlement and development of the land. It also identified two levels of protection (1) the physical protection of the fishing grounds from abuse and deterioration as a result of pollution or destruction; (2) the authority of the Maori people to the use and control of their fishing grounds in accordance with their own traditional culture and customs and any necessary extensions of them.

It found that the failure of the Crown to provide protection against various encroachments on tribal enjoyment of its lands and fisheries was contrary to the principles of the Treaty.

The thrust of the latter argument is that because the Crown has failed to actively protect the economic and social base by ensuring that each tribe maintained an endowment sufficient for its foreseen

needs, it has been negligent and has a duty to make compensation. This line of reasoning is discussed in the Treasury document, *Government Management* (Vol. 1, 1987) and its implications are reviewed with a recommendation that 'consideration should be given to a possible policy to strengthen the land base of the various tribes as recommended by the Waitangi Tribunal'.

The Commission agrees that solutions to these claims need to be found urgently if disparities in social wellbeing are to be seriously addressed.

4.3.3 *Waitangi Tribunal*

However, the Commission is also aware of the heavy demands on the Waitangi Tribunal and the frustrations engendered when expectations are not met: claimants are disadvantaged by prolonged delays; statutory and other authorities have often failed to act on the Tribunal's recommendations; some claimants have not obtained the full benefits recommended in findings which supported their claims.

The need for the Tribunal to continue its work expeditiously requires attention to three considerations. Resources available to the Tribunal should match the magnitude of its task; the status of the Tribunal and its Chairperson should be raised in recognition of the vital role they play in New Zealand's development; and the Government should ensure that the findings of the Tribunal are given effect, not only in respect of Crown lands transferred to State Owned Enterprises, but across the range of recommendations.

4.3.4 *Social Values*

Except for language, the Crown's responsibility under the Treaty to protect human and cultural resources has not been legally determined. The Treaty, however, does acknowledge Maori social organisation and, at least in the Maori version, there is an undertaking to protect Maori administration and leadership. Many instances were related to the Commission in which the demise of tribal social structures had been followed by widespread social turmoil with disastrous consequences for families and individuals. The availability of other systems has not always been a satisfactory or constructive substitute and that was a point developed at length in the Department of Social Welfare Report, (Puao-te-ata-tu, 1986).

4.3.5 *Tribal Structures*

The Commission does not believe that social policies can achieve useful objectives by addressing only the needs of individuals or even households. A wider society which makes sense to its members is vital to wellbeing; and the strengthening of tribal structures is a priority deserving the widest support.

Tribal development has not received the encouragement that was intended in Article 2 and there needs to be a vigorous and positive response from the many agencies of state concerned with the development and welfare of families and children. In this respect there are parallels between the duty to actively protect land (and other physical) interests, and those interests upon which social relationships are based.

Tribal affiliation has been seriously eroded by various means, including legislation, to the point that many Maori, particularly in urban areas, have little contact with a tribal authority and, while seeing themselves as Maori, may be less enthusiastic about accepting a strong tribal identity. Some submissions have in fact regarded that alienation as a major contributing factor to a variety of current social ills confronting Maori youth.

4.3.6 *Treasures*

Other cultural treasures requiring protection have been identified.

Waireti Norman, at the Hato Petera hearing spoke to that point:

> 'The Treaty of Waitangi must be given recognition in all legislation which deals with Maori taonga. The Town and Country Planning Act, Fisheries Act, and the Water and Soil Conservation Act are three pieces of legislation into which the principles of the Treaty should be incorporated.'

At the Waipatu marae, reference was made to the Antiquities Act and its failure to protect 'Maori taonga taken out of New Zealand' (submission from Kaikapo Rangihaeata).

We pause to note that rather than pursue a narrow focus on contextual language used in the two texts in 1840, in speaking of principles in 1988, 'taonga' must be accorded the wider meaning of 'precious possessions'.

The National Library submission (3401) identified similar issues:

> 'The principles of the Treaty of Waitangi which relate to taonga present a particular challenge for the library and questions of repatriation of the taonga in the Turnbull collections have already been raised.
>
> Identification and classification of these by the Library in consultation with the Maori people is high priority.

> The library in seeking to foster biculturalism and to improve its responsiveness to Maori needs is committed to a programme of marae-based courses for staff, and has identified the need for Maori staff at all levels of the organisation.'

The list has grown and will continue to grow as items previously taken for granted become less and less abundant, even scarce, and the drive for commercial development threatens the few remaining areas of unspoiled environment. The Waitangi Tribunal (State Owned Enterprises) Bill (1987) allows for the protection of sacred sites on land owned by the Crown but comprehensive cover is not provided for in all legislation.

Having exhausted other avenues, Ngati Te Ata believe that their situation 'warrants a Royal Commission of Investigation into the mining operations on the Maioro block', an area of some 3,000 acres, most of which they regard as a sacred site.

4.3.7 *Artefacts*

The guardianship of historic items crafted from greenstone, flax or wood has caused some anxiety. Museums and other galleries, in preserving the material life of prized artefacts, have not regularly sought to establish the links that exist between the descendants of the craftsmen and the article itself, yet such links contribute in a very positive manner to the standing of families and even major tribal confederations. The challenge is to blend the advanced technologies of curatorship and preservation with the concept of continuity between all forms of life over an indefinite span of time.

4.3.8 *Obligations on Maori*

Maori people also have 'obligations to protect' under the Treaty. In giving their loyalty to the Crown and accepting the right of the Government to govern, they likewise accepted implicit responsibilities to protect the authority of the Crown and to uphold its laws.

The record of the 28th Maori Battalion attests to the seriousness with which that obligation was taken, as do the moving displays of loyalty to visiting members of the Royal family, Governors General and other representatives of the state. While criticism of the law and Court procedures abound and were certainly the subject of numerous submissions by Maori people to the Commission, contempt for the judiciary or Parliament was rare. Instead such reforms as were suggested were carefully conceived within the framework of the law.

The Commission believes that the obligation to protect the law and the dignity of the Crown is a responsibility which most Maori people genuinely accept and aspire to.

4.3.9 *Tribal Protection*

Protection of the tribe by its own leaders is another obligation implied in Article 2 of the Treaty. Certainly, at all of the marae hearings, tribal leaders expressed a strong commitment to exercise the trusteeships for their people in the context of tribal development, and Kohanga Reo, Matua Whangai, Maori Access and Mana Enterprises were seen as opportunities to extend those obligations. The management of lands, forests and fisheries and tribal restructuring proposals were similarly discussed as avenues for improving social and economic bases in order to advance the wellbeing of tribal members and the tribe as a whole.

The Commission encountered enthusiasm for programmes which allowed protective and caring policies to be managed by communities themselves, and agree that inevitably the obligations on Maori people are such that they must be seen as the trustees and guardians for their own people.

That issue has been highlighted by discussion on the proposed Childrens and Young Persons Bill which, in initial draft, showed neither evidence of extensive Maori consultation nor the inclusion of values known to be conducive to the wellbeing of Maori children and their families. Legislation involving the rights of children should not diminish tribal responsibilities and should reflect concepts of interdependence, group as well as individual identity, and both group and individual rights and responsibility. Additionally, the responsibility of any custodian should extend to a respect for the cultural heritage of the child and an obligation to enrich and develop it.

4.3.10 *Protection of the Treaty*

A further aspect of protection involves the Treaty itself. Both parties have obligations to ensure its vitality and its continued application to the nation's development.

Sir James Henare has often recounted the advice he received from his forebears that the Treaty should be discussed at every opportunity so that it did not lose the prominence it deserved. Mindful of that requirement, marae speakers throughout the country became champions for its survival.

While the strategy was a necessary one with a considerable degree of success, it has also been a reminder of the differences in importance attached to the Treaty by each partner. It is only in relatively recent times that church, community and political interests have been sufficiently moved to seek greater commitment to the Treaty from all New Zealanders. Events over the past twelve months have demonstrated that the Courts, given the appropriate legislation, are able to protect the Treaty and its intent. So too can Parliament choose to recognise its validity by ensuring its inclusion in statute form. In a little over ten years, the Waitangi Tribunal has emerged as a protector, not only of Maori interests, but of the Treaty and its principles, to the extent that when its findings, and those of other bodies, are taken into account it could be concluded that the place of the Treaty is now secure.

4.3.11 *Proactive Provisions*

The Commission is not so confident. Serious consideration needs to be given to the spirit of anticipation so evident when the Treaty was signed in 1840; then it was a prescriptive document, a guideline for future relationships, and the development of new social and economic patterns.

For the most part, determinations relating to the Treaty in Courts of law and in hearings of the Waitangi Tribunal, have addressed past grievances and alleged breaches. Many more complaints detailing historical failings and injustices are likely to be heard and, as noted earlier in this section, the facilities and resources of the Justice Department will be severely tested. There is a real danger that the proactive provisions of the Treaty will be insufficiently recognised unless other measures are introduced to complement the mechanisms already in place for dealing with past grievances.

4.3.12 *Treaty of Waitangi Commission*

Without wishing to detract from the efforts of the Government to provide for the Treaty in proposed legislation, the Commission nonetheless recommends that a Treaty of Waitangi Commission be established and that its terms of reference give emphasis to the application of the Treaty to New Zealand's current and future development. We are aware of the broad and far-reaching roles of the Law Commission, the Human Rights Commission, the Race Relations Conciliator, the New Zealand Planning Council and the Waitangi Tribunal but do not consider that those bodies, given

their current structures and priorities, will be able to give consistent attention to the implications of the Treaty to the full range of social and economic policies. Until such time as there are constitutional guarantees, the proposed Treaty of Waitangi Commission would be able to provide a necessary audit function to ensure a systematic review of existing and proposed legislation, Crown policies, and the philosophies and practices of state agencies, from the perspective of the Treaty; and it should stand sufficiently apart from government to have its own sense of autonomy. The further consideration and development of this proposal should be in accordance with the principle of partnership involving tribal authorities, federating Maori organisations and the Crown.

4.4 Participation

Social policies are concerned with the way in which people participate in the range of communal and social activities including decision-making, access to social provisions and their subsequent outcomes, planning, responsibility for others and sharing in the country's resources and wealth.

4.4.1 *Maori Position*

Maori participation in New Zealand society is under-developed. Markedly lower standards of health, education, housing, employment and all other aspects of social and economic wellbeing are well documented and are further discussed in other chapters of the Commission's report. Supporting data is also contained in the statistical review in the Compendium, but the Commission frequently heard in much more graphic terms how such disparities affect people and the chances for their children. Submissions also raised the relationship of the Treaty to possibilities for more positive and determined Maori participation.

The Auckland Regional Authority submission (4558) discussed its relationship with Maori people:

> 'Whilst the Authority is making some progress in its relationship with tangata whenua this has not been without a certain amount of pain and misunderstandings on both sides.
>
> The Authority has liaised closely with Maori development agencies in the Region: Huakina Development Trust, Ngati Paoa Development Trust. These types of agencies are seen to be important in promoting Maori economic, social and cultural development and receive recognition and support from the ARA. In the urban situation, the Authority has

attempted to assist where possible through the promotion of employment programmes and planning assistance and support for the establishment of urban marae. It is recognised that the issues facing the urban Maori are not identical with those facing tangata whenua. It is of concern that the Maori is more likely to be unemployed, imprisoned, poorly trained, have poorer health and housing than the Europeans in the Region.

Alternative Maori structures need to be set up to administer the delivery systems of the welfare state. The recently established approach of distributing Maori resources for employment, training and enterprise promotion through tribal and urban employment authorities should be extended to other forms of social policy (health promotion, housing, community education, etc.). It is essential that Maori organisations receive adequate resources so that they can become skilled in administering social policy. Resources are needed for back-up administration, research, hui and for the employment of skilled staff so that Maori delivery systems can be effective and sustainable.

Over the past few years, the Treaty of Waitangi has come to be recognised as a basic agreement affecting environmental policy. It is a principle of the 1986 Environment Act. The challenge now is how the provisions of the Treaty are to be used to develop social policy. In the past, the Maori people have not benefited sufficiently from the prevailing system of social administration. The principle of "partnership" inherent in the Treaty should now be translated into the social policy field and begin to redress the imbalance.'

It has been suggested that the Treaty was an interim agreement which would facilitate British settlement in New Zealand and eventually incorporate Maori people into the new patterns of living. Speculation such as that has its own limitations but the history of New Zealand does contain many examples of policies which presumed that Maori participation in New Zealand would be more equitable and fruitful if it were on the same basis as for all other citizens. It was a view also shared by some prominent Maori leaders who, in advocating the advantages of western lifestyles, paid less attention to earlier Maori systems or to the close relationships between social, economic and cultural wellbeing. The lessons learned from those policies are salutary. Far from achieving success and equality in the new lifestyles, Maori participation became characterised by low attainment and achievement, with parallel low levels of participation in Maori society and its institutions. The losses sustained in the move away from Maori social and economic systems were infrequently compensated by the promise of a better life or greater opportunities for children and grandchildren.

4.4.2 *Maori Autonomy*

The Treaty of Waitangi does not prescribe the type of society that settlers could establish for themselves. It is more explicit about Maori societal norms and relies on Maori social structures.

A re-examination of some of those structures has been undertaken by Maori communities over the past two decades and Maori submissions to the Commission have stressed the positive aspects of traditional values, many of which were suppressed in favour of other ideals contained in policies that had not considered cultural matters. From these submissions emerges the strong assertion that Maori participation in New Zealand will be more effective and equitable if it can move towards the degree of independence and self-determination implied in Article 2.

Maori autonomy and Maori sovereignty are terms applied to the notion that social and economic policies for Maori should be determined by Maori people, in accord with their own values, systems and due resources but within the overall framework of a unified New Zealand.

At least twelve tribal authorities, and as many other Maori authorities, outlined plans for a strengthening of systems more relevant to the wellbeing of Maori people.

Koro Dewes (Rahui Marae, Tikitiki (3347)) summarised it this way:

> 'The Treaty of Waitangi provides a basis upon which authority, control and self-determination might be negotiated. The Te Runanga O Ngati Porou is a mechanism for ensuring self-determination and partnership.
>
> The distinction needs to be drawn between Mana Rangatiratanga and Mana Whakahaere.
>
> Ngati Porou have never lost Mana Rangatiratanga but would like to have Mana Whakahaere restored, i.e. a return of power and an ability to control their own resources.
>
> Ngati Porou is a distinct group. It has its own tribal boundaries, often at variance with the boundaries of local bodies, the district Maori Councils and the churches. There is cohesion at the Iwi level (kotahitanga) and considerable diversity at hapu and whanau levels.'

Dan Te Kanawa of Te Kuiti described the three dimensions by which Ngati Maniapoto hope to achieve greater autonomy and self-sufficiency: a charitable trust to protect and facilitate cultural growth; a statutory tribal authority to address social considerations; and a tribal resource company to accelerate economic development.

4.4.3 *Devolution*

While Maori support for greater autonomy is strong, there is less agreement about timing and considerable concern has been expressed that Maori enthusiasm for tribal management and self-determination will be used as a reason for hasty devolution of various government activities without adequate planning or resourcing.

Rev. Maori Marsden provided the Commission with a well developed proposal ('The principle of Evolution not Devolution'; submission 3798) which recommended a gradual transfer of some of the functions of the Department of Maori Affairs, but only after other structures had been established so that the links between tribal authorities and central government could be retained. He suggested that a redesigned Maori Affairs Department, more in line with Maori concepts, objectives and control, would be better equipped to service regional Maori bodies.

His comments highlight two issues. Tribes are not isolated either from other tribes and their members or from other sections of the community and tribal autonomy will not eliminate the need for a central government function and ongoing partnership. The concern about resources, material and human, is also a very real one, and careful planning over a longer (rather than shorter) period of time will be necessary to ensure the full development of structures necessary for successful outcomes. Some tribes would have little difficulty accepting devolved functions even at this stage; others could be disadvantaged by immediate transfers and expectations. The need for flexibility and a recognition of differing tribal positions is an essential requirement for successful devolution programmes.

A submission from Sir Graham Latimer (5826) discussed devolution and introduced a further cautionary note:

> 'Waitangi Tribunal decisions, some Government legislation and some court decisions have given grounds for hope. The speed with which the devolution policy is being carried out is, however, causing real fear that the main gains will be lost. The Government is giving the impression that it wants to get rid of an awkward and embarrassing political and social problem rather than provide a long-term solution. . . . New Maori regional authorities must be formed and given the training and resources needed to carry out their vital functions — in the same way as other State agencies are supported. An investigation must be made of the ways these agencies can be linked with the new regional authorities being set up as part of the re-organisation of local government. We must be a full part of such authorities, not separate. . . .'

It is apparent to the Commission that devolution should be discussed in the widest context with consideration of several related issues: the projections, aims and objectives of Maori authorities; the overall objectives of devolution including political motivation; the appropriateness and readiness of central and local government to work in a partnership; the economic position of tribes, including expected settlements arising from Treaty of Waitangi claims; the extent to which all Maori people will align themselves with Maori authorities, tribal or otherwise; and the ways in which social and economic policies will be integrated, particularly by central government.

The Commission recognises the potential benefits to Maori people arising from the devolution of some functions currently controlled by government, to tribal and other Maori authorities. Undue haste, however, will preclude adequate planning and create situations where wide-ranging expectations will be frustrated by a lack of physical and human resources and by an insufficient commitment from the state or its agencies for shared responsibilities during the period of implementation and after.

4.4.4 *Maori Representation*

A focus on tribal development has other implications for Maori participation in New Zealand. Maori representation has depended on either election through the democratic process (for example, to a Hospital Board, Education Board, University Council, City Council, Parliament) or appointment by government or other authorities. Submissions did not consider either option appropriate to Maori procedural methods. Of particular concern was the appointment of individual advisors or representatives without prior consultation with Maori authorities. 'Maori input' or 'a Maori voice' lacks credibility and genuine authority if it does not have the active support and approval of the wider group.

Although aware of existing regulations and constitutions, as well as the need for clearer definition of tribal and other Maori authorities, the Commission recognises the prerogative of Maori authorities to determine Maori representation and sees that approach as a further opportunity to extend the quality of Maori participation in the wider community by acknowledging the unique status that tribes have in their own particular areas.

4.4.5 *Liaison and Co-ordination*

Participation is not only about Maori involvement in society, but also the way in which other New Zealanders share in Maori interests. In many submissions, statutory and voluntary agencies, including the major government departments, outlined their efforts to address Maori issues and to establish contact with Maori people. Some had made considerable progress, others were becoming aware of the difficulties.

The report of the Ministerial Advisory Committee on a Maori Perspective for the Department of Social Welfare (Puao-te-ata-tu, 1986) recommended an operational objective for the Department:

To attack and eliminate deprivation and alienation by:

(a) allocating an equitable share of resources;

(b) sharing power and authority over the use of resources;

(c) ensuring legislation which recognises social, cultural and economic values of all cultural groups and especially Maori people;

(d) developing strategies and initiatives which harness the potential of all of its people, and especially Maori people, to advance.

Respect for autonomy and self-determination need not hinder arrangements to ensure co-operation and an exchange of views. Active liaison with formal and informal communication between the respective communities is very much needed in New Zealand today.

Problems will arise and the questions raised in the Department of Social Welfare submission (62) must be faced:

(a) Can a single social policy and organisation be flexible enough to accommodate both Maori and European values?

(b) What aspects of our policies are specifically bicultural and what are appropriate to all cultures?

(c) When should control of resources and policies be a partnership with the department and when should it be fully devolved to Maori or other communities?

Adoption of a bicultural policy has not always resulted in better participation. Sometimes it has led to little more than a superficial rearrangement of procedures and the introduction of some key Maori words and phrases. The intent may not be at fault, rather the opportunities for a more genuine sharing and partnership may not have been able to develop beyond the office door.

Maori authorities have the potential to hasten that process by including, in their strategies and structures, avenues through which Pakeha participation in the Maori community might be appropriately and usefully developed.

5 The Treaty of Waitangi and Social Policy Objectives

5.1 Factors

Social policies should have clear objectives which reflect the 'standards of a fair society' and the 'foundations of our society and economy'. If solutions to Maori issues are to be found by Maori people, policy objectives must take into account the Treaty of Waitangi, the structures necessary for further policy formulation and implementation, the relationship of policies to each other and the flexibility to develop more than one model.

5.2 Maximising Participation

Inclusion of the principles of the Treaty of Waitangi among sets of objectives may well become established practice but that provision alone will not in fact address, in a positive manner, the principles of partnership, protection and participation, important both to social policy and to the Treaty. Debate need not dwell on whether Maori values or delivery systems are appropriate to a particular policy area; more fruitfully objectives should examine the methods by which Maori participation can be maximised and effect given to the Treaty of Waitangi.

5.3 Structures

The effectiveness of social policies will depend to a large extent on the structures in place to design, implement and monitor policy. Partnership is an obvious implication. For reasons discussed earlier,

though, defining and locating the partners may be a mutual problem, less perhaps in those regions where the respective authorities are well established and known to each other than in larger urban settings.

Central government has responded to the challenge in various ways:

(a) advice has been obtained from Maori experts;
(b) formal Maori advisory groups have been integrated into the department;
(c) Maori staff members have become advisors on an ad hoc basis;
(d) a Maori section or unit has been developed within the department;
(e) approaches have been made to national or local Maori organisations though not always in a consistent manner.

Rev. M. Marsden (submission 3798) considers there would be fewer problems and less conflicting advice if there were a Maori Policy Commission, made up of representatives from all tribal groups and able to represent all Maori in dealings with government.

We again draw attention to our earlier comments that a well resourced federating Maori organisation is highly desirable.

5.4 Composition of Authorities

The composition of policy-making bodies is crucial if Maori participation is to be meaningful. Membership of Boards, Councils and Advisory Committees should be shaped by variables such as the number of tribal groups serviced, the proportion of Maori clients, age, gender, community inequalities and diversity of views. Minority representation is not well served by systems which depend on majority decision-making and Maori representation based on pro rata considerations alone is inadequate both in terms of the partnership ideals of the Treaty of Waitangi and the need to reduce inequalities and disparities between Maori and non-Maori.

5.4.1 *Area Health Boards*

Titewhai Harawira (submission 242) saw

> 'an urgent need for the partnership expressed in the Treaty of Waitangi to move beyond words or intention, to the achievement of recognisable goals. Under the partnership expressed in the Treaty of Waitangi it is inappropriate to appoint Maori 'advisors' because this implies the Maori

has a secondary and powerless role in consultation and negotiation. . . . Area Health Boards should have at least 50% of their membership drawn from local tribes and inter-tribal organisations and these appointments not be subject to elections or selection whereby those who receive the majority of votes are appointed.'

A report to the Auckland Hospital Board (Sir Frank Holmes) still under consideration comments on the same matter:

> 'Therefore it is proposed that a Maori Health Council be established to undertake responsibility for matters of Maori health from a Maori perspective with the support of the Auckland Hospital Board. The Council to be constituted by the five Tribal and Regional Maori Authorities in Tamaki-Makau-Rau.
>
> This Committee is unanimously of the view that there should be direct representation of the Maori people on the Board, its Executive Committee, the District Authorities and throughout the committee structure of the new system. More importantly, both the Board's organisations and the Maori Council should encourage regular, open and constructive dialogue, and two-way participation in each other's discussions on health issues of common concern.
>
> The issues of how Maori representatives should be chosen and how many Maori representatives there should be caused us some difficulty. The Maori members originally saw partnership as requiring equal representation of Maori and non-Maori. They were prepared to accept, however, that this view was not yet shared by the general community. They suggested that a realistic means of achieving more equitable representation would be to appoint, on the nomination of the Maori Health Council, five members to the Regional Board and two to each of the District Authorities. The Maori members also expressed a strong preference, shared by some other members of the committee, for all Maori representation to be on the nomination of the Maori Health Council. All members were prepared to accept that such nomination should be the major means of choosing Maori representatives. However, most were not persuaded that our recommendations should depart completely, in the Maori case, from the parliamentary electorates which is at the heart of our proposals, especially as members of the Auckland Regional Authority are chosen from the Northern and Western Maori electorates.
>
> The majority view is that there should be four Maori representatives on the Auckland Regional Health Board, two elected from the Northern and Western Maori electorates, and two nominated by the Maori Health Council. Each of these members, like other members of the Board, would serve on one of the District Authorities (Maori might also stand for general electorates). One of the nominees of the Council would serve on the Board's Executive Committee. In addition, the Maori Health Council would nominate one other member of each of the District Authorities, and would be the nominating agency for

> Maori representation throughout the committee and consultative structures.'

These views are quoted at length to illustrate the complexities and possibilities underlying effective Maori participation in the wider community. The comments about the membership of an Area Health Board will apply in general terms to similar considerations in education, labour, territorial authorities, sporting and recreational groups, unions, churches and other organisations, but especially those operating under statute. They do not, of course, exclude any arrangements for specific participation of Pacific Islanders or other ethnic groups.

The reference to the part that tribal authorities might play in the establishment of an urban Maori Health Council was pertinent. Just as Maori people have status as the indigenous New Zealanders, so too in each area and locality particular tribes have status because of their accepted traditional rights. It is a perspective which cannot be overlooked, even in metropolitan situations.

5.5 Inter-Sectorial Focus

A criticism of social policy objectives is that they are often subject to the views of one particular department with relatively little contribution from others. The improvement of health, for example, should not be seen as the sole responsibility of the health services since it is related also to housing, education and employment. That sectorial approach is a serious disadvantage to the broad thrust of Maori development where social, economic and cultural policies are closely linked. Objectives may appear to conflict if they are viewed only from a narrow perspective.

Iri Tawhiwhirangi, speaking to Commissioners in Wellington, made the point that Kohanga Reo could not be adequately evaluated or understood from the sole perspective of early childhood education. Its objectives were broader and inseparable from the wider issues of tribal development.

Some informal arrangements for interdepartmental liaison and consultation exist, but they have not been comprehensive enough or sufficiently responsive to keep pace with tribal development. The Commission is concerned that the positive initiatives taken by Maori authorities to advance Maori wellbeing are not matched by a central administrative structure able to provide efficient inter-sectorial perspectives and support. It is a shortcoming addressed in those

submissions which proposed a Ministry of Social Policy and a Maori Policy Commission.

Both themes attempt to draw together the threads of policy so that a co-ordinated approach from central government might parallel the broad and integrated style characterising tribal and community operations. Other directions might also be considered, including more vigorous efforts to ensure that departmental views are broadened by the introduction of a Maori partner, approved by the Maori community, at senior policy and management levels. That could be more applicable to some departments than to others, but it is particularly relevant to departments with control functions where the spirit of partnership is essential to the balancing of economic, social and cultural policies.

The Commission believes that the country as a whole has been disadvantaged by the absence of consistent Maori participation at senior government levels and considers the problem to be one requiring urgent attention from the Government and Maori people.

5.6 Tribal Delivery Systems

The need for social policy objectives to anticipate provision within a Maori context was often raised with the Commission. In terms of the Treaty, stress was placed on the relationship of Articles 2 and 3: the recognition that 'rights and privileges' could be administered from the domain of tribal authorities. Increasing lack of confidence in other systems and the poor outcomes associated with them, have convinced many tribal authorities that the advancement of the economic and social status of Maori people requires active Maori participation drawing on Maori concepts, social structures and expertise.

5.6.1 *Tribal Courts*

In Kaikohe, Huakapa Te Whata (557) raised the question of tribal courts, contending that existing court arrangements were not able to deal fairly with Maori clients.

Elders from Te Arawa, Whakatohea and Tauranga Moana framed a similar joint submission for the Commission:

> 'Judicial processes have failed Maori as the courts are based on English attitudes and perspectives. Legal situations involving children should be dealt with under the jurisdiction of the Maori Land Court according to

the wishes and values of the tribal authority; and appropriate resources should be made available.'

Tribal courts were further explained in the Wellington Maori Legal Service submission. They described a Court system that called on government and tribal resources, the latter appointing mediators to assist the people (families, sub-tribes) in the resolution of disputes and problems and the imposition of penalties. The jurisdiction of the Courts would be over tribal members (wishing to opt for the tribal system) charged under the Summary Offences Act 1981, Transport Act 1962, Crimes Act 1961, Criminal Justice Act 1985 (for breaches of probation, periodic detention and community service); disputes dealt with by the Family Court (except matrimonial property disputes); children and young people; matters relating to land held by members of the tribe.

Tribal Courts are one example of a desire to shift the delivery of social provisions to a culturally congruent base where integration of various policies is more likely to occur. Similar moves have already commenced in education, health and labour.

5.7 Tribal Authority

The Commission recognises that policies in the past have been restricted by narrow cultural perspectives and departmental isolation. Where positive Maori development is an objective, then tribal systems offer considerable scope. They represent an option which will require the obvious transfer of sufficient resources, the growth of new methods of accountability and a clear devolution of decision-making.

6 Summary of Conclusions

6.1 A Legacy for Tomorrow

New Zealand society has steadily evolved from centuries of human occupation in a well-endowed bountiful country, reflected in 1988 by its peoples of many backgrounds, attitudes, lifestyles and aspirations. Change is part of that scene, but in a world of rapidly advancing technology and new ideals, many New Zealanders experience the discomfort of uncertainty and equally, the excitement of discovery.

Similar moods must have been present in 1840 when change of a different nature, but of no less impact, was about to occur.

The Treaty of Waitangi too is about change. It looks to the diverse origins and traditions of cultures in contact, and to ways in which new relationships, understandings and arrangements might reduce some of the uncertainties of tomorrow, without removing opportunities for mutual enrichment and a sharing of resources. In clarifying the position of the Maori in New Zealand, it also provides a secure basis for the presence of all other New Zealanders from whatever ethnic origin.

The Commission views the Treaty as a document of fundamental importance both to the history of New Zealand and to the future development of our country and all its people, and recognises it as part of the matrix from which all social and economic policies take form.

The Treaty of Waitangi will not address the sum total of problems confronting New Zealanders, nor will it unfailingly provide answers that can be applied in all situations. In the Commission's view, however, it is a document with wide implications for economic, social, constitutional, cultural and spiritual dimensions.

6.2 Giving Effect to the Treaty

6.2.1 *Constitutional Recognition*

A number of strategies to give constitutional recognition to the Treaty have been identified. They are not mutually exclusive.

(a) Electoral reform with an increase in the number of Maori seats, based on pro rata considerations.

(b) A system of two legislatures with a Senate (equal Maori: non-Maori representation) through which all legislation would pass.

(c) A Bill of Rights in which is entrenched the Treaty of Waitangi.

(d) The inclusion in all legislation of a clause requiring compliance with the principles of the Treaty.

(e) The Treaty itself to become the Constitution: the supreme law for New Zealand.

For its part the Commission is strongly of the opinion that the Treaty in its entirety should be entrenched as a constitutional document and recommends that purposeful and deliberate discussions proceed, in accord with the principle of partnership and with due speed.

6.2.2 *Waitangi Tribunal*

Since 1975, the Waitangi Tribunal has had the onerous task of interpreting and applying the principles of the Treaty. In recognising the importance of an early resolution to long-standing grievances, the Commission is also aware of the heavy demands on the Waitangi Tribunal and the frustrations engendered when expectations are not met. Expedition of the Tribunal's work requires attention to three considerations: resources available to the Tribunal should match the magnitude of its task; the status of the Tribunal and its Chairperson should be raised; and the Government should take an active role to ensure that all the findings of the Tribunal are given effect.

6.2.3 *Treaty of Waitangi Commission*

The Commission recommends that a Treaty of Waitangi Commission be established and that its terms of reference give emphasis to the proactive provisions of the Treaty. We are aware of the broad and far-reaching roles of the Law Commission, the Human Rights Commission, the Race Relations Conciliator and the Waitangi Tribunal but do not consider that those bodies, given their current

structures and priorities, will be able to give consistent attention to the implications of the Treaty for the full range of social and economic policies. Until there are constitutional guarantees, the proposed Treaty of Waitangi Commission would be able to provide a necessary audit function to ensure a systematic review of existing and proposed legislation, and an examination of the policies and practices of state agencies, from the perspective of the Treaty. Further consideration and development of this proposal should recognise the roles of federating Maori organisations and tribal authorities and the principle of partnership.

6.3 Preparation for Partnership

6.3.1 *Inequalities*

Partnership cannot be effective if the partners operate from positions of disparity and inequality. In other sections of this report emphasis will be placed on those inequalities and the need to rectify them so that the full potential of human resources will become available to New Zealand. People remain the greatest wealth and the Commission is concerned at the substantial losses occurring each year as disparities increase in health, income, education, employment opportunities and housing. Resources must be found and new approaches allowed to develop so that the partnership implicit in the Treaty might be realised.

6.3.2 *Awareness of the Treaty*

Responsible citizenship requires that New Zealanders be well informed about the Treaty. It is not a Maori responsibility alone. Indeed it falls equally on all citizens including those whose arrival in the country is relatively recent. The partnership is between Maori people on the one hand and the Crown, representative of all New Zealanders, of whatever culture or origin, on the other.

In this regard the Commission commends the churches, Project Waitangi and other community groups which have initiated educational programmes to inform people about the Treaty, and we see a need for similar programmes to be included in all educational arenas.

6.3.3 *Tribal Development*

The Commission has placed some emphasis on the role that tribal authorities might play in social and economic policy areas. While

that does not lessen the importance attached to individuals and families who choose to emphasise other affiliations in urban or even rural situations, it does recognise the strength that time has given to Maori social structures and their continuing relevance to contemporary New Zealand. Encouragement and endowment will enable those authorities to emerge as effective partners more able to promote positive development and greater self-sufficiency for their people.

Our enthusiasm, however, is tempered by the recognition of the need for clear objectives, adequate planning and resources, and the need to consider the strengthening of tribal groups in a broader framework than simply devolution. Indeed the hasty transfer of government functions without the development of appropriate physical and human resources, and before tribal authorities and agencies of state have considered their future relationships, runs the risk of severe frustration of expectation and a further weakening of the position of Maori people.

6.3.4 *Tribal Functions*

Service delivery within a tribal framework remains under-developed. Its application to legal services, broadcasting, education, health, economic development and labour has been noted by the Commission. So also has the status of the tribe in relationship to other regional bodies, and its prerogative in the guardianship of cultural heritage, including language.

6.3.5 *Federated Body*

There are matters of national importance which will require the joint attention of the Crown and all Maori. The Commission is aware of the limitations and demands placed on those national Maori organisations which do exist, and considers it a matter of some urgency that a well resourced and representative body be established, in line with Maori views and preferences, and able to negotiate confidently on behalf of Maori people.

6.3.6 *Government Development*

The Crown and its agencies also need to give consideration to partnership in the conduct of everyday business. Some models for equitable participation have been outlined in this report but the Commission wishes to reiterate the need for partnership to be real with effective sharing of power and decision-making at all levels, both within the organisation and outside, with other authorities.

Partnership should be particularly relevant to those government agencies with control functions where there is a critical need to balance social and economic policies within cultural contexts.

The sectorial nature of government creates some obstacles for Maori authorities wishing to proceed with broadly based social and economic reform. Reorganisation of central administrative approaches is necessary for more efficient and adequate support of positive programmes for Maori development.

6.4 Forward Together

The Treaty of Waitangi was not about sameness or the introduction of one social order at the expense of the other. By providing for diversity within agreed understandings, a basis was established for co-operation and participation between old and new.

The Commission believes that the Treaty is always speaking and that it has relevance to all economic and social policies. Not only must the past be reviewed in light of its principles, but the Treaty's promise must also be seen as fundamental to those principles which will underlie social wellbeing in years to come.

Its careful application and active protection will enable New Zealanders to move forward together into the twenty-first century.

Appendix I

Treaty of Waitangi: English Version

Her Majesty Victoria Queen of the United Kingdom of Great Britain and Ireland regarding with Her Royal Favour the Native Chiefs and Tribes of New Zealand and anxious to protect their just Rights and Property and to secure to them the enjoyment of Peace and Good order has deemed it necessary in consequence of the great number of Her Majesty's Subjects who have already settled in New Zealand and the rapid extension of Emigration both from Europe and Australia which is still in progress to constitute and appoint a functionary properly authorised to treat with the Aborigines of New Zealand for the recognition of Her Majesty's Sovereign authority over the whole of any part of those islands—Her Majesty therefore being desirous to establish a settled form of Civil Government with a view to avert the evil consequences which must result from the absence of the necessary Laws and Institutions alike to the native population and to Her subjects has been graciously pleased to empower and to authorise me William Hobson a Captain in Her Majesty's Royal Navy Consul and Lieutenant Governor of such parts of New Zealand as may be or herafter shall be ceded to Her Majesty to invite the confederated and independent Chiefs of New Zealand to concur in the following Articles and Conditions.

Article The First

The Chiefs of the Confederation of the United Tribes of New Zealand and the separate and independent Chiefs who have not become members of the Confederation cede to Her Majesty the Queen of England absolutely and without reservation all the rights and powers of Sovereignty which the said Confederation or Individual Chiefs respectively exercise or possess, or may be supposed to exercise or to possess over their respective Territories as the sole Sovereigns thereof.

Article The Second

Her Majesty the Queen of England confirms and guarantees to the Chiefs and Tribes of New Zealand and to the respective families and individuals thereof the full exclusive and undisturbed possession of their Lands and Estates Forests Fisheries and other properties which they may collectively or individually possess so long as it is their wish and desire to retain the same in their possession; but the Chiefs of the United Tribes and the individual Chiefs yield to Her Majesty the exclusive right of Preemption over such lands as the proprietors thereof may be disposed to alienate at such prices as may be agreed upon between the respective Proprietors and persons appointed by Her Majesty to treat with them in that behalf.

Article The Third

In consideration thereof Her Majesty the Queen of England extends to the Natives of New Zealand Her royal protection and imparts to them all the Rights and Privileges of British Subjects.

William Hobson
Lieutenant Governor

Now therefore We the Chiefs of the Confederation of the United Tribes of New Zealand being assembled in Congress at Victoria in Waitangi and We the Separate and Independent Chiefs of New Zealand claiming authority over the Tribes and Territories which are specified after our respective names, having been made fully to understand the Provisions of the foregoing Treaty, accept and enter into the same in the full spirit and meaning thereof: in witness of which we have attached our signatures or marks at the places and the dates respectively specified.

Done at Waitangi this Sixth day of February in the year of Our Lord One thousand Eight hundred and forty.

[Here follow signatures, dates, etc.]

Appendix II

Treaty of Waitangi: Maori Translation of the English Version

(by T. E. Young, 1869)

KO WIKITORIA te Kuini o Te Kingitanga[1] kotahi o Kereiti Piritone[2] raua ko Airana[3] e titiro atawhai ana ki nga Rangatira Maori ki nga iwi o Niu Tireni, e hiahia ana hoki ia kia tiakina o ratou tikanga tika me o ratou taonga a kia whakatuturutia ki a ratou te tino ataahuatanga o te tangata o tona iwi kua noho tuturu ki Niu Tireni me te hono tono o te u mai o nga tangata i Oropi[4] i Atareria[5] e haere tonu mai nei, kia whakatuturutia kia whakaturia tetahi tangata whai mana hei whakariterite ki nga tangata Maori o Niu Tireni kia whakaaetia e ratou te mana Rangatira o te Kuini kia tau ki runga ki te katoa ki tetahi wahi ranei o aua Motu. Mo reira hoki te Kuini i runga i tona hiahia kia whakatuturutia tetahi ritenga Kawanatanga hei arai i nga tikanga kino e tupu ake i runga i te kore Ture, i te kore ritenga ki nga tangata Maori ngatahi me nga tangata o Tona[1] iwi ake, kua pai i runga i tona arohanoa kia whakamana kia tohutohungia Ahau a Wiremu Hopihona he Kapene o a te Kuini Manuwao hei Consul hei Kawana hoki mo era wahi o Niu Tireni kua oti te tuku ka tukua ranei a muri nei ki a Te Kuini, kia ui atu ahau ki nga Rangatira kua noho i runga i te whakaaro kotahi ki era atu Rangatira o Niu Tireni mehemea ka whakaae ngatahi ratou ki enei mea ki enei ritenga hoki.

Ko te Tuatahi

Ko nga Rangatira o nga iwi o Niu Tireni kua noho i runga i te whakaaro kotahi me era Rangatira e tau ke ana e noho ana i runga i o ratou ritenga ano kahore ano kia uru ki taua whakakotahitanga e tino tuku rawa ana ki Te Kuini o Ingarangi nga tikanga me nga mana katoa o te Rangatiratanga e whakahaerea ana e mau ana i taua whakakotahitanga e ia Rangatira hoki e whakahaerea ana i runga i o ratou whenua i runga i o ratou Rangatiratanga ake ki reira.

[1]Kingdom [2]Great Britain [3]Ireland [4]Europe [5]Australia

Ko te Tuarua

Ko Te Kuini o Ingarangi e whakapumau ana e whakatuturu ana ki nga Rangatira ki nga Iwi o Niu Tireni ki ia hapu ki ia tangata o aua iwi te tino tuturutanga o o ratou whenua o o ratou motu ngaherehere o o ratou wahi hiinga ika, o era atu rawa e mau ana i a ratou katoa i ia tangata ranei o ratou mo te wa e hiahiatia ai e ratou ki a puritia e ratou; Otira e tuku ana nga Rangatira o nga iwi kua whakakotahi era atu Rangatira hoki ki a Te Kuini te tino tikanga mana anake e hoko i te tuatahi nga whenua e hiahia ai nga tangata no ratou aua whenua kia hokona, mo nga utu e whakaritea e nga tangata no ratou nga whenua ki nga tangata e whakaturia ana e Te Kuini hei kai-whakariterite ki a ratou mo te pera.

Ko te Tuatoru

Mo runga i tera e tukua ana e Te Kuini o Ingarangi ki nga tangata Maori o Niu Tireni tona tiaki Rangatira, e hoatu ana hoki ki a ratou nga tikanga me nga painga katoa e tau ana ki runga ki nga tangata o tona iwi ake.

W. Hobson,
Kawana

NA, ko matou nga Rangatira o nga iwi o Niu Tireni kua noho i runga i te whakaaro kotahi kua whakakotahi hoki kua huihui nei i roto i te Runanga i Wikitoria wahi o Waitangi ko matou hoki ko nga Rangatira e tau ke ana e noho ana i runga i to matou ritenga ake, e whai mana ana ki runga ki nga iwi ki nga whenua kua tuhituhia ki muri i o matou ingoa, i runga i te mea kua ata whakamohiotia rawatia matou ki nga ritenga o te Tiriti i runga ake nei, e whakaae ana e uru katoa ana matou ki taua Tiriti ki ana ritenga katoa, hei tohu mo to matou whakaaetanga kua tuhituhia o matou ingoa me o matou tohu i ia wahi i ia kua oti te whakahua ki raro nei.

I mahia i Waitangi i tenei te ono o nga ra o Pepuere i te tau o to tatou Ariki kotahi mano e waru rau e wha tekau.

Appendix III

Treaty of Waitangi: Maori Version

Ko Wikitoria, te Kuini o Ingarangi, i tana mahara atawai ki nga Rangatira me nga Hapu o Nu Tirani i tana hiahia hoki kia tohungia ki a ratou o ratou rangatiratanga, me to ratou wenua, a kia mau tonu hoki te Rongo ki a ratou me te Atanoho hoki kua wakaaro ia he mea tika kia tukua mai tetahi Rangarita hei kai wakarite ki nga Tangata maori o Nu Tirani – kia wakaaetia e nga Rangatira maori te Kawanatanga o te Kuini ki nga wahikatoa o te Wenua nei me nga Motu – na te mea hoki he tokomaha ke nga tangata o tona Iwi Kua noho ki tenei wenua, a e haere mai nei.

Nga ko te Kuini e hiahia ana kia wakaritea te Kawanatanga kia kaua ai nga kino e puta mai ki te tangata Maori ki te Pakeha e noho ture kore ana.

Na, kua pai te Kuini kia tukua a hau a Wiremu Hopihona he Kapitana i te Roiara Nawi hei Kawana mo nga wahi katoa o Nu Tirani e tukua aianei, amua atu ki te Kuini e mea atu ana ia ki nga Rangatira o te wakaminenga o nga hapu o Nu Tirani me era Rangatira atu enei ture ka korerotia nei.

Ko te Tuatahi

Ko nga Rangatira o te Wakaminenga me nga Rangatira katoa hoki ki hai i uru ki taua wakaminenga ka tuku rawa atu ki te Kuini o Ingarangi ake tonu atu-te Kawanatanga katoa o o ratou wenua.

Ko te Tuarua

Ko te Kuini o Ingarani ka wakarite ka wakaae ki nga Rangatira ki nga hapu-ki nga tangata katoa o Nu Tirani te tino rangatiratanga o o ratou wenua o ratou Kainga me o ratou taonga katoa. Otiia ko nga Rangatira o te Wakaminenga me nga Rangatira katoa atu ka tuku ki te Kuini te hokonga o era wahi wenua e pai ai te tangata nona te Wenua – ki te ritenga o te utu e wakaritea ai e ratou ko te kai hoko e meatia nei e te Kuini hei kai hoko mona.

Ko te Tuatoru

Hei wakaritenga mai hoki tenei mo te wakaaetanga ki te Kawanatanga o te Kuini – Ka tiakina e te Kuini o Ingarangi nga tangata maori katoa o Nu Tirani ka tukua ki a ratou nga tikanga katoa rite tahi ki ana mea ki nga tangata o Ingarangi.

(Signed) William Hobson
Consul and Lieutenant-Governor

Na ko matou ko nga Rangatira o te Wakaminenga o nga hapu o Nu Tirani ka huihui nei ki Waitangi ko matou hoki ko nga Rangatira o Nu Tirani ka kite nei i te ritenga o enei kupu, ka tangohia ka wakaaetia katoatia e matou, koia ka tohungia ai o matou ingoa o matou tohu.

Ka meatia tenei ki Waitangi i te ono o nga ra o Pepueri i te tau kotahi mano, e waru rau e wa te kau o to tatou Ariki.

Ko nga Rangatira o te wakaminenga

Appendix IV

Treaty of Waitangi: English Translation of Maori Version

(by Professor Kawharu)

Victoria, The Queen of England, in her concern to protect the chiefs and subtribes of New Zealand and in her desire to preserve their chieftainship and their lands to them and to maintain peace and good order considers it just to appoint an administrator one who will negotiate with the people of New Zealand to the end that their chiefs will agree to the Queen's Government being established over all parts of this land and (adjoining) islands and also because there are many of her subjects already living on this land and others yet to come.

So the Queen desires to establish a government so that no evil will come to Maori and European living in a state of lawlessness.

So the Queen has appointed me, William Hobson a captain in the Royal Navy to be Governor for all parts of New Zealand (both those) shortly to be received by the Queen and (those) to be received hereafter and presents to the chiefs of the Confederation chiefs of the subtribes of New Zealand and other chiefs these laws set out here.

The First

The Chiefs of the Confederation and all the chiefs who have not joined that Confederation give absolutely to the Queen of England for ever the complete government over their land.

The Second

The Queen of England agrees to protect the Chiefs, the subtribes and all the people of New Zealand in the unqualified exercise of their chieftainship over their lands, villages and all their treasures. But on the other hand the Chiefs of the Confederation and all the Chiefs will sell land to the Queen at a price agreed to by the person

owning it and by the person buying it (the latter being) appointed by the Queen as her purchase agent.

The Third

For this agreed arrangement therefore concerning the Government of the Queen, the Queen of England will protect all the ordinary people of New Zealand and will give them the same rights and duties of citizenship as the people of England.

(Signed) William Hobson
Consul and Lieutenant-Governor

So we, the Chiefs of the Confederation and the subtribes of New Zealand meeting here at Waitangi having seen the shape of these words which we accept and agree to record our names and marks thus.

Was done at Waitangi on the sixth of February in the year of our Lord 1840.

The Chiefs of the Confederation

TE TIRITI O WAITANGI

He Tohutohu: Te Kaupapa Mō Ngā Āhuatanga ā Iwi

1 Ngā Kupu Whakataki

1.1 Ngā Kaupapa Whakahaere

I runga i ngā kaupapa whakahaere e here nei i te Kōmihana a te Karauna mō ngā Āhuatanga ā Iwi ka ākina te Kōmihana kia āta tirohia ngā pūtake i ahu mai i te iwi āta noho i raro i te ture, ā, e pā ana ki ā tātou tikanga ā iwi, tikanga hanga pūtea ka taea e te Kāwanatanga te whakauru atu ki ngā whakatakotoranga tikanga katoa. Ko te rārangi tikanga o te Tiriti o Waitangi tētahi o aua pūtake nā, e whakamārama ana tēnei wāhanga o te Rīpoata i te Tiriti kia mārama ake ai ōna pānga ki ngā whakatakotoranga tikanga.

1.2 Ngā Puna o ngā Kōrero

He huhua ngā puna o ngā kōrero e whai ake nei, ā, me kī koinei tā te manu titiro ka mutu ana te tātari:

- i ngā kōrero ā waha, ā tuhituhi i tukuna mai;
- i ngā kōrero ngātahi ki ngā rōpū ā Karauna, ā iwi;
- i ngā kōrerorero i puta mai i ngā hui wānanga i te Tiriti o Waitangi nā te Kōmihana i whakahaere;
- i ngā rapunga whānui i whakahaeretia e te Kōmihana, ngā tuhituhinga kua tāngia, ngā waihotanga kōrero a ngā Kōti, ngā whakarite a te Rōpū Whakamana i te Tiriti o Waitangi (arā, te Taraipiunara o Waitangi), ngā pukapuka Kāwanatanga me ngā whakaaro o tēnā rangatira, o tēnā rangatira o ngā iwi, ā, o tēnā tangata mātauranga, o tēnā tangata mātauranga.

1.3 Te Takenga mai o ngā Kōrero

I takea mai i ngā kōrero nā te Kōmihana i kohikohi i raro i te mana o Mānuka Hēnare, ētahi kōrero tuku iho tae mai ki ngā kōrero o ēnei rā. Nā rātou i whakamāmā ngā mahi a te Kōmihana. I raua katoatia mai ēnei kōrero ki roto i te whakarāpopototanga.

1.4 Te Take

Nā te mea me maumahara tonu ki te āhua o te Tiriti me ōna āhuatanga katoa e mārama ake nei ia tau, ia tau, kāore mātou i whai i ōna wāhanga kātoa, ā, kāore hoki mātou i whakamārama i ōna pānga katoa ki ia wāhi ki ia whakatakotoranga tikanga ā iwi. I whakaaro kē mātou ki te whakahāngai i ngā kōrero ki te tīmatanga o tā mātou Kaupapa Whakahaere i mea nei kia kimihia e mātou ngā whakatikatika me ngā nekeneketanga e tika ana kia mahia, tae atu hoki ki ērā e hiahiatia ana i roto i ngā whakatakotoranga tikanga e mau nei ināianei, ngā whakahaerenga, ngā whare whakahaere tikanga hei whakamau i ngā ture tohatoha kia taurite ki roto ki ngā whakatakotoranga tikanga ā iwi, te aroha ki te tangata, te whakapūmau, te whakahaere tika me te kore e moumou kia tata atu ai ki ngā tūmanako e rere kē haere nei i Aotearoa kia tika ai te noho a ngā iwi katoa i raro i te ture.

1.5 Te Pū o te Take

Ki te Kōmihana, ko te Tiriti o Waitangi tētahi pukapuka nui whakaharahara e pā ana ki ngā kōrero tuku iho o Aotearoa tae atu ki te huarahi kei mua i tēnei whenua me ōna iwi. Nō reira kua nekehia mai tēnei Ūpoko ki mua i te rīpoata i runga i te mahara ko te Tiriti te pou hei here i ngā whakatakotoranga tikanga ā iwi, tikanga hanga pūtea.

1.6 Ngā Whakamāoritanga

Ko tētahi māramatanga kua puta ake i te Tiriti ko te uaua o te whakamārama i roto i tētahi reo kē i ngā tikanga i ahu mai i

tētahi atu iwi. Koinā te take i tāngia ai ngā kōrero o tēnei Rīpoata i roto i te reo Ingarihi me te reo Māori kia noho ngātahi ai. Ahakoa ka taea te kī he ōrite ngā kōrero nei, mā te āta titiro ki ētahi o ngā tuhituhinga i ngā reo e rua ka tino kitea te hōhonutanga o aua kōrero rā.

Nā, he pai tonu hoki kia tirohia tēnei wāhanga o te Rīpoata i te taha o tā mātou pukapuka o mua ake nei, *Te Tiriti o Waitangi me te Kaupapa mō ngā Āhuatanga ā Iwi, He Pukapuka Whāiti hei Take Whakawhitiwhiti Kōrero, Nama 1 (1987)*, nā te mea he nui ake ngā kōrero mō ngā kupu o te Tiriti. Kei reira hoki te whakarāpopototanga o ngā nekeneketanga e pā ana ki te iwi whānui me te taha mahi moni i Aotearoa mai i te tau 1840 ki nāianei.

2 Te Mana o te Tiriti o Waitangi

2.1 Ngā Whakaaro Huhua

E mārama ana ki a mātou mai i taua wā tae mai ki ēnei rā kāore kē e ōrite ana ngā whakaaro mō te tūranga o te Tiriti me tōna mana, ā, i Aotearoa i ēnei rā kāore e whakaaro kotahi ana te iwi mō te mana o te Tiriti, mō te āhua rānei o taua mana. He huhua ngā whakaaro. Ko tētahi e mea ana ahakoa he taonga tuku iho te Tiriti kāore kē ōna pānga ki Aotearoa ināianei. Ko tētahi anō e kī ana he taonga tapu te Tiriti, koia te pūtake mai o tō tātou Aotearoatanga. I ētahi wāhi kua whakatūria te Tiriti hei pou whakamārama i te āhua o te noho tahi a ngā iwi o Aotearoa i ngā tau kei mua, ā, ko ētahi atu kei te mataku ki te whakanuitia te mana o te Tiriti kei riro koia tonu hei wehewehe i ngā iwi, koia hoki hei whakarahi ake i ngā hiahia o te iwi e kore e taea te whakatutuki. Ko ētahi anō kei te titiro ki te noho a te Iwi Māori i Aotearoa me ōna herenga ki ētahi atu iwi o tēnei whenua, ki ētahi atu whakahaere hoki.

Kua tirohia e te Kōmihana te pānga o ēnei whakaaro huhua ki te Tiriti tae atu hoki ki ngā tūmanako i whakaarotia kia whāia e ia. I roto i ngā kimihanga he aha te mana o te Tiriti ka kitea e mātou he pai tonu pea te titiro ki tō te iwi o Aotearoa whakaaro, tō te iwi o whenua kē, tō ngā rōia, tō te ture Pāremata mō te mana whenua tae atu hoki ki ō ngā Māori whakaaro.

2.2 Ko tā te Iwi Titiro

He nui ngā tuhituhinga i tukua mai ki te Kōmihana, i kōrero mō te tūranga o te Tiriti o Waitangi me tōna mana i tēnei whenua.

Nā Kātinara Wiremu i kōrero te tuhituhinga (nama 2541) a te Ātirīkonatanga o Pōneke, ā, i mea ia ko te Tiriti o Waitangi

> te orokohanga mai o te whenua e kīia nei ko Niu Tīreni, nāna ka mau te mana o ia iwi nā rāua tēnei Tiriti, nāna hoki ka whakapūmautia ngā tikanga ake a te Iwi Māori, arā, ka mau te mana o te 'tangata whenua o Aotearoa', koia hoki te pūtake o te herenga iwi kāore anō nei kia pūāwai.

E ai ki tā te Kotahitanga o ngā Nēhi o Aotearoa (3131) ko ngā tikanga tonu o te Tiriti:

> Hei pūtake hanga iwi e tika ana te noho i raro i te ture. Mā te tino titiro ki ngā tikanga o te Tiriti e kitea ai he huarahi hei whakatikatika i ngā hē i pā ki te Iwi Māori. Kia tika tērā ka taea pea te whakakaha te taura herenga i ngā iwi e rua, ā, mā kōnei hei whakatikatika ngā tauwehewehenga i waenganui i te Māori me te Pākehā i Aotearoa.

Ki te Kaunihera Toko i te Ora o Taieri (191) mā te Tiriti 'ka ora te mauri o Aotearoa. E kore e tau te noho a ngā iwi kia tino mōhio rawa tātou ki te taonga nei.'

He tino roa te whakatakoto kōrero a te Hāhi Wēteriana o Aotearoa (3736), ā, i āki rātou i te Kōmihana, 'me mau koutou ki ngā tikanga i whakairihia ki runga i te Tiriti o Waitangi, me mau hoki koutou ki te noho tahi a ngā iwi e rua i runga i te tika me te whakahaere ngātahi i ngā ture o tēnei whenua'. Nō muri mai ka kī rātou ko te Tiriti 'tētahi pukapuka tapu ka tū ki te taha o ngā kawenata tapu o te paipera e whakanuitia nei e tātou . . . e karanga ana i ngā Pākehā me ā rātou whakahaere kia ū ki Te Atua, ā, ki tērā o ngā iwi nāna nei i haina te Tiriti'.

Ki ngā whakaaro o K.F. Osborne o Ōtepoti (2985)

> Me ruke atu te Tiriti o Waitangiināianei tonu engari me āta whiriwhiri e te ture Pāremata, e tētahi kaupapa ture rānei, kia rite katoa te mana tū o tēna, o tēnā kia pai ai tā rātou nekeneke i runga i te mata o te whenua engari kaua hoki e takahi i te mana tū o ētahi atu tāngata.

E mea ana a Robin Watt (he mema nō te Kaunihera o ngā Mahi a Tauiwi o Pōneke) i tāna whakatakoto kōrero (2645) i roto i te noho takimano a ngā iwi katoa 'kua oti kē te whakauru te Tiriti ki roto i ngā ture o te whenua. E whakapono ana ahau ka tū tonu i reira nā te mea ko wai te Kōti ka āhei ki te whakarite e hē ana ia (a Tiati Chilwell) ki te whakaaro ehara noa te Tiriti o Waitangi i tētahi o ngā pou o tō tātou whenua.'

Kāore i pērā rawa ngā mahara o Joan Elmes o Blenheim (2379). 'Kia iti ake te taukumekume, kia kakama ake te haere whakamua. . . . E toru koata o ngā hunga nei kāore i te tino mārama ki ngā kōrero tūturu o te Tiriti o Waitangi, nō reira he aha i utaina ai te tautohe nei ki te hunga kūare? Ko ngā kaiwhakararu tokoiti nei anake e mahi ana i te mahi nei.'

I whakaaturia e te Project Waitangi o Te Whanga-nui-a-Tara tā te Pākehā titiro ki te Tiriti.

> Ki tā mātou titiro ko te Tiriti te pūtake o tō tātou Aotearoatanga: i ōna rā, ā, ināianei tonu he pōwhiri kia noho tahi me te Iwi Māori i runga i tēnei whenua, kia mahi ngātahi i ngā mahi katoa. Ko te Tiriti hoki te pūtake o te Pākehātanga. Koina te kaiwhāki he iwi rere kē mātou i ngā iwi o Ingarangi, i ngā iwi o Ūropi, i ētahi atu whenua hoki. Ahakoa e

kī ana mātou ko rātou ō mātou tūpuna, kua uru mai he hā hou ki roto i ā mātou tikanga e whakaae ana ki tā mātou mahi ngātahi i te whenua nei.

2.3 Ngā Kohinga Kōrero

Ko ngā mahi kimi whakaaro ā iwi ki te Tiriti kua puta mai i roto i ngā kohinga kōrero a te Kōmihana kei roto nei i te Rīpoata.

Kua whakahaerengia e te Pīhopatanga o Wakatū rāua ko te Project Waitangi he kohinga kōrero me ā rātou ake patapatai. Ahakoa kīhai i te tino rahi ngā whakahoki mai, i whakaae te Kōmihana e whakaatu ana ngā tukunga iho i ngā whakaaro ā iwi ināianei.

Ko te kohinga kōrero a te Pīhopatanga o Wakatū te pūtake o tā rātou whakatakoto kōrero (1006).

> Ko te Tiriti o Waitangi te pūmanawa i roto i ngā kōrero mō te whenua nei, me tōna tupu haere tonu. E whakaae ana mātou he taonga, he mea whakaharahara ki ngā iwi o Aotearoa ahakoa ko wai te iwi, ahakoa nōnahea i tae mai ai ki tēnei whenua, ā, e awhi ana mātou i ngā tikanga me ngā whakahau i roto i te Tiriti. Ka nui te rangirua o te whakaaro mehemea ka pai ake te whakahōnoretia o te Tiriti mehemea ki te whakaturengia. Ahakoa i whakaae te nuinga koinei tētahi wāhi hei whakahōnore i ōna tikanga, kāore ētahi i kite mai me tiaki pea, kei rere kē. Ki tō te rōpū mahi whakaaro ko te iwi ehara i te Māori kāore i te mārama, ā, he nui te mahi hei whakaako i ngā iwi katoa ki te hōhonutanga me te whakahau a te Tiriti.

I pērā anō te whakatau a te rōpū Project Waitangi i a rātou i kohi kōrero ai i te tau 1986, arā, me whakamārama ngā tikanga o te Tiriti ki te iwi kia mātau ai rātou. E ai ki te kohinga kōrero nei, e āhua ōrite ana te nui o te hunga tautoko ki te hunga whakahē mō te āhua o te hāngai, o te kore rānei e hāngai, o te Tiriti.

2.4 Ko tā te Ao Titiro ki tēnei Mea ki te Tiriti

I te tau 1840 i te Tiriti ētahi āhuatanga huhua o tētahi kawenata e pā ana ki te ao whānui. Otirā, he whakaaetanga i waenganui i te Kuini me te Iwi Māori kia uru mai ngā Ingarihi (engari e kati ana i ngā Wīwī me ngā Amerikana), kia whakaae hoki ki te mana Māori tūāuriuri, whāioio. I roto i ngā tau e rima i mua atu ka tuhia e James Busby, he māngai nō te Kuini e noho ana ki

Aotearoa, nāna i karanga te hui hei whakamana i te Whakaputanga o te Rangatiratanga o Niu Tireni. I whakaūtia e te Whakaputanga he iwi kotahi te iwi Māori, ahakoa ngā tikanga ā iwi, ngā mana ā iwi, me te mea nei pērā tonu te noho a te Māori mai rā anō e ai ki ngā kōrero a te Māori, arā, ngā whakapapa, ngā whakariterite i waenganui i ngā iwi, me ngā rohe ā iwi, e tika ana te whakaaro e noho tahi ana te Iwi Māori whānui.

Pērā anō ngā whakaaro o te Hekeretari o te Karauna, nāna i kī i te tau 1839:

> Ki te whāia tonutia te huarahi tāmi, huarahi nui te whakararuraru i te Iwi kāore nei e taea te whakahēnō rātou te whenua me te mana o Niu Tīreni, kua whakaaetia nei hoki e te Kāwanatanga o Ingarangi, e kore e ea i te whakarahinga ake o te rawa, o te mana i taurangitia i te rironga o Niu Tīreni ngā mamae ka pā ki te Tangata Whenua.

He nui ngā whenua whai tiriti i waenganui i te tangata whenua me te iwi uru tomo mai. Mehemea ka titiro ki Amerika me Kānata, kua roa te wā e whai mana ana ngā whakaritenga hī ika, te pūmautanga o ngā whenua ā iwi, me te mana o te tangata whenua, ā, e kino ana ngā mahi a tēnei whenua ki te kore e whakamana i te Tiriti o Waitangi. Engari kāore pea i te tika kia titiro ki tāwāhi nō te mea kāore i te tino hāngai ngā āhuatanga e pā ana ki Aotearoa.

Inā kē te tino kōrero, i te hainatanga o te Tiriti he mana tō te Kuini he mana tō te Māori, ā, i tū whai mana tētahi ki mua i tētahi.

2.5 Mana Ture, Mana Pāremata

E kore e taea te wehe mai te mana ture o te Tiriti o Waitangi i te mana Pāremata. Ko ngā Kōti kei te whakahaere i te ture: ko te Pāremata te wāhi hanga ture, whakatū hoki i te hunga whakawā.

I pēnei te whakamārama i te piringa o tētahi ki tētahi, e ai ki a Tiati Somers (*te Kaunihera Māori o Aotearoa ki te Kaiwhakahaere Ture a te Kāwanatanga,* i te Kōti Pīra, te 29 o ngā rā o Hune 1987):

> E kore e taea e te Tiriti o Waitangi, e ōna tikanga rānei, te pēhi te mana motuhake o te Pāremata.

I roto i ngā whakawātanga a ngā Kōti i mua, ka kōrerotia tēnei āhuatanga te kore e whai wāhi o te Tiriti i roto i tētahi pire. Ki tā Viscount Simon (i te Komiti Ture o te Rūnanga Tohutohu a te Karauna ake, 1941):

> Kua tatū te whakaaro e kore e taea te whakamana i roto i ngā Kōti e te Tiriti tuku mana, engari pea ka taea mehemea i purua ki roto i ngā ture ā tāone . . . Ki te tono te tangata tono kia āwhinatia ia e te Kōti e kore e taea e ia i raro i te maru o te Tiriti o Waitangi engari me whakapā atu ia ki te Kōti kia tahuri atu ki tētahi whakatau i mana i raro i te maru o te Karauna hei tautoko i tāna tono. Ka pēnei ahakoa ko taua mana Karauna i purua ki roto i te Ūpoko Tuarua o te Tiriti i roto i te ture ā tāone, e kore e taea te whakakāhore te mana o te Pāremata, ki te whakarere kē, ki te whakatika rānei i taua mana Karauna.

I ēnei rā tonu, ka kitea kua whakaae haere ngā Kōti ki ngā kaupapa Māori, ki te whāwhā hoki i ngā tikanga o te Tiriti. Kei konei tētahi ara i whānau hou ai ngā ture Pāremata engari arā atu anō ētahi take pērā i ngā Rīpoata a te Rōpū Whakamana i te Tiriti o Waitangi, i tū ai tēnei wairua hou, i runga tonu i tā rātau whakaara i ngā take nui i takea mai i te Tiriti.

Hei tauira, i Hune 1987 (*Huakina Development Trust ki Waikato Valley Authority,* Kōti Matua), ka tau ngā whakaaro o Tiati Chilwell: 'Ko te Tiriti o Waitangi he huruhuru nō te kākahu o ngā iwi o Aotearoa, he pou hoki e herea atu ai ngā ture Pāremata, ki ōna tikanga'.

Engari nā tētahi wāhanga o te ture Pāremata, i āhei ai te Kōti Pīra ki te āta wānanga i ngā rerenga o te Tiriti o Waitangi ki te āhua o Aotearoaināianei, ā, i hinga atu ai tā rātau whakatau ki te Kaunihera Māori o Aotearoa (*te Kaunihera Māori o Aotearoa ki te Kaiwhakahaere Ture a te Kāwanatanga,* i te Kōti Pīra, te Whanganui-a-Tara, te 29 o ngā rā o Hune, 1987). Nā te urunga atu o te wāhanga tuaiwa ki te Ture o ngā Whakahaere Whakaemi Moni a te Kāwanatanga ('Kia kore e riro mā tētahi āhuatanga i roto i tēnei Ture, e whai wāhi ai te Karauna ki te mahi i āna mahi, ā, kīhai i ū ki ngā tikanga o te Tiriti o Waitangi') i whai wāhi ai te Kaunihera Māori o Aotearoa ki te kōkiri i tā rātou kaupapa tāmi i te whakawhitinga o ngā whenua Karauna ki ngā Whakahaere Whakaemi Moni a te Kāwanatanga.

Hai Tā A. Hearn Q.C. e taki tirotiro ana i te Ture Whakatakoto Tikanga mō ngā Tāone me ngā Whenua 1977 i te wā o Ākuhata 1987 (kei roto ēnei kōrero i te whakatakoto kōrero a ngā Kaunihera Whakahaere Take ā Rohe (4843)), he mea nui rawa ki a ia kia āta whakauruhia he whakaaro Māori ki roto i ngā wānanga ture e pā ana ki te Tiriti, ā, e taea te tāpiri tētahi o ēnei ture e whai ake nei:

(a) Ngā pānga ki te Tiriti o Waitangi me ōna kawenga ā wairua, tōna whakatūturutanga, ōna tikanga, arā, kia whakamanaia.

(e) E kore tēnei Ture e whakaae kia tūkinotia ngā tikanga o te Tiriti o Waitangi e ngā mana whakahaere mahi o ngā rohe, tae atu ki ngā mana whakahaere a Tangaroa.

Mārakerake ana ngā pēhinga e rua ka puta i te whakawhitiwhitinga whakaaro e pā ana ki te ture. Tētahi ko te ture kua takoto hei whakawhānui i ngā tikanga o te Tiriti o Waitangi mā reira ka whakamahia aua tikanga hei whakaūtanga mā te Kōti. Ko tētahi ara rā kua taea e te Kōti te whakamana ngā tikanga o te Tiriti i ētahi wā ahakoa kāore he hōhonutanga o te ture e kōrerotia ana.

Tēnā ētahi atu āhuatanga kua puta, ā, ā te wā ka tirohia anō. Otirā kei te āwangawanga tonutia ngā hōhonutanga o te Tiriti me ōna ritenga anō, tuarua, ka hē te kōrero mahi ngātahi i raro i te mana o aua tikanga inā kore rawa he Māori e tae ki aua Kōti Mātua, Kōti Pīra me te Kōmihana ā Ture.

Ka mau tonu pea ahakoa ngā karerenga tai ao e patu nei i ngā pānga o te Tiriti ki ngā ture katoa, e kore e arohatia ki te kore aua pānga e ū, e pūmau tonu. Mā te āta wānanga i ngā ture katoa tae noa ki te Ture Whakamārama Ture ka kitea. Ahakoa tonu ko ngā ture kua takoto ka whakamātauria e te Pāremata, ā, kāore e taea te kī he wāhanga pūmau, motuhake mai rānei i ōna kaupapa me ngā whakanekeneke o te wā.

Ko ngā tirohanga a ngā Kāwanatanga katoa ki te Tiriti he āhua rere kē, ko te takatakahi tonu me te mau kino i te mana o te Tiriti. Mai i te tīmatanga e whakapōreareatia ana te mana Māori, ā, me te kaha kē atu o te Pākehā ki te whakaū i tāna noho ki Aotearoa nei. Nō muri kē ka kitea ko te hao kia tūturu ngā painga ki te nuinga, ki te mana takitahi, te mana whakaōrite i te noho tahitanga ā iwi. Kāore i whakaaro nuitia ngā tikanga hōhonu o te Tiriti nō te mea i puta mai ngā whakaaro mō te pai ki te nuinga, me te mana o te tangata takitahi. Kāore i tino titiro ngā Tari a te Kāwanatanga ki te mahi tahi i waenganui i a Māori rāua ko Pākehā.

Kei tā te pepa i hangaia mā te Tari Toko i te Ora (*Aspects of justice, equity and welfare in the debate on social policy*) i tukuna ki te Kōmihana (Maehe 1987), ka whakamātauria e Keith Ovenden ngā māuiuitanga e pā ana ki te hunga tokoiti i ēnei rā:

Hei te whakaaro ka kitea e ū ana ētahi āhuatanga o Aotearoa ki ēnei kōrero. He maha ngā karotanga e pēhi ana i ngā painga mō te nuinga pērā i ngā māngai Māori i whakaritea, te Kōti Whenua Māori, te Rōpū Whakamana i te Tiriti o Waitangi, me te Tari Māori, koinei ngā rōpū tupu noa iho e āhei ai ngā whakaaro nā te mea e kore e mana i te rōpū iti otirā maukino i te tūturutanga o te mana Māori motuhake. Kei tēnei tirohanga, ā, nā te mea e ū ana ki ngā kaupapa tawhito a te Māori, ka hokohokona te mana ā iwi, kātahi ka tukuna ō rātou iwi hei papa mō tā rātou i mahi ai.

Kua kitea kāore anō kia rere kē. Kei ngā tini paheketanga e uaua ai te tuku i ngā rangatira anake hei whakaaetanga mā ngā kaitautoko. Nā te kore e tau o ngā kaupapa mahi moni kua heke ngā rawa riro mai, ā, kitea ana te karo i ngā whakaritenga o mua ake. Kua piri te tokomaha o ngā Māori kua kite i tō rātou tūnga tokoiti e pēhia ana e ngā kaiwhakahaere nanakia o tēnei ao. He tini ngā Pākehā e whakaaro ana kua kore te rangatahi Māori e aro nui ki te ture hei reira kua kaha ake te akiaki kia taumaha ake te ture, ā, ki ngā Māori he tohu whakakāhore rawa tēnei i a rātou.

Me te titiro anō hoki a te hunga tokomaha kua whai take rātou ki te tono kia whakakorea atu te āhuatanga i noho wehe kē atu ai ngā rohe pōti Māori, ā, me te kaha mai hoki o ngā rōpū mahi moni me ngā mana Pāremata ki te tono kia whakakorea atu ngā mahi (me ngā pou hoki pea) o te Tari Māori.

Nō te tau 1975 rā anō i puta ake ai te Tiriti o Waitangi he pepa whai mana ki tā te Kāwanatanga titiro. I runga i te mōhio iho ki te maha o ngā tau e mana kore ana te Tiriti, ka whakatūria e te Ture mō te Tiriti o Waitangi, te Rōpū Whakamana i te Tiriti o Waitangi (arā, te Taraipiunara o Waitangi) hei whakatau i ngā tono o muri mai o te tau 1975, e whai wāhi ana ki ngā tikanga o te Tiriti. I te tau 1985 ka whakahokia e te Ture Whakatikatika i te Ture mō te Tiriti o Waitangi, ngā tono ki te tau 1840, ā, nō te 1987 ka whakatūria e te Kāwanatanga te Pire mō te Tiriti o Waitangi (mō ngā Whakahaere Whakaemi Moni a te Kāwanatanga) hei here pūmau i ngā whakatau a te Rōpū Whakamana i te Tiriti o Waitangi e whai pānga ana ki ngā whenua Karauna e whakawhitia ana ki ngā Whakahaere Whakaemi Moni a te Kāwanatanga.

Arā atu ētahi pānga ki te Tiriti i puta i roto i ngā ture Pāremata (arā, te Ture mō ngā Whakahaere Whakaemi Moni a te Kāwanatanga, 1986; te Ture Tiaki i ngā Taonga o te Ao Tūroa, 1986) me ngā whakahau a te Kāwanatanga. Kei tētahi kōrero a te Kāwanatanga (1986) e takoto ana te whakaaetanga 'ko ngā ture Pāremata katoa e tukua ana kia whakamanaia e te Kāwanatanga, me whāki ngā raruraru e pā ana ki ngā tikanga o te Tiriti o Waitangi', ā, i taua tau anō, ka puta ngā kaupapa whakahaere a te Kōmihana a te Karauna mō ngā Āhuatanga ā Iwi, ā, i roto e

takoto ana ngā tikanga o te Tiriti o Waitangi 'hei pou mō tō tātou iwi me ngā take mahi moni'. Nā te Ture mō te Reo Māori (1986) ka whānau mai ko te Taura Whiri i te Reo Māori (arā, te Kōmihana mō te Reo Māori), ā, nō te tau 1988 ka mana te reo Māori ki roto i ngā Kōti o te Motu.

Kāore tonu tēnei wairua pai o te Kāwanatanga, i whai wāhi ki ngā kaiwhakahaere o ngā tau e tū mai nei, ā, me te aha, mā te āta wherawhera rā anō i ngā ture, e whai mana ai te Tiriti o Waitangi mō ake tonu atu.

Nā te Ture Whakatū Kāwanatanga mō Niu Tīreni (1852) i whakauru ētahi āhuatanga o te Tiriti o Waitangi. Kei te Tekiona 71 e takoto ana te wāhi e whai mana ai ngā ture Māori hei ara mō ngā Māori i ētahi rohe e tino mana ana taua ture. Ko te Tekiona 73 i pā ki ngā āhuatanga whenua Māori o taua wā me te mana hoki o te Karauna ki te tango. He mea whakakore ēnei Tekiona e rua, te Tekiona 73 i te tau 1892, me te Tekiona 71 i te tau 1986, otirā kāore tonu ēnei wāhanga o te Ture i whai mana ki roto o Aotearoa. Ahakoa anō, kāore tonu i tika tēnei Ture ki te whakapūmau i te wairua o te Tiriti.

Kei tētahi pepa i tuhia mā te Kōmihana, e toru ngā whakatakoto kōrero a Mira Szaszy mō ngā kaupapa whakature: kia whakamanaia te Tiriti o Waitangi hei pou mō ngā ture i Aotearoa; kia whakatūria he whare tuarua ki te Pāremata e ōrite ai te whai wāhi o ngā Māori, o ngā Pākehā; kia whakatūria tētahi tikanga pōti hou e taurite ai te whai tūranga ki te tokomaha o ngā kaipōti.

I whakaaro anō a Ngāti Raukawa ki tētahi whare tuarua. I roto i ā rātou whakatakoto kōrero ki te Kōmihana, ka whakaurua atu ā rātou tono ki te Kōmihana a te Karauna mō nga Take Pōti (1985). Ko tā rātou i tono ai, kia whakatūria he Whare o Runga (kia tekau ngā mema Māori, kia tekau ngā mema Pākehā), hei: (a) titiro mehemea e ū ana ngā ture e tukua ana kia whakamanaia e te Kāwana Tianara, ki ngā whakaritenga o te Tiriti o Waitangi, ā, (e) kia whakaōritetia ngā ture e ahu mai ana i ngā whare ture e rua, arā, he whare mō ngā Māori (kia 15 ngā mema) me te whare mō te nuinga (kia 85 pea ngā mema).

He mea whakaara ake te take e pā ana ki te tokomaha o ngā Māori kei te Whare Pāremata, i roto i ētahi whakatakoto kōrero. Ko te kaupapa e taurite ai ngā tūranga ki te tokomaha o ngā kaipōti, tētahi o ngā whakataunga a te Kōmihana a te Karauna mō ngā Take Pōti (*Towards a Better Democracy*, Tīhema 1986) me tō rātou kaha pīrangi ki te kaupapa Whakaōrite Kaipōti. I kōnei kāore he rohe pōti Māori, kāore he rārangi ingoa Māori, kāore he whakawhitinga ki te rārangi ingoa Māori, engari ka whakaritea mā te Kōmihana mō ngā Tūranga Pāremata e whakaaro 'te hunga e noho haumi ana i waenganui i ngā tangata o ngā iwi Māori', i a rātou e whakatū ana i ngā rohe pōti. Me te tau o ngā whakaaro o taua Kōmihana, mā te uru katoa

o ngā iwi ki te rohe pōti, e rangona ai te Iwi Māori, ā, 'e ōrite ai tō rātou whai wāhi ki ngā tikanga mana Pāremata'.

Otirā ko ētahi o ngā whakatakoto kōrero ki te Kōmihana a te Karauna mō ngā Āhuatanga ā Iwi, e taunu ana i te tikanga e kore ai e whai wāhi atu ngā Māori, kāore rānei i whakaturea te 'āta manaaki' i ngā kaupapa Māori. Me te pōuri anō hoki i runga i te whakaaro ko ētahi o ngā ture kei waho kē i ngā kaupapa i āta whakatakotoria, ā, kāore i whānui tā rāua kōrero tahi ko ngā Māori.

Inā tirohia tētahi ara kē, e pai ana ki ngā Māori te whakanui ake i ngā tūranga Māori i runga i te tohatoha tika. Ahakoa kei roto tētahi Māori i tētahi rohe pōti whānui, e kore e taea te kī ka whakaūtia ngā take Māori, e kore hoki e taea te kī ka rite ngā kaupapa Māori i ngā mema Pākehā, ahakoa pai ō rātou whakaaro.

He nui ngā kōrerotanga mō tētahi ture mō Aotearoa e hāngai ana ki te Pire o ngā Mana. E whakaae ana a Hōhua Tūtengaehe (352) ko te Tiriti tonu te Pire o ngā Mana. Ko tāna kōrero ki te Kōmihana:

> E mataku ana mātou i tēnei Pire o ngā Mana hou. E tika ana kia mataku mātou i te mea mai rā anō i te hītori o tēnei whenua whakapaipai e whakakāhoretia ana mātou e tētahi o ngā kaihaina i te Tiriti.

Ahakoa kei te wehewehe ngā whakaaro mō te noho o te Tiriti i roto i te Pire, kua kitea mā te Pire e pūmau ai te tū o ētahi tikanga, kia whai mana tonu ai aua tikanga, ā, kia kore ai e tānoanoatia e ngā āhuatanga pokanoa o te Pāremata. Ko te aronga o ngā tautohe e pā ana ki te wāhi o te Tiriti i roto i te Pire, e hāngai ana ki tōna noho i raro i ētahi atu tikanga, ā, mehemea rānei e taea ana te tū i raro anō i tōna mana, kia riro ai ko ia hei pūtake e taea ai te whakapūmau ētahi atu tikanga.

Me haere mārō tonu tērā tautohe me ētahi atu e pā ana ki ngā kaupapa whakature. Kaua hoki e riro mā te kaikā e whakaiti iho ngā kōrererotanga e whai hua ana, kia kore hoki e riro mā te tōroa e wehe te āta para huarahi e oti ai te kaupapa i te wā i whakaritea ai.

Otirā ko tā te Kōmihana, i a ia ka whakaae ki te hua o te Tiriti ki Aotearoa, e whakaaro nui ana kia whakatōria te katoa o te Tiriti, hei ture mana, ā, kia tere te haere o ngā kōrero whakaū i tēnei ture i raro i te tikanga mahi ngātahi.

2.6 Ko tā te Māori Titiro

Waihoki, ko tā te Māori titiro i ngā āhuatanga ā iwi, kāore i ōrite katoa, me te aha, me te hōhonu o te titiro i ngā take e pā ana ki te taipakeketanga, ki te āhua o te wahine, o te tane, te rohe me te

iwi. Mō ngā take e pā ana ki te tīmatanga me te whakatinanatanga o te Tiriti o Waitangi, e ōrite katoa ana, ā, ka mahea te kaupapa ki a mātou, e taea ai e mātou te kī, e whānui ana te mōhio o te Māori ki te mana o te Tiriti.

I te wā o te hainatanga, tae noa ki te wā o muri mai, e kīia ana tēnei pepa he kawenata, ā, e ōrite ana te whakapono e mana ana ngā kupu o te Tiriti, kei runga ake hoki i ētahi atu whakaritenga. Ko tā ngā rangatira i mahi ai, e mahi ana mā te iwi, ā, e mahi ana i runga i te tapu, ko te whakapūmautanga ko ō rātou moko i hainatia ai ki runga i te Tiriti. Ko te tohu haina o te māngai a te Kuini, he tohu mana ki ngā Māori, ā, he tohu here e tika ana kia mana tonu ahakoa rere kē ngā āhuatanga.

E ai ki a Tā Hēmi Hēnare, ko ngā Māori i whaikupu ki ngā kōrero whakatū i te Tiriti, e whakaae ana ki te Karauna i runga i tā rātou kite e kōrero ana rātou ki tētahi rangatira mana nui ki te ao, arā, ki a Kuini Wikitoria. Me tāna kī ano:

> Ko aku whakaaro mō te Tiriti o Waitangi: he taonga tapu, i tapu ai i hainatia ki ngā moko o ngā Rangatira. Ko rātou, ō tātou tūpuna, he tapu, i a rātou te mutunga mai o te mātauranga; he tohunga rātou, he Ariki.

Ko te Tiriti he kirimini rangatira, i meinga i raro i te mana o ngā Rangatira o taua wā. E kore hoki e taea te takahi, he tukunga wairua; i tū ai ōna mana, ōna tikanga, tōna mauri i runga ake i ngā tikanga ture, Pāremata rānei.

Kei roto i ngā tono a ngā Māori ki te Kōmihana a te Karauna ka kitea kei te pērā tonu ngā whakaaro o ngā Māori. Kei ngā kupu me ngā tohu haina o ngā taituarā e kitea ai he kirimini tēnei i tū wehe kē i ētahi atu.

E ai ki a Ngāti Kapo (3334), me tū te Tiriti i te wahapū o te Kaupapa Āhuatanga ā Iwi, kia riro ko ia hei kaitiaki mō te 'noho ōritenga o te iwi'.

Ko ngā tono i tukuna i Manuariki Marae e pā ana ki te Tiriti o Waitangi, he mea kōrero whānui. 'Hei painga mō Aotearoa, me tere te whakatau i tēnei kaupapa i runga i ngā whakaritenga ā tangata, engari i kō atu i tērā, i runga hoki i ngā whakaritenga ā wairua. Ki te kore tēnei, ka haere tonu ngā rarururu i Aotearoa.

Pērā anō ngā tono a Tūhoe (2865): 'Me whai wāhi ngā ture katoa ki te Tiriti o Waitangi, kia mārama hoki ōna whakahaerenga kia ū ai ki ngā tikanga, ki te wairua me te pūtake o te Tiriti o Waitangi.

Ko te hōhonutanga o te Tiriti ki te Māori e kitea ana i roto i ngā kōrero a te Kaupapa Whakahaere a te Tari Māori (whakatakoto kōrero 776) 'Mā te Kaupapa o te Tari Māori e whakatinana ngā tūmanako o te Kāwanatanga me te Iwi Māori e whai rangatiratanga ai te āhua mahi ngātahi i whakatautia ai i raro i te Tiriti o Waitangi'.

Ko te kōrero a Pīhopa M.A. Bennett mō tēnei: 'he pepa tū tahi, he taumata tirohanga hei whakahaere i ngā take o te Motu.'
I tautokona whānuitia tēnei kōrero, ā, kāore hoki he whakaaetanga kia noho te Tiriti hei peka mō tētahi atu ture mana, wāhanga ture rānei, kei whakaitia tōna mana me tōna pūtake e ētahi atu kaupapa.

Me te mātau anō hoki, inā kore e whakatōtikatia te Tiriti hei pepa whai mana, e kore rawa e tutuki ōna oati, ā, tērā e mate ai.

Engari ki tā te Māori titiro, kāore i te āta kōrerotia te tino rangatiratanga o te Tiriti i roto i ngā tautohe mō tōnā tūranga i roto i ngā ture mana, hei tikanga rānei i roto i te ture Pāremata o Aotearoa, ahakoa tō rāua nui. Inā noa, ko te Tiriti tonu te tino mana.

3 Ngā Whakahau o te Tiriti

3.1 Te Whakawhāititanga

He whakahua poto nei, mārama hoki te Tiriti me ōna kōrero whakamārama o mua atu. Kei roto i te Tiriti ngā kōrero whakahua mō ngā mana me ngā tikanga hei āta whakatau, whakaū, mō te tangata me ngā rōpū maha, mō ngā rere kētanga me ngā ōritetanga, mō ngā whakaae ōritetanga me ngā tūmanako. I te titiro whakamuatanga ka āta mōhiotia kei te kawe whakamua mai hoki i ngā āhuatanga o mua; i te mohio anō hoki ka rere kē ngā āhuatanga mō ngā rā e heke mai ana, ka rapu huarahi mō te pai o te noho tētahi ki tētahi i ngā wā katoa.

Kei roto i te rīpoata a te Rōpū Whakamana i te Tiriti o Waitangi mō Orākei (1987), ngā kōrero mō te rere kētanga i kōrerotia i runga ake nei:

> . . . . kāore i whakaarotia hei whakapūmau i ngā āhuatanga o te wā, engari hei tauira mō te whakapakari me te whakatinana i ngā kaupapa mō ngā rā e heke mai ana; ko te āhua whānui o ngā kōrero tonu, kāore i whakaarotia me noho mō ake tonu atu ōna whakatau. Koinei ka kitea he huarahi anō hei whai, hei whakaae i waenganui i te Karauna me te Iwi Māori mō te whakaae tahi, whakarere kē rānei i ngā whakatau a te Tiriti.

I kitea tēnei āhuatanga i te whakatakoto kōrero (4843) ā te Kaunihera Whakahaere Take ā Rohe:

> Ko te tino kiko o te Tiriti o Waitangi he whakaaro nui ki te taha whakawhirinaki tangata ki te tangata, ngā whakaaro mō te whenua, ngā mahi ā iwi me te kunenga mai o te tangata, ngā wehenga ā iwi, ngā wehenga i waenganui i te tangata whiwhi rawa me te rawakore, me ngā whakapiringa i waenganui i te hunga whakatutuki take me te iwi kāinga, ā, nō tēnei āhua ka tino nui ngā āhuatanga katoa ka pā ki ngā mahi a ngā rōpū whakahaere take ā rohe i roto o Aotearoa.

I te whakatakoto kōrero tuatahi (62) a te Tari Toko i te Ora ki mua o te aroaro o te Kōmihana a te Karauna i whakahua i te tino whānui o te uru mai o te Tiriti ki ngā mea katoa:

> Kāore e mutu i Pūao-te-ata-tū te kaupapa whakauru tikanga hou. I te tuatahi, me tino mātau ngā Tari katoa a te Kāwanatanga ki ngā tikanga hei āta whakaū mā rātou i raro i te Tiriti o Waitangi e pā ana ki te āwhina whenua me ngā taonga a te Māori me te whakauru mai i tētahi tikanga a te ture kia taea ai te whiriwhiri mehemea kei te tika te ture e tū ana i taua wā. Ahakoa he āhuatanga take taharua, kāore e mea ana me wehe atu ngā take takimano i ngā tuku mahi āwhina. Engari, i raro i te Tiriti ka ūhia ki runga i te Tangata Whenua te mana e tika ana mōna ake. Mā ia Tari Kāwanatanga anō hoki e whiriwhiri me pēhea te whakauru mai i tēnei āhuatanga ki roto i ā rātou whakahaere. Tuarua, ahakoa ko te wawata kei roto i Pūao-te-ata-tū, ka taea e te Māori me te Pākehā te mahi tahi i roto i ngā mahi whakahaere o te Motu, kei te hiahia te Iwi Māori mā rātou tonu e whakahaere ngā mahi e pā ana ki a rātou i raro i ngā tikanga whakahaere ā iwi, ā hapu tae atu hoki ki te taha whakatakoto kaupapa mō te oranga tinana, oranga wairua, oranga hinengaro me te whakawā i raro i te ture.

I roto i ngā whakatakoto kōrero (2878) a Ngāi te Rangi me Ngāti Ranginui i puta te kōrero kei roto tonu i te Tiriti e whakahua ana i ngā āhuatanga o tēnei kaupapa. Nā te uru ki te Tiriti o ngā kōrero mō te whenua, ngā kāinga, ngā ngāherehere, ngā awa, ka kitea kei te pā atu ki te kaupapa mō te ora o te tangata. 'Kei roto i te wairua o te Tiriti e mau ana ngā āhuatanga kāore e taea te wehewehe mai; arā, ko ngā tikanga noho a te Māori, te Māoritanga, te ora o te tinana me te taha wairua'.

Tētahi whakaaro anō, nā te Hunga Tohutohu i te Kāwanatanga ki ngā Take Pūtea (*Government Management: Brief to the Incoming Government,* 1987) i whakatakoto: 'Nā, te wāhanga kei te wahangū te Tiriti, arā, mō te mahi, ngā utu mō te mahi, ngā kaupapa mō te ora o te tangata, kāore e taea te tono kia mahi ngātahi, kia ōrite te mana whakahaere rānei engari mā ngā tikanga i raro o te Ūpoko Tuatoru.'

Kaore te Kōmihana i te whakaae, arā, kāore i tino mārama kei hea te Tiriti e wahangū ana. Kei roto tonu i te Tiriti ngā wāhanga e pā ana ki te ora o te tangata, te noho a te Māori, ngā tikanga whakahaere take, te Māoritanga me te wairua Māori. Kei te mārama, e kōrero ana te Ūpoko Tuarua mō te rangatiratanga me te whakahaere o ngā whenua, ngā ngāherehere, ngā wāhanga hī ika me ngā kāinga. Nō te mea koinei te ao noho o te Iwi Māori kei te kōrero anō hoki tēnei whakahau mō te kaupapa ora mō te tangata me te āhua noho ki tā te Māori me ētahi atu āhuatanga hoki mō te oranga tinana, oranga wairua, oranga hinengaro o te Māori. Ka tino mārama kē atu inā whakaarotia ana te ingoa Rangatiratanga (ki tā te tuhinga Māori) me ngā mahi kei raro i a ia pērā me te manaaki, te toko hoki i te ora o te iwi kāinga.

3.2 Oranga tinana, oranga wairua, oranga hinengaro, oranga ngākau

Pērā anō hoki te kōrero e pā ana ki 'ō rātou taonga katoa' (ki tā te tuhinga Māori) ka whakapuaki kia whakaarotia te wāhi kei roto te taha ki ngā tikanga Māori me te noho ki tā te Māori i te Tiriti tae atu hoki ki te taha oranga tinana, oranga wairua, oranga hinengaro, oranga ngākau.

I te tau 1986 ka whakapūmautia e te Rōpū Whakamana i te Tiriti o Waitangi te reo hei taonga, mā te Karauna anō hoki e tiaki i ngā wā katoa: 'E tika ana me kōrero te reo i ētahi wāhi atu, kāore ki roto i ngā Kōti anake. Me mana te kōrero i roto i ngā Tari a te Kāwanatanga, i roto hoki i ngā whare o ngā rōpū whakahaere ā rohe, kātahi anō ka kitea kei te tino mana te reo ehara i te tohu whakaiti noa iho nei.'

He maha atu ngā āhuatanga o te tangata e pā ana ki te toiora e tika ana kia whakaarotia anō hoki i raro i te Tiriti.

He nui ngā wā i kōrerotia atu ki te Kōmihana ko te tangata te mea nui o tēnei ao, ā, te tikanga me whakaaro nui rātou, ngā tino taonga ki tā te Māori, me te whakaaro nuitia anō hoki o ngā tamariki me ngā kaumātua; ko ngā tamariki, nō te mea ko rātou ngā kaitiaki mō ngā rā e heke mai nei, ko ngā kaumātua, nō te mea ko rātou ngā kaihono ki ngā rā o mua.

Kia maumahara anō hoki, i te wā i mua tonu atu o te hainatanga o te Tiriti i Waitangi (te āhua nei kāore i tētahi wāhi atu) i pānuitia ki te whakaminenga ngā kōrero ā tuhituhi nei:

> E kī ana te Kāwana ko ngā whakapono maha o Ingarangi, o te Weteriana, o Roma me ērā o te Māori ka tiakina ōritetia e ia.

Te oranga tinana, oranga wairua, oranga hinengaro, oranga ngākau me te whakapā atu ki te Tiriti o Waitangi, i whiriwhiritia i roto i te whakatakoto kōrero (3331) a te Tari o te Ora:

> Kei te mōhio tātou katoa, ko te ora o te tinana o te Māori kei muri noa atu i ētahi āhuatanga i tēra o te hunga ehara i te Māori. E tika ana kia mōhiotia ngā tikanga o te Tiriti o Waitangi, me te kimi huarahi hoki me te whakapiki i te ngākau nui i roto i te mahi ngātahi, i roto i ngā take takirua hoki.

Ko tā te Tari mō ngā Kura (4273), i raro anō hoki i te mōhio kāore i tino pai te mahi whakamātautau a te Māori i roto i ngā kura, i kī:

> Ko te kōrero tohutohu a te Rīpoata mō ngā Mahi i roto i ngā Kura Katoa kaua ngā mahi nei e whakahāwea ki te tangata ahakoa nō hea ia, me whakamana ngā ōhākī ki te Māori kei roto i te Tiriti o Waitangi, me whakauru hoki ngā whakahoki ki ngā wawata o te hunga nō hea atu, ko rātou nei hoki tētahi wāhanga o te iwi e noho nei i Aotearoa.

Kāore i tino uaua te whakatau a te Kōmihana, arā, he ruarua noa iho nei, kāore kau rānei, he āhuatanga oranga tinana, oranga wairua, oranga hinengāro, oranga ngākau i waho atu o te Tiriti.

3.3 Ngā Kupu o te Tiriti

Ehara te Tiriti o Waitangi i te tuhinga kotahi anake. Ngā tuhinga i roto i te reo Māori me te reo Pākehā ngā mea i haria ki tēna wāhi ki tēnā wāhi kia hainatia i tētahi wā i tētahi wā anō hoki. Ahakoa i hainatia e te nuinga te tuhinga i roto i te reo Māori, ko te mea i roto i te reo Pākehā te mea i pānui whānuitia. Te nuinga o ngā whakahē me ngā pōhēhē i puta mai, mai i te tau 1840, nā te kore e ōrite o ngā kupu i roto i te tuhinga Māori me te tuhinga Pākehā. Ehara tētahi i te whakamāoritanga, whakapākehātanga rānei o tētahi, kāore hoki i tino tika; nō reira ka rere kē ngā whakamārama mō te mea Māori me te mea Pākehā. I tino pēnei te āhuatanga i roto i te Ūpoko Tuatahi me te Ūpoko Tuarua. I roto i ngā whiriwhiri ki te whakatau he aha ngā mana tū o te Māori i roto i āna whakapiri atu ki te Karauna, ka tonoa e te Rūnanga Whakatakoto Ture a te Pāremata (1869) kia whakamāoritia, ā, kia hāngai pū ki te tuhinga Pākehā engari kaua e aro atu ki te tuhinga tuatahi i roto i te reo Māori. Tino korekore nei i paku rite ngā kupu o te tuhinga Māori tawhito me te tuhinga Māori hou ki ā te Pākehā tuhinga.

E mōhiotia ana ēnei tū āhua rere kētanga i roto i ngā kirimini i waenganui i ngā iwi o te ao, ā, ko te whakatika he whakaae kei te tika ngā mea e rua kātahi ka whakawhāiti mai ki roto i te mea kotahi.

Ko te taha ki te Tiriti o Waitangi, i neke kē atu ngā rere kētanga i te reo ake. I te wā o te hainatanga o te Tiriti i rere kē ngā whakaaro, te titiro me ngā wawata o ia rōpū, o ia rōpū. I whai i ā rātou anō whakahaere me ā rātou anō tikanga.

E tika ana, i raro i te Ture o te Tiriti o Waitangi 1975, me āta titiro te Rōpū Whakamana i te Tiriti o Waitangi ki ngā tuhinga e rua, te mea Māori (1840) me te mea Pākehā 'ki te whiriwhiri he aha ngā whakamārama me ngā whakahau kei roto i ēnei tuhinga e rua, ā, ki te whakatau hoki i ngā take kua kōrerotia mō ngā rere kētanga i waenganui i tētahi me tētahi'.

I roto i te Rīpoata o Ōrakei (1987) i whakatakotoria e te Rōpū Whakamana he huarahi hei whiriwhiri i ēnei rere kētanga:

> Mō te āhua o te Tiriti o Waitangi kia tino mōhio, atu i te tino tokoiti, ko te whakamāoritanga o te Tiriti i hainatia e ngā Rangatira Māori. Ki tō mātou whakaaro, mehemea he rere kētanga kei waenganui i tētahi me tētahi, me whakaaro nui te mea i tuhia i roto i te reo Māori, nō te mea ko tēnei te tuhinga i whakaaetia e te katoa o ngā Māori i haina. Anei anō hoki kei te whai i te tikanga (contra proferentem) e kī ana, mō te tūpono o te taupatupatu o ngā whakamārama, me whakamārama kia hinga ai ko tā te kaitito, te kaiwhakatakoto rānei.

Kei te mārama me pupuri ngā tuhinga e rua, tā te Pākehā me tā te Māori, ehara kē hei whiriwhiri i ngā rere kētanga anake, engari hei whakawhānui hoki i ngā whakamāramatanga o te Tiriti.

3.4 Ngā Ūpoko o te Tiriti

He whakamārama noa iho mō ngā kōrero kei roto i te Tiriti: Te Ūpoko Tuatahi—E whakaae ana kia ūhia te mana o te Kāwanatanga o Ingarangi ki runga o Aotearoa me te wawata ka whakawhirinaki atu te Māori. Te Ūpoko Tuarua—E whakaae ana ki te mana whakahaere o te Māori i āna ake rawa katoa me te whakauru wāhanga hoki hei whakawhitiwhiti kōrero mō te hoko whenua ki te Karauna. I roto i te Ūpoko Tuatoru e kī ana mā te Karauna e tiaki te Māori hei tangata tūturu i roto o Aotearoa.

I tino rere kē te āhuatanga o te wā 1840 i tō nāianei 1988, ā, he uaua hoki te mōhiotia ināianei o ngā whakaaro o ngā kaihaina o taua wā. Aua atu, e tika ana me tīmata te whakatakoto huarahi hei whakahāngai mai i ngā tikanga o te Tiriti ki 1988, me tua atu, ki te whakahua hoki i ngā wāhanga kāore e tino mārama ana, me te tūmanako ka kōrerorerotia, ā, tērā pea ka whakatutukitia.

3.5 Te Mana ā Iwi

Kia kaha anō hoki te mahi ki te whakamāmā, ki te whakakore rānei i ngā pōhēhē me ngā āwangawanga i roto i ngā kōrerorero i waenganui i te Kāwanatanga me ngā rōpū Māori whakahaere ā iwi. Atu i nā noa nei ko te Māori anake i aro nui atu ki ngā mana whakahaere ā iwi, ā, motuhake nei te wā i whakaohoohotia ai taua mana whakahaere, pērā me te whakatū i ngā Poari Kaitiaki Take Māori.

Ko te mahi ahu whenua, whiwhi mātauranga, me ngā tikanga tuku mahi e whai wāhi katoa ana ki te 'tino rangatiratanga' (ki tā

te tuhinga Māori) i whakaaro whānuitia he mahi kē nā te Karauna, arā, i raro i ngā whakahua o te Ūpoko Tuatahi me te Ūpoko Tuatoru. I ēnei rā, kua kore i aro he aha te mahi a te Kāwanatanga e pā ana ki ngā mahi a ngā rōpū whakahaere ā iwi i raro i ngā āhuatanga o te Ūpoko Tuarua me te huri haere o ngā whakaaro mō ngā mana kāwanatanga me ā rātou whakahaere.

He rite tonu te whakaputa ā ngā iwi maha i ō ratou hiahia kia riro tonu mā rātou e whakahaere ngā āhuatanga katoa e pā ana ki ā rātou, me te kī anō hoki he mana tēnei i tukua iho (e ai ki te Tiriti), ka taea ake hoki e rātou te mahi kia puta mai ai he painga mō tō rātou iwi.

Ko ētahi o ngā whakatakoto kōrero, i neke kē atu ki waho o ngā whakahau a te Tiriti, i whakauru kē mai i te kaupapa kia tupu mai kia tokorua ngā iwi i te whenua kotahi.

I whakatakotoria e Whiti Te Rā Kaihau mō Ngāti Te Ata (3381), te kōrero mō te Rangatiratanga o te Māori:

> He rangatiratanga anō tō te Māori i mua o te taenga mai o Tauiwi. Ko te tūmanako, kua whakamāramatia atu ki a koutou i pēhea te whakatikatika i ēnei rere kētanga i raro i te ture a te Māori, te ture i waenganui i ngā iwi katoa o te Ao, te ture a te Ingarihi me te ture Wairua, mai i ngā iwi e rua. Tā ngā iwi o te Ao titiro mō te taha ki te Tiriti o Waitangi e ai ki ngā kōrero kātahi anō ka kitea: 'Mehemea he tautohe kei waenganui i ngā tuhinga e rua, ko te tuhinga a te Tangata Whenua te mea tika.'
>
> Pai noa iho te kī a te Iwi Māori kua tino takahia te WHAKAPONO i whakahuatia i roto i ngā whakatau maha o mua. Ki kōnā whakatika atu ai, auare ake, me whakahoki rawa mai tō mātou mana Māori.

Ka taupatupatu te mana kāwanatanga me te whakapūmau i te mana o ngā rōpū Māori whakahaere ā iwi, me whakawātea rawa ngā huarahi kōrerorero i ngā wā katoa, pātaitai hoki, me mahi ngātahi i roto i ngā whakatau take me te ōrite o te tohatoha i ngā painga katoa me ngā hua o te Ao Tūroa. Te kōrero 'Mana Rangatira' kāore i te whakahāwea i te Mana Whakahaere a te Kāwanatanga, engari he whakarite kē ki te hunga mahi ngātahi. Ahakoa anō, he wāhanga tiotio tonu kei roto i te Tiriti.

3.6 Ngā Mana tū o te Takitahi, o ngā Iwi hoki

Kei te whakaae te Ūpoko Tuatoru ki te kaupapa o nga mana ōrite o ngā tāngata katoa e noho ana i roto o Aotearoa. I ētahi wā ka

kitea tēnei Ūpoko o te Tiriti e whakaiti ana i te mana o te Ūpoko Tuarua me tāna whakanui i te wāhanga whakawhiwhi mana ki te tangata nō te mea nō tētahi iwi o te motu kē ia. Kāore he tino take ki te wehe i ēnei āhuatanga. Kei te mārama te whakaae atu ki 'ngā tikanga katoa rite tahi ki āna mea ki ngā tāngata o Ingarani', kāore e ahei kia whakakorea aua mana tū i tukua iho nei ki ia tangata, ki ia tangata o ia iwi. Koinei rā te āta kōkiri a te Tiriti, arā, he whakatau āhuatanga hou ki runga i te hunga e noho ana i Aotearoa me te maumahara tonu hoki me haere tonu ngā āhuatanga mahi a te Māori mō tāna noho, tāna titiro, tōna whakaaro me te rapu oranga mōna.

Me waiho tēra kōrero ki te taha, inā ko ētahi o ngā whakatakoto kōrero ki mua o te aroaro o te Kōmihana a te Karauna, i kī ko te Tiriti me ngā āhuatanga katoa whakapakari i te Māori, he whakahāwea nō te mea e kitea ana kei whakawhiwhia ki te Māori he painga, he oranga kāore i te whakawhiwhia ki ētahi atu e noho ana i Aotearoa.

I puta ēnei āwangawanga i roto i te whakatako kōrero (1857) a G. Gill.

> Tino kaha tōku whakatakariri mō te kaha ake o te whiwhi a te tangata toto Māori i ngā painga kāore ōku nei uri ā tōna wā e whiwhi. He pai kē ake ngā moni mō te whai i te mātauranga, mō te whakatū, hoko whare rānei, tae atu hoki ki ngā rohe pōti mō tātou ake. Ko ā mātou tamariki, ahakoa kāore e pīrangi ana, ka whakaakona hauaretia ki te reo Māori. He pai kē atu kia whakaakona rātou ki te reo Wīwī me te reo Hapanihi mō ngā rā e heke mai nei.

Tērā pea he āwangawanga tōtika mehemea ki te tirohia Pākehātia te ture, te mana tū o te tangata takitahi me te whakatutuki i ngā hiahia o te nuinga. Engari kāore rā e whakaaro ana ki te hiahia whiriwhiri, otirā i Aotearoa nei, i ētahi atu whakaaro mō te whakapūmau i te noho a te katoa, me te maumahara anō hoki me hono ngā mana ā rōpū kei raro i te maru o te Tiriti ki te whakaaro takitahi o te Pākehā mō āna tikanga.

3.7 Te Tūranga o te Tangata Whenua

I tohua ki roto i te Tiriti te Rangatiratanga Māori, inā nā tēnei ka mōhiotia te tūranga o te Tangata Whenua. I whakahokia anō hoki e te Iwi Māori i haina i te Tiriti, te whakaaro e mōhio ana anō hoki rātou ki te tūranga o te rōpū Ingarihi noho i Aotearoa, kei mua kē atu i tērā o ētahi atu iwi.

He tino āwangawanga kei roto i te Ao huri noa, mō ngā mamaetanga o te tangata whenua o ia motu, o ia motu nō te mea ko rātou ināianei te iwi iti i roto i tō rātou ake whenua. I rarurarū ngā mahi hei whakapai ake i tā rātou noho, nō te kore i tino mōhio me aha, i te kore kirimini hoki i te wā i taka rātou ki raro i te mana o tētahi atu iwi.

He nui ngā āhuatanga i waimarie a Aotearoa, arā, i haina i tētahi Tiriti e whakaatu ana i ngā āhuatanga noho mahi ngātahi i waenganui i te Māori me te Pākehā me te whakawhānui i ēnei āhuatanga i runga anō i te rangimārie.

I te whakatakoto kōrero (4626) a K.G. MacCormick, i whakaaro ia he tino waimarie a Aotearoa nō te mea

> i a ia tonu tōna huarahi whakahaere. Kei roto i te Tiriti o Waitangi ngā whakahau mō ngā tino mana tū o te Tangata Whenua o Aotearoa/Niu Tīreni — ko tā tātou ake ture whakahaere mō te Tangata Whenua — ā, he Taraipiunara anō hoki tā tātou hei whiriwhiri, hei āwhina ki te whakamārama i ngā tikanga o te Tiriti me ōna urutanga. He tino whānui te whātorotoro a te Tiriti. He tino pai tēnei. E kore rā pea e aukatitia ngā whakahau a te Taraipiunara. Ki te kore, kia whakatakoto kētia tētahi atu Tiriti pai ake, e whakaaetia ana e te Māori me te hunga ēhara i te Māori, ā, me whakamana e tātou me whakapau hoki te kaha ki te whakatikatika i ngā whakatau hē o mua, i raro anō hoki i ngā kōrero tohutohu a taua Taraipiunara whakahirahira.

Nō te mea kāore i whakaaro nuitia ngā whakahua i roto i te Tiriti i ngā rā o mua, kaua e waiho mā tēra e kore ai e mahi ngātahi tonu ā ngā rā e heke mai nei, kia rite ai ki tā te Tiriti i kī ai.

4 Te Tiriti o Waitangi me ngā Tikanga e pā ana ki te Kaupapa mō ngā Āhuatanga ā Iwi

4.1 Ngā Tikanga

Ko ngā tikanga e tika ana mō te whakatakoto kaupapa mō ngā āhuatanga ā iwi, koinei ngā take nui kei te kitea e te Kōmihana a te Karauna mō te āhua o te whakahaere i tēnei take. Kāore e whakaarotia ana kei te tika te āta tirotiro a te Kōmihana i ngā āhuatanga katoa e pā ana ki te whakaaro pai ki te tangata, te pai o te mahi me ngā whakatau a te ture. Me te aro atu ki ngā tikanga, arā, ērā ki ō tātou whakaaro i whakaaro nuitia i roto i ā tātou mahi, ā, e tika ana hei whai mā tātou, hāunga rā me kī, i āta whakatautia, ā, he wāhanga anō hoki i whakawāteatia mai hei whāwhā atu mā ngā iwi katoa o te Motu mehemea e pai ana, e tika ana rānei.

I roto i tētahi petihana i tukua ki a Kuini Wikitoria e ngā Māori i te tau 1882, i puta mai te kōrero mō ngā tikanga nei: '. . . ēnei take, e noho taumaha ana ki runga i a mātou, kei te taupatupatu i ngā tikanga tino pai rawa atu kei roto i te Tiriti o Waitangi'.

Ngā ture kei roto ngā whakahau o te Tiriti e kōrero ana hoki mō ngā tikanga nei. I raro i te Ture o te tau 1975, kua whakahaua te Rōpū Whakamana i te Tiriti o Waitangi kia maumahara ki ngā tikanga o te Tiriti. I raro i te Tekiona 9 o te Ture mō ngā Whakahaere Whakaemi Moni a te Kāwanatanga (1986) kāore e taea e te Karauna 'ki te mahi mehemea nei kei te hē i raro i ngā tikanga o te Tiriti o Waitangi'. Ko te kōrero a te Kōmihana a te Karauna i raro i tōna ake whakahaere 'ko ngā tikanga o te Tiriti o

Waitangi' tētahi wāhanga o te 'tīmatanga o tā tātou noho tahitanga, mahi tahitanga mō te ora o te katoa'.

Tērā pea e tika ana, arā, i roto i te rere kē o ngā whakaaro ki te Tiriti. Hāunga anō hoki he raruraru anō ki te titiro noa ihohia ko ngā tikanga.

4.1.1 *Te Whakamāramatanga*

Kāore he whakaaetanga i waenganui o te katoa he aha, me pēhea rānei, ngā tikanga nei. Ka āta tirohia e te Rōpū Whakamana i te Tiriti o Waitangi ngā tikanga e pā ana ki tētahi tono anake, engari kāore, i tōna mōhiotanga anō, e tuhi i tētahi rārangi nui o ngā tikanga nei hei āwhina i ngā whiriwhiri mō ētahi atu take.

I kitea e te Kaunihera Māori o Aotearoa me te Karauna (*te Kaunihera Māori o Aotearoa ki te Kaiwhakahaere Ture a te Kāwanatanga,* i te Kōti Pīra 54/87) ētahi tikanga rere kē hei tautohetohe i tēnā, i tēnā take, ā, i puta mai hoki, i ngā mema o te Kōti i roto i ā rātou whakatau, ētahi atu.

4.1.2 *Ngā Whakapānga atu*

Tētahi āwangawanga i puta mai, ko te whakarere kē haere i ngā whakahau i roto i te Tiriti, arā, ka rere kē haere ōna māramatanga me ōna āhuatanga. Kei tāmia ngā kupu e tino whakaaro nuitia ana i roto i te Tiriti, i te putanga mai o ēnei tikanga hou e pā ana ki ētahi wāhanga noa iho.

I puta mai i a Mira Szaszy ngā kōrero mō tēnei āhuatanga i roto i tāna pepa i tuhia mō te Kōmihana:

> I roto i ngā whakaaro o te Māori kāore e taea te wehe ngā tikanga mai i ngā tohu kei roto nei tōna ihi. Te āhua nei i puta mai ēnei whakatau i te whiriwhiri a te Pakehā anake. Ehara i te tikanga Māori te whakawhiwhi oranga ki ōna wehenga maha. Te kōrero e kī ana 'kei te kōrero' te Tiriti, e whakapae ana he ngārara ora te Tiriti me tōna anō mauri—kāore e taea te wehe, ka noho kotahi tonu. Kāore tēnei mauri e pakari i ōna tikanga anake, engari mā tāna kupu (wairua) anō hoki me te nui haere o tōna mana.

He kōrero pai tēnei, arā, he whakatūpato kia kaua e whakapā tikanga atu mō te take kotahi anake, ahakoa i puta mai i te Tiriti, i ētahi atu tikanga i whakahuatia, i whakaaetia rānei.

4.1.3 Te Whakatau

Ehara i te take e tūmeke ai, arā, te nui o te kōrero kua puta mō te āhua ki te tātaritanga, ki te whakamanatanga me te whakaaetanga a te iwi whānui. I raro i ngā uauatanga kua huaina i roto i ngā

rārangi o mua ake nei, mō te mana me ngā whakahua o te Tiriti, ko te whakamārama pūmau mō ēnei tikanga, me whakauru tahi ngā māramatanga o te hunga mahi ngātahi i te Tiriti, me te āhei ki te whakauru mai anō hoki i ngā whakaaro o tēnā, o tēnā o te hunga mahi ngātahi i puta mai i ngā pukapuka, i ngā kōrero o mua, i roto rānei i ngā titiro o nāia tonu nei.

Kāore tēnei Rīpoata i te kimi huarahi mō te whakatakoto i tētahi rārangi pūmau mō ngā tikanga o te Tiriti, engari kē mō ngā tikanga e toru nei, arā, te mahi ngātahi, te tāwharau me te uru tahi ki ngā mahi, nō te mea koinei te kiko e taea ai te whakahiato ngā āhuatanga me ngā tikanga ā iwi.

4.2 Te Mahi Ngātahi

Tētahi take i puta mai i ngā wā katoa i roto i ngā whakatau a te Kōmihana ko te mahi ngātahi. He maha ngā wā i puta mai me ōna āhuatanga, ā, ki tā te Kōmihana titiro, ko tēnei te muka here i ngā whakapono me ngā tikanga kei te rērere noa iho.

4.2.1 *I raro i te Tiriti*

Ka puta mai hoki te kaupapa mahi ngātahi i roto i ngā kōrerorero mō te Tiriti o Waitangi.

Nā te Kōmiti mō ngā Mahi ā Iwi i roto i ngā Rohe o te Hāhi Mihinare (whakatakoto kōrero 3795), i whakamārama kua eke te Hāhi ki tēnei taumata ōna, i muri i te tirohanga ki tāna ake mahi, i raro i ngā tikanga o te Tiriti:

> I huri te Hāhi, i ngā tau o muri ake tonu nei, ki te āta titiro ki ngā tikanga hei āta manaaki i tāna kāhui Māori. I puta mai i tēnei ngā whakatatūtanga hou. Ko tētahi o ēnei ko te whakatūtanga o te Pīhopatanga o Aotearoa, i raro i tōna ake mana whakahaere. Nō te mea i ōna ake rā o mua ko ia tonu tētahi i haina i te Tiriti o Waitangi, ka whakaaro te Hāhi e tika ana me āta titiro āna ake mahi i raro i ngā whakahau a te Tiriti.
>
> Kua whakatūria he Kōmihana mō ngā Take Taharua, hei whiriwhiri huarahi, āhuatanga hoki mō te mahi ngātahi, arā, te Māori me te Pākehā. I uru mai ki roto i ētahi o ēnei whakatatūtanga, tētahi huarahi āta tirotiro i ngā whenua me ngā kaitiakitanga maha, me te whakatakoto kaupapa mahi mō ēnei ā muri atu. Nāia tonu nei, kei te āta titiro, whiriwhiri hoki te Hāhi i āna ture me āna kaupapa whakahaere kia kite mehemea e tau ana ki ngā whakahaere katoa a te Māori.
>
> Nō te tino kaha i te whai i tēnei tikanga i puta mai ai te whakatau, me whakamātau me ako e ngā tauira a te Hāhi, ngā tikanga o te taha

> Māori me te reo Māori hoki. Ko rātou kua whakatūria noatia atu hei minita mō te Hāhi, kua tohutohua ki te whakamātau i a rātou anō i roto i ēnei taonga a te Māori, ā, kua whakatautia hoki me mātau ki ngā take taharua ngā Pīhopa ka whakatūria ā muri ake nei. Kua whakaurua mai e te Hāhi Mihinare, engari ehara kē i te mea ko ia anake i roto o ngā Hāhi o Aotearoa, tētahi tikanga whakahaere i ngā take a te Hāhi, me whakaari ngā take takimano a ngā hunga katoa e noho ana i tō tātou motu. Me pēnei anō hoki te whakaatu mai i roto i ā tātou karakia. Ko te tino nui o te wāhanga kei roto i te reo Māori me ngā karakia hoki i roto i te Pukapuka Karakia hou, he tohu nā te Hāhi mō tōna whakaaro nui ki te mahi ngātahi kua huaina nei i te Tiriti. Me mōhio mai te Kōmihana ka āwhinatia rātou, i roto i ā rātou mahi ki te whakamana i ngā whakahau a te Tiriti. He tino nui te mamae ka puta mai i raro i tēnei huarahi, engari mā tēnei mamae ka puta mai he painga mō te katoa.

Ko te kaupapa i whakatakoto kōrero ai a Te Kawariki (3409), ko te Tiriti o Waitangi. I ngā kōrero whakanui i te whenua, ngā ngāherehere me ngā wāhi hī ika mō te toiora o te Māori, i mutu pēnei te kōrero:

> I te wā tauhokohoko i waenganui i te Ingarihi me te Iwi Māori, ko te mana o te Tiriti ko te mana whakahaere take me te mana whakahaere i ngā rawa e toru kua huaina ki runga ake nei. Ko te mōhiotanga o te Māori ki te Tiriti i taua wā ko te mōhio i raro i tōna mana 95 paiheneti o ngā painga katoa o Aotearoa, ā, ko ia anō hoki te Iwi maha e noho ana i Aotearoa.
>
> *I maharatia e te Māori ko te Tiriti tonu te mahi ngātahi,* EHARA kē i te whakawhiti mana. He tikanga mahi ngātahi i waenganui i ngā iwi e rua, mō te manaaki a te Māori i te Māori, me te manaaki i ā tātou rawa katoa, me te whakamutu a te Pākehā i ngā mahi whakararuraru a tōna iwi anō e noho ana i Aotearoa.

Nō reira, ka tau te mana whakahaere ki Aotearoa. He maha ngā pikitanga me ngā heketanga o te mahi ngātahi. Ko te wāhanga hei titiro, ko te pātai, ko wai te hunga mahi ngātahi ināianei, e pēhea ana tā rāua mahi tahi, kōrero tahi hoki, he aha rānei ngā whakaritertite kia tino pai ai te pūāwaitanga o te mahi ngātahi.

4.2.2 *Ko wai te Hunga Mahi Ngātahi*

Mehemea i mārama ko wai ngā hunga nei i te tau 1840, kāore i tino mārama ko wai i te tau 1988.

Neke atu i te 500 ngā Rangatira i haina mō ō rātou iwi, e whakaae ana ki ngā tikanga o te Tiriti. Kāore i hainatia mō ngā iwi katoa, kāore hoki i whakaae te katoa o ngā iwi me haina e ō rātou Rangatira. I tino kaikā te whakahaere i ngā hui mō te haina i te Tiriti, nō reira kāore i taea, i te poto o te wā, te tino whiriwhiri i tēnei take i ngā wāhi katoa o te Motu. Otirā, te

uhitanga a te Ingarihi i tōna mana i te tau 1840 ki runga i ngā whenua o te Waipounamu, ko te take mō tēnei i kitea tēnei whenua e rātou i mua o te hainatanga o te Tiriti e ngā Rangatira o ngā iwi Māori. Ko ētahi o ngā iwi Māori kāore e whakaae ana ki te Tiriti, nō te mea e mataku ana rātou kei ngaro tō rātou mana me tō rātou mana whakahaere, engari kāore rā te kore haina a ētahi atu iwi e kī ana kāore rātou e whakaae ana ki te Tiriti. I te wā i karangatia te hui hei whiriwhiri i te Tiriti i te tau 1860, ki Kohimarama, he maha ngā iwi i tae atu, engari 20 tau i mua atu i te whakatenetene tonu ētahi o ngā Rangatira ki te haere atu. I taua wā tonu i mōhio rātou e pā ana tēnei take ki a rātou.

4.2.3 *Te Taha Māori*

E whakaae ana te Kōmihana e pā ana te Tiriti o Waitangi ki te Iwi Māori katoa, takitahi mai, hapū mai, iwi mai. I ngā tau maha o mua ake nei, i roto i ngā tauanga i te tokomaha o ngā Māori e noho ana i Aotearoa i wehea ngā Māori tūturu me ērā ehara i te Māori anake ō rātou tūpuna. Engari i te tau 1974 i taea e te hunga i heke mai i tētahi tupuna Māori te kī he Māori tūturu rātou mehemea koirā ō rātou hiahia, ahakoa he iti noa iho te toto Māori. He ruarua noa iho ināianei ngā pukapuka a te Kāwanatanga e whakatau ana me wehe ngā Māori tūturu me rātou ehara i te Māori anake ō rātou tūpuna.

Nō reira ko te wāhanga Māori ko ngā Māori katoa o roto i ngā iwi Māori, tae atu hoki ki ngā Māori takitahi. Kei roto i te Ūpoko Tuatoru o te Tiriti te tino whakahua i ngā āwangawanga o ngā Māori takitahi, engari i roto i te Ūpoko Tuarua he nui kē ake te whakaaro ki ngā iwi me ngā hapū Māori. I roto i ngā take e pā ana ki tētahi iwi Māori anake, kei te tino mārama ko taua iwi anake te taha Māori o te hunga mahi ngātahi.

Engari kāore i te tino mārama ko wai te māngai mō ngā Māori i roto i ngā korēro mō ngā take e pā ana ki ngā iwi katoa o Aotearoa. He maha ngā rōpū matua o te motu, kei roto nei te Rōpu Wāhine Māori Toko i te Ora me te Rōpū Mana Whakahaere Māori kua tū hei māngai kōrero i ēnei take mō ā rātou whakahaere; tae atu ki te Kaunihera Māori o Aotearoa, i whakatūria i raro i te ture engari kāore i nui ngā rawa hei whakahaere i ngā mahi e tika ana kia mahia e rātou, kua kōrero mō ētahi take tino nui e pā ana ki te Iwi Māori ēngari kāore ngā iwi Māori katoa i whakaae, i whakarite hoki i tētahi wāhanga kia

tere ai te whiriwhiri, te kōrerorero ki ngā iwi Māori katoa o Aotearoa.

Ka ara mai tētahi āhuatanga e hē ana, mēnā kāore i nui ngā rawa hei whakahaere i tētahi rōpū kia āhei ai ki te āta whiriwhiri i ngā take e pā ana ki te Māori, me te whakahoki mai anō hoki i ngā hua o ā rātou whiriwhiri, i te wā e hiahiatia ana. Ki te kore tēnei momo rōpū, ka puta mai tētahi whakahaere kāore e tino pai ana, arā, te whakatū i ētahi kaitohutohu hei māngai mō ngā iwi Māori katoa.

4.2.4 *Te Karauna*

Tētahi o ngā kaihaina o te Tiriti i te tau 1840, ko Wiremu Hōpihona, te kaihaina mō te Kuinitanga o Ingarangi, mō Kuini Wikitoria. Kāore i tino pai ki ngā Pākehā e noho ana i Aotearoa te mana o te Karauna i Aotearoa, engari i te tau 1852 i puta mai tētahi ture a te Ingarihi, te Ture Whakatū Kāwanatanga mō Niu Tireni, nā tēnei i taea ai te whakatū tētahi Kāwanatanga mō Aotearoa, ā, i muri ake ka tīmata te whakawhitiwhiti mana whakahaere mai i te Karauna o Ingarangi ki te rōpū whakahaere o Aotearoa. I tino pōuri ētahi o ngā Māori ki tēnei whakawhiti mana, arā, te mana o te Tiriti i hainatia e te Ingarihi, me pēhea e taea ai te whakawhiti atu ki tētahi atu rōpū, nō te mea kāore he kōrerorero mō tēnei take, he rere kē anō hoki ōna hiahia mō ngā take hei mahi, hei whakahaere. Otirā, ko tētahi o te hunga mahi ngātahi ko te kāwanatanga o te Motu mō te taha ki ngā iwi katoa e noho ana i Aotearoa, ā, hei menemene kata mai mā tātou, mō te Iwi Māori anō hoki!

Kāore i noho pūmau ngā mahi me te rahi o te Kāwanatanga. Ngā neke ake me ngā whakarahi ake o mua kua whāia ināianei e te whakaheke iho me te whakaiti iho: ngā Whakahaere Whakaemi Moni a te Kāwanatanga me te tuku i te mana whakahaere ki ngā rōpū ā rohe, rōpū ā iwi. Kāore anō i tino whakatatūtia mehemea he rōpū nā te Karauna ngā rōpū ā rohe i whakatūria i raro i te ture, ā, e whiwhi moni ana i te Kāwanatanga.

Mō te taha ki ngā Kaiwhakapūmau i te Reo, i kī a Alex Frame i tētahi hui a te Rōpū Whakamana i te Tiriti o Waitangi, kāore ko ngā Tari Kāwanatanga anake e mōhiotia ana ko te Karauna, engari i tae atu ki ngā tari whakahaere take a te Kāwanatanga, aua whakahaere hoki i whakatūria hei whakatutuki i ngā mahi a te Kāwanatanga me ērā tari pea 'e mahi ana i ngā mahi a te Kāwanatanga'.

Ki tā te Kaunihera mō te Tāone o Akarana whakatakoto kōrero (4653) ki mua o te aroaro o te Kōmihana, i kī:

> Kāore e tika ana ki te pātai atu, ki te whakaae atu rānei kia whakamāramatia e ia mana whakahaere ā rohe ngā tikanga o te Tiriti. Ka āpiti kē atu ngā pōhēhē o ēnei wā ki ngā pōhēhē o mua mehemea ka pēnei, ā, tērā pea i ētahi take ka hē ngā whakatutuki. Ki te āta tirohia, ēhara tēnei i te tikanga i whakaarotia i roto i te whakatikatikatanga i te Ture.
>
> Kei waenganui te Tiriti i te Karauna me te Iwi Māori. Mehemea kāore e whakaae tahi ana ki ngā whakamārama mō ngā tikanga o te Tiriti me tuku mā te ture e whakatau. Mā tēnei ka taea e te Karauna te tohutohu atu ngā mana whakahaere ā rohe me pēhea te whakahaere i ā rātou mahi whakatakoto tikanga mō ō rātou tāone i raro i te Tiriti o Waitangi, ā, ki te tīmata ki te whakaputa i ētahi whakatikatika i te Ture Whakatakoto Tikanga mō ngā Tāone me ngā Whenua, i ngā wā e hiahiatia ana.

Ki tā te Kaunihera mō te Tāone o Pōneke (i roto i te whakatakoto kōrero 4843 a te Kaunihera Whakahaere ā Rohe), i kī ka nui haere ngā mahi me te korikori a ngā mana whakahaere ā rohe:

> Me huri ngā tikanga whakahaere a te Kāwanatanga ki te whakatū i te noho tahi a ngā iwi e rua me te tino mōhio anō hoki ki te whakapūmau i tā te Māori noho, tā te Māori titiro, tō te Māori whakaaro. Kei te kaha haere te whai i te kaupapa mō ngā āhuatanga ā iwi me te oranga tinana, oranga wairua, oranga hinengaro i huaina i roto i te Tiriti o Waitangi. Te tikanga me hanga he ture e whakauru atu ana i tēnei āhuatanga, hei whakakapi i ngā āhuatanga katoa me ngā tari katoa e mahi ana i ngā mahi a te Kāwanatanga.
>
> Ka tika te kōrero, arā, ahakoa kāore ētahi o ngā mana whakahaere ā rohe e pīrangi ana ki te āta whiriwhiri i ngā whakamāramatanga o te Tiriti o Waitangi me te whakaputa kē i ētahi atu tikanga mahi, whakahaere hoki, kāore e tino mōhio ana te nuinga me pēhea te tīmata.
>
> Kua whakamanaia anō hoki i raro i te ture me mōhio me whakaae ngā kāwanatanga ā rohe ki te maumahara i roto i ā rātou mahi ki te Tangata Whenua, i roto i tā rātou whakaae ki ngā take hei mahi mā rātou i raro i te Ture Whakatakoto Tikanga mō ngā Tāone me ngā Whenua (te Tekiona 3 (1) (g)). Te whakahau a te Ture mō te Reo Māori 1986, me whakatūturu te mana o te Reo Māori i tēnei whenua, ka pā atu tēnei whakahau ki ngā mahi a ngā kāwanatanga ā rohe. Me te whakatū hoki i te Rōpū Whakamana i te Tiriti o Waitangi me tōna mana me ōna whakahaere tino whānui ka uru mai ki ngā mahi a ngā kāwanatanga ā rohe i roto i ngā take mana whenua, mana wai (ko wai ngā rangatira, kei raro i a wai te mana whakahaere, mō te aha te painga, he aha rānei te mahi o runga). Me uru mai anō hoki ngā tikanga me te wāhanga oranga wairua o te Māori ki roto i ngā tikanga a ngā kāwanatanga ā rohe, kaua mō ā rātou mahi mō te oranga tinana anake.

I roto i tētahi reta a te Tari mō te Ora ki ngā Poari Hōhipera, Poari Hauora ā Rohe me ngā Wāhanga Mahi o te Tari mō te Ora (1986) i whakamāramatia ngā wāhanga o te Tiriti i pā atu ki ngā take mō te hauora, me te whakahau me whakauru atu ēnei tikanga o te Tiriti ki roto i ngā mahi hauora.

E whakaae ana te Kōmihana me whakaaro nui te rere kētanga i waenganui i nga mahi i whakatautia hei mahi mā te Kāwanatanga o te Whare Pāremata me ngā mahi a ngā kāwanatanga ā rohe. He whakamārama ki ngā rohe e hiahia ana, me mōhio ko te hunga mahi ngātahi i roto i ngā kōrerorero whakatau take, ko te mana whakahaere ā rohe o taua wāhi me ngā kaiwhakahaere take mō te Iwi Māori o taua wāhi anō hoki.

4.2.5 *Tauiwi*

I whakapuakina anō hoki te pātai ki te Kōmihana, mēnā he aha te tūranga o ngā iwi kātahi anō ka tae mai ki Aotearoa noho ai, i raro i ngā tikanga o te Tiriti. I Tāmaki-makau-rau me te Whanga-nui-a-Tara, ka puta mai ētahi kōrero whakaongaonga a ngā Kaunihera mō ngā Iwi Takimano mō 'ngā take takirua', engari ki tā rātou 'ko te āhuatanga kei waenganui i a tātou ināianei ko ngā take takimano kē' (2645). I ētahi atu whakatakoto kōrero, uru mai hoki ētahi o ngā Tari a te Kāwanatanga, i kī ko te mea tuatahi he whakapūāwai i te kaupapa mō ngā take takirua ki roto o Aotearoa, arā, mā tēnei ka huri ki te whakatinana i te kaupapa mō ngā take takimano. Nō te tino kaha o te honohono o ngā tikanga a te Iwi Māori ki ērā a ngā iwi o ngā moutere o te Moana-Nui-ā-Kiwa, i whakaarotia he take tēnei mō te whakatū tari kotahi, tūnga kotahi hoki ki te whakahaere i ngā take mō rāua tahi. He tino kaha te whakahē a te Iwi Māori me ngā iwi o ngā moutere mō tēnei āhuatanga, nō te mea he tino rere kē ngā āhuatanga e pā ki tēnā, ki tēnā.

He āwhina kei roto i te Tiriti mō te whakatikatika i tēnei āhuatanga. Mai rā anō i te tau 1840 kāore he whakaaro rangirua mō te uru mai ki Aotearoa nei o ngā iwi maha o te Ao me ā rātou ake tikanga, inā hoki, i roto i te Kuinitanga o Ingarangi he maha ngā iwi rere kē, pērā me te Werihi, te Ingarihi, te Airihi me te Kōtimana, me ērā atu e noho ana i roto o Aotearoa ēhara nō Ingarangi. Ehara i te āhuatanga hou mō Aotearoa te kaupapa mō ngā take takimano, ā, nō te mea kei roto i te Tiriti te whakahau mō te mahi ngātahi i waenganui i te Iwi Māori me te Karauna, kāore i kati i te Karauna te āwhina i ngā hapa ā hinengaro, ā wairua o te hunga i raro i tōna mana whakahaere.

Ko tētahi āhuatunga kē atu hoki mō tēnei take, ko te whakatakoto i ngā tikanga hei whai mā te hunga e hiahia ana ki te uru mai ki Aotearoa nei noho ai. I mahia ēnei tikanga, engari kāore i kōrerorerotia i waenganui i te hunga mahi ngātahi, kāore hoki he tohutohu mārama ki te hunga e hiahia ana ki te uru mai ki Aotearoa nei noho ai mō ngā whakamārama o te Tiriti ki a rātou inā tae mai ki Aotearoa, ā, muri ake rānei i te wā ka whakamanaia nō Aotearoa tūturu rātou. He pēnei anō hoki te āhuatunga kei roto i ngā wāhanga katoa mō ngā tikanga mō te painga o te tangata.

4.2.6 *Ngā Tāngata Takitahi*

He maha tonu ētahi atu rōpū i whakatakoto kōrero ki mua o te Kōmihana, ko tētahi o ēnei ko ngā Hāhi Matua, ko tā rātou kōrero, he tika kē ko te hunga mahi ngātahi i raro i te Tiriti ko te Iwi Māori tonu me ērā atu o Aotearoa, ā, ko te wairua o tēnei mahi ngātahitanga me taea te whakamahi e te takitahi, mehemea ki te tino whai hua.

E tautoko ana te Kōmihana i te whakaaro mahi ngātahi kei waenganui i te tangata, engari kāore e whakaae ana kia riro te whakaratarata a te tangata i te tangata i ngā āhuatanga mahi hei mahi mā te Kāwanatanga me āna kaiwhakahaere, me ngā mana whakahaere Māori mō ngā iwi Māori. I roto anō hoki i ngā mahi whakatinana i ngā tikanga mō te painga o te tangata, kia haere pai ai, kia tutuki ai, ka hiahiatia kia nui tonu ngā wā huihui o te hunga ngātahi nei, kāore ki te kōrero mō ngā hē o ngā rā o mua anake, engari ki te whiriwhiri he aha ngā whakariterite mō nāianei me te whakatakoto kaupapa mahi mō ngā rā e heke mai ana.

4.2.7 *Te Āhua o te Mahi Ngātahi*

He maha tonu ngā tāngata o Aotearoa nei e whakaaro pono ana me puta mai i ngā tikanga mō te painga o te tangata, ngā mahi ngātahi a ngā hunga huhua. He tino kaha te whakahē i te whakatū tūnga hei tohu atu ki ētahi rōpū whakahirahira, ki a rātou rānei kei roto i ngā tūnga tino teitei hei whakatutuki take, nō te mea kei te kitea he whakaaro tonu o ētahi atu iwi e tika ana kia whakaaro nuitia. Ahakoa he uaua te kite me pēhea te whakatakoto tikanga kia mahi pai ai te kaupapa mahi ngātahi (mana whakahaere ā rohe/Kāwanatanga; nā te tangata ake/nā te

iwi; ngā kaimahi/ngā rangatira; mahi noa nei/āta whakarite rānei), he maha ngā wāhanga kei te mōhiotia.

I te hui whakamahara mō te rā o Waitangi 1988, i te Whanga o Okains, i whakawhānuitia atu e te Kāwana Tianara e Tā Paora Reeves, ngā whakamārama mō te mahi ngātahi: 'Kei te pana te Tiriti i a tātou ki tētahi piringa mahi ngātahi me tētahi ōhākī mō ngā tikanga mō te painga o te tangata nā tātou ake i hanga. E kimi ana tātou i tētahi ao pai, ē āhei ai te tangata ki te mōhio ki tōna anō whai hua, e mōhio ai hoki ki tōna kaha, me tōna whai i tētahi tohungatanga'.

I whakatakotoria he kaupapa mō te mahi ngātahi e te Kōti Pīra i roto i te take (1987) i waenganui i te Kaunihera Māori o Aoteroa me ngā Whakahaere Whakaemi Moni a te Kāwanatanga. I puta mai rā tēnei i roto i ngā kōrero mō te take o runga ake nei, pērā me ngā kupu, i raro i te tino pono rawa atu ('koinei tētahi āhuatanga ka puta mai i roto i ngā tikanga hei āta whakaū i roto i ngā mahi ngātahi'), te whakapono me te whakahōnore hoki a tētahi i tētahi.

> Kua kitea e te Kaunihera Māori ētahi huarahi hei whakatutuki i ngā āhuatanga o te mahi ngātahi, pērā me ēnei e rua, te ōrite o te whiwhi i te mana whakahaere me te mana whakatutuki take; ā, nā te Poari Kaitiaki o Tūwharetoa i wehewehe ngā āhuatanga o te mahi ngātahi (3046), arā, te ōrite o ngā whakaaro (mō te whenua, ngā whakapono me ngā tikanga), te pono, me te pai o te whakahaere i ngā take e pā ana ki ngā taha e rua.
>
> Ki tā te Kaunihera o te Tāone o Pōneke, ko te Tiriti o Waitangi 'he kirimini i waenganui i te Māori me te Pākehā, ā, nō te pēnei koinei ka noho hei tautoko i ngā piringa i waenganui i ngā iwi tokorua. Ko tēnei te huarahi mō te mahi ngātahi i raro i ngā āhuatanga ōrite, i waenganui i te Tangata Whenua me Tauiwi'.

4.2.8 *Ngā Aukati*

I puta mai i te Hunga Tohutohu i te Kāwanatanga ki ngā Take Pūtea me pā noa iho ngā tikanga o te mahi ngātahi ki ētahi take noa iho, i roto i tāna whakamārama ko te Tiriti he mahi ngātahi ka tū ko ia anake, ka whakaaro nuitia anō hoki, 'engari mō ngā wāhi anake i kōrerotia i roto i te Tiriti', kāore mō te tono mō te mahi ngātahi, mō te ōrite o te mana whakahaere take rānei 'te wāhanga e wahangū ana te Tiriti, pērā me ngā āhuatanga mahi, te utu mō te mahi, me ngā mahi mō te oranga tinana, te oranga wairua me te oranga hinengaro hoki'. I roto i tētahi wāhanga o mua atu (Ngā Whakahau o te Tiriti) kāore te Kōmihana i

whakaae me whakakore ngā wāhanga i wahangū nei te Tiriti, engari he pai tonu te whakaaro ka hāngai ake te mahi ngātahi ki ētahi āhuatanga, engari kāore ki ētahi atu. Te hunga i te hui a te Kōmihana i te Whanga-nui-a-Tara (te 20 o ngā rā o Hānuere, 1988) i kaikā me mōhio ngā Āpiha a te Kōmihana ki te whakapiringa atu o te mahi ngātahi ki ētahi atu tikanga i roto i te Tiriti, engari kaua e whakaarotia, me kī hei whakaiti i te whakaae mō 'te Tino Rangatiratanga' i whakaritea i roto i te Ūpoko Tuarua. Ki a rātou, ki ngā Āpiha a te Kōmihana, he māmā kē ake te mahi ngātahi i raro i ngā tikanga o te Ūpoko Tuatahi me te Ūpoko Tuatoru.

4.2.9 *Ngā Huarahi kua Tuwhera mai*

He iti noa iho nei ngā take i whakatutukitia i roto i ngā mahi whakatinana i te kaupapa mahi ngātahi. I rongo te Kōmihana he nui ngā mahi ā rohe, ā iwi hoki kāore i whiwhi hua, nō te mea kāore he whakawhitiwhiti whakaaro, mōhiotanga rānei i raro i te whakaaro pono; te mutunga ko ngā iwi katoa o Aotearoa i pōhara. He nui ngā wā kāore e kitea ana he huarahi mō te whakarite i ngā tikanga mō te mahi ngātahi, nō te tino uaua ki te whakatutuki. Ko ētahi o ngā rōpū whakahaere ā rohe i korikori ki te whakatata atu ki te taha Māori o te mahi ngātahi engari kāore i taea e rātou; i tino whakapōreareatia ētahi o ngā mana whakahaere Māori e ngā tono mō te kōrerorero, whakawhitiwhiti whakaaro hoki; ā, nō te mea kāore e taea ana, he kore rawa rānei mō taua mahi, kāore i tino hiahia ētahi o ngā hunga mahi ngātahi ki te whakahaere mahi me te kore hiahia hoki kia ōrite te mana whakahaere mahi, ka mutu he ingoa noa iho te mahi ngātahi.

4.2.10 *He Tauira*

Kaua e waiho mā ngā poūritanga e whakauaua ngā mahi mō ngā rā e heke mai nei, e whakahē rānei i ētahi atu hunga mahi ngātahi kei te pai te haere o āna mahi i roto i ētahi atu wāhi o Aotearoa. I whakaaturia mai i te tūnga o te Kōmihana i te Marae o Āraiteuru i Ōtepoti, e pēhea ana te mahi a te hunga mahi ngātahi i roto i tētahi Tari Kāwanatanga. Nā ngā kaiwhakahaere tokorua o te Tari mō ngā Wāhine i roto i tā rāua whakatakoto kōrero, ki tā te Māori titiro me tā te Pākehā titiro, me tā rāua whakamārama i te piri atu o Te Ohu Whakatupu (arā, te wāhanga whakahaere i ngā take wāhine Māori) ki ngā mahi katoa a te Tari mō ngā Wāhine, me te whakamārama anō hoki i ngā rere kētanga o ngā huarahi, ngā wā e pai ana, me ngā mōhiotanga ki tā tēnā titiro, ki tā tēnā titiro.

I tino āwhinatia e ngā Kaitiaki o Raukawa te kaupapa mahi ngātahi i waenganui i tētahi Mana Whakahaere ā iwi me ētahi Tari Kāwanatanga e rua. He nui te hari me te koa i roto i ngā whakamārama mō te Kaupapa Mahi Moni a Mana (ki tā te Tari Mahi tauira) me tētahi tauira a te Kaporeihana Whare, me ōna rohe āwhina e tika ana, te eke mai o ngā kaiwhakahaere mō te Iwi Māori ki runga i tētahi komiti whakatakoto tikanga me te whakauru mai hoki a te iwi kāinga ki te whakatū āpiha mō te tari; he nui te koa mō ēnei āhuatanga tino whakatata i te tino mōhiotanga ki te wairua o te Tiriti o Waitangi.

I whakahuatia i roto i ngā hui a te Kōmihana ētahi atu huarahi hei whai, e rere kē ana i te mahi ngātahi. Nā tēnei ka puta mai te kōrero mā tēnā iwi, mā tēnā iwi anō e whakahaere āna ake tikanga, me te whakauru atu rānei ki roto i te whakahaere kotahi mō te katoa. Ahakoa i āta whiriwhiritia ētahi o ngā kōrero i tautohetia, kāore te Kōmihana i aro atu engari i tino mārō ōna whakaaro ko te tino huarahi hei whakamārama i ngā āhuatanga kia ōrite ai ngā mea katoa i waenganui i te tangata ki te tangata, kia ōrite anō hoki te noho i raro i te ture, ko te kaha ki te whai i te kaupapa mahi ngātahi ki ōna taumata katoa, te maumahara ki ngā rere kētanga o ngā whakapono, te titiro ki tā tēnā, ki tā tēnā, me te mōhio anō hoki kei te mārama te āhuatanga o ngā mana o tētahi taha o te hunga mahi ngātahi. I whakawhānuitia atu tēnei whakaaro i roto i te take a ngā Whakahaere Whakaemi Moni a te Kāwanatanga.

4.3 Te Tāwharautanga

Ko te iwi e noho mārie ana, koia te iwi e tāwharau ana i ōna tāngata tae noa ki te hunga kihai i aro ki te tāwharau i a rātou anō, i whakaū rānei i tō rātou mana tū, me ngā tikanga e tika ana kia whakaūtia e rātou. Ko te nui o te tāwharautanga a te Kāwanatanga i tēnei hunga, kei te tautohetia tonutia. I ētahi wā, e kitea ana e hua kore noa ana tēnei tāwharau; i ētahi wā, me te mea nei he manaaki, he whakapatipati hoki. Ā, i ētahi wa, ka tū hei kaupapa haukoti i te mana tū o te tangata engari ko tōna tikanga ake, hei āwhina i te tangata, i te rōpū rānei, kia whai tūrangawaewae ai i roto i te iwi.

4.3.1 *I Raro i te Tiriti*

Ko te kaupapa tāwharau e whai wāhi ana ki te Tiriti o Waitangi. I roto i ngā tīmatanga kōrero, e kōrerotia ana te tāwharau i te tino mana tū me ngā rawa (kei te reo Ingarihi), ā, kei roto i te reo

Māori, ko te tāwharau 'i ngā Rangatira me ngā Hapu' me te tāwharau hoki i 'ō rātou Rangatiratanga me ō rātou whenua'. Kei te Ūpoko Tuarua e whakaaetia ana 'ki ngā Rangatira, ki ngā Hapū, ki ngā tāngata katoa o Nu Tirani te tino Rangatiratanga o ō rātou wenua o rātou kāinga me ā rātou taonga katoa'.

Kei te Ūpoko Tuatoru e tā ana: 'Ka tiakina e te Kuini o Ingarani ngā tāngata Māori o Nu Tirani'.

I mua atu i te tau 1840, e anipā ana te Tumuaki mō Ingarangi, a James Busby, ki te toiora o te Iwi Māori (Orange, *The Treaty of Waitangi,* 1987), ā, i te tau 1837, ka tuhia e ia he rīpoata ki te Tari Koroni. Ko tāna tono kia whakatūria te mana o Ingarangi, tāna whakahua anō hoki i te 'tino hē o te toiora' o te Iwi Māori, otirā, 'tō rātou tokomaha e hemohemo ana'. E ai ki tētahi o āna whakapae, ko te take i pēnei ai, he kaha nō te ia o te Pākehā, ā, e āhei ana te Māori ki te mana tāwharau o te Kāwanatanga o Ingarangi.

Ahakoa kihai i āta tirohia mai tēnei, kei te takoto mārama te mana tāwharau i roto i te Tiriti, ā, e toru ōna whakapaparanga. E taea ana te kī, mā te Kāwanatanga e tāwharau ētahi kaupapa Māori; mā ngā Rangatira e tāwharau te toiora o ngā whānau me ngā tāngata o te hapū, mā rātou e pupuri te ture, ā, tae noa hoki ki te whakapuakinga tūturu, kia tāwharautia te mana o te Tiriti e ngā kaihaina katoa.

4.3.2 *Ko ngā Tikanga hei Āta Whakaū mā te Karauna*

Ko ngā tikanga hei āta whakaū mā te Karauna i raro i te Tiriti, te puta ake o ngā tono ki te Rōpū Whakamana i te Tiriti o Waitangi. E pā ana ēnei tono ki te ngoikore o te Karauna ki te tāwharau i ngā whenua, i ngā ngahere me ngā taunga ika, ki tō rātou ngoikore hoki ki te whakamana i 'te Tino Rangatiratanga' i oatitia ai i te Ūpoko Tuarua. Kei ngā whakataunga tuatahi o te tono a Muriwhenua (1987) e kitea ana ngā hapa i runga i te kūare ki tā te Māori titiro ki te whenua. Ko te wāhi ki te Karauna me āna mahi, e kī ana te Rōpū Whakamana i te Tiriti:

> Ehara mā te Karauna te tuku mana ki te Tangata Whenua, engari mā te iwi kē e tuku te mana ki te Karauna kia āhei ai ki āna tikanga mahi moni. Kāore he rere kētanga o tērā ki te whenua. Mehemea e hiahia ana te Karauna ki te whakamahi i te whenua kia whai moni ai, me hoko rawa e ia te mana tū, me whakawhitiwhiti kōrero. Inā kōrero mana tū whenua, kāore e tika mā te kōrero kau noa e āhei ai te Karauna ki taua whenua, kao, engari me āta whakawhitiwhiti kōrero rawa mō taua mana tū.

I ngā rīpoata o mua atu (*Te Āti Awa, 1983; Manukau,* 1985) ka kitea e te Rōpū Whakamana kei roto i te Tiriti te whakahau ki te Karauna kia tāwharautia te Iwi Māori inā mahia e te Karauna ngā taunga ika, kia tāwharautia hoki rātou i ngā raruraru ka puta, inā taunahatia te whenua, whakamahia rānei e te Karauna. I kitea anō hoki e ia, e rua ngā whakapaparanga tāwharau: (1) te tāwharau i ngā taunga ika i ngā mahi tuku nei i ngā parapara hei tūkino i aua taunga ika; (2) te mana o te Iwi Māori ki te whakahaere i aua taunga ika e ai ki āna tikanga, ā, ki te whakawhānui atu i aua tikanga.

I kitea hoki e ia ko te āhua ngoikore o te Karauna ki te ārai atu i ngā mahi takahi i tā te Māori noho i runga i ōna whenua hapū me ōna taunga ika, kīhai i hāngai ki ngā tikanga o te Tiriti.

I te mea kāore i tutuki i te Karauna te tāwharau tika hei pūtake e puta ai he hua ā moni, ā iwi rānei, i runga anō i tōna ngoikore ki te whakatū i tētahi kaupapa e taea ai e ia iwi te hanga tētahi tahua mō ngā rā e tū mai ana, kei te Karauna te hē, ā, me utu kamupeneheihana a ia. Koinei te rere o ngā kōrero kei roto i te pepa a te Hunga Tohutohu i te Kāwanatanga ki ngā Take Pūtea (*Government Management* Vol 1, 1987), ā, me te tono anō kia āta whakaarotia tētahi whakatakotoranga tikanga e tū mārō ai ngā take whenua o ngā iwi Māori, i runga anō i ngā whakatau a te Rōpū Whakamana i te Tiriti o Waitangi.

Kei te whakaae hoki te Kōmihana kia whakakaikātia te whakatau i ēnei tono, kia kitea ai, kei te whakaekea te toiora ā iwi ki ngā taumata e rite ana.

4.3.3 *Te Rōpū Whakamana i te Tiriti o Waitangi*

Otirā, kei te mātau te Kōmihana ki ngā taumahatanga kei runga i te Rōpū Whakamana i te Tiriti o Waitangi, tae noa ki ngā pōrarurarutanga inā kore e tutuki ngā tūmanako: ka haukotia ngā kaituku tono i te roa e tatari ana; ko ngā ture ā Karauna me ētahi atu rōpū whai mana kāore i te whakaū i ngā whakataunga a te Rōpū Whakamana i te Tiriti; ko ētahi kaituku tono kāore anō kia whai pānga ki ngā hua i whakatautia ai hei tautoko i ā rātou tono.

E toru ngā take e haere tonu ai ngā mahi a te Rōpū Whakamana i te Tiriti. Ko ngā take āwhina me rite anō ki te nui o te mahi; me whakapiki hoki te mana o te Rōpū Whakamana i te Tiriti me tōna Tumuaki kia rite ki te nui o te mahi e mahia ana hei painga mō te Motu; ā, ko tā te Kāwanatanga mahi, he whakaū i ngā whakataunga a te Rōpū Whakamana i te Tiriti, kaua mō te

kaupapa whakawhiti whenua Karauna ki ngā Whakahaere Whakaemi Moni a te Kāwanatanga anake, engari mō ngā whakataunga whānui katoa.

4.3.4 *Ko te whakapūmau i tā te Māori noho, tā te Māori titiro me tō te Māori whakaaro*

Hāunga te reo, engari ko te mahi a te Karauna i raro i te Tiriti, arā te tāwharau i ngā take āwhina ā tangata, ā tikanga hoki, kāore anō kia whakatautia i raro i te ture. Engari, e whakaae ana te Tiriti ki ngā rōpū Māori tikanga ā iwi, ā, e ai ki te whakatakotoranga Māori, kei reira tētahi whakaaetanga kia tāwharautia ngā take whakahaere mahi tae noa ki ngā kaiārahi. He maha ngā āhuatanga i kōrerotia ki te Kōmihana i pākaru ai ngā tikanga ā hapu, ā, whai muri, ko te pākaru whānui o ngā tikanga ā iwi, me te nui o te utu ki ngā whānau, ki te kotahi hoki. Ko ētahi atu huarahi, kāore i tino pai, ā, koinei tētahi kaupapa i kōrerotia whānuitia i roto i te rīpoata a te Tari Toko i te Ora, e kīia ana ko Pūao-te-ata-tū (1986).

4.3.5 *Ngā Whakahaere ā Iwi*

Kāore hoki te Kōmihana i te whakapono ka tutuki i ngā whakatakotoranga tikanga ā iwi ngā taumata tūmanako, i runga noa i te whakaū i ngā hiahia o te kotahi, o te whānau rānei. Ko te iwi whānui e tū tika ana ki ōna iwi, te tino take e whai pakiaka ai tōna toiora; ā, ko te whakapakari ake i ngā pou ā iwi te tino kaupapa e tika ana kia tautokona whānuitia.

Ko te hanga i ngā pou ā iwi tētahi kaupapa kāore i te whakaūtia i raro i te Ūpoko Tuarua, ā, me kaha te whakaae ā ngā Tari Kāwanatanga e whai wāhi ana ki ngā take whakapakari me ngā take toiora, e pā ana ki ngā whānau me ngā tamariki. I raro i tēnei kaupapa, me ōrite te haere o te tāwharau i ngā take whenua (me ētahi atu) me ērā atu take e paihere nei i ngā tikanga ā iwi.

Arā atu ngā take i motu ai te taura here i te tangata ki te iwi, pērā i te ture Pāremata, ā, me te aha, me te tokomaha o ngā Māori, arā, te hunga e noho ā tāone ana, kihai e whai pānga atu ki tētahi Rūnanga ā iwi, ā, ahakoa tō rātou mōhio iho he Māori rātou, tērā pea e kore rātou e tino hiahia ki te here atu i a rātou ki tētahi karangatanga ā iwi. Kei ētahi whakatakoto kōrero e whakapae ana nā tēnei kaupapa wehewehe i whai kiko ai ngā tini paheketanga o ngā taitamariki Māori.

4.3.6 *Ngā Taonga*

Kua tohua ētahi atu taonga e tika ana kia tāwharautia:

I te hui a te Kōmihana i Hato Pētera ka kōrero a Waereti Norman mō taua kaupapa:

> Me whakamana te Tiriti o Waitangi i roto i ngā Ture Pāremata katoa, mō ngā take e pā ana ki ngā taonga Māori. Ko te Ture Whakatakoto Tikanga mō ngā Tāone me ngā Whenua, te Ture mō ngā Take a Tangaroa, te Ture Tiaki i ngā Wai me te Oneone, ētahi Ture Pāremata e tika ana kia purua atu ki ngā tikanga o te Tiriti.

I te marae o Waipatu, ka whakahuatia te Ture mō ngā Taonga Tawhito me tōna ngoikore ki te tāwharau i 'ngā taonga Māori kua haria atu i Aotearoa' (whakatakoto kōrero nā Kaikapo Rangihaeata).

Me te tatū anō o ō mātou whakaaro kia kaua e whāia te ara whāiti o te reo o ngā kawenata e rua o te tau 1840, engari inā kōrerotia ngā tikanga o te tau 1988, me whakamana te tikanga o te 'taonga' ki te 'rawa nui whakaharahara'.

Pera anō ngā whakatakoto kōrero a te Whare Pukapuka o te Motu (3401):

> Ko ngā tikanga o te Tiriti o Waitangi e pā ana ki te taonga, he mea uaua ki te Whare Pukapuka, ā, me te puta mai o ngā tono kia whakahokia ngā taonga kei te Kohikohinga a Turnbull e putu ana.
>
> Ko te whakaingoa me te whakapapa a te Whare Pukapuka me te Iwi Māori i ēnei taonga tētahi kaupapa kia tino tere te whakaarohia ake.
>
> Kei te whakamātau te Whare Pukapuka ki te whakatō i te tikanga takirua, ā, kia ngata ai ngā hapa o te Māori i a rātou, kua takoto mārō tētahi kaupapa e akona ai ā rātou kaimahi i runga i ngā marae, me tā rātou whakaae anō kia noho he kaimahi Māori i ngā whakapaparanga katoa o ā rātou mahi.

Kei te roa kē atu te rārangi kaupapa i runga tonu i te iti haere o ngā take, me te kaha anō o ngā kaupapa mahi moni ki te kōkiri ki ngā wāhi kāore anō kia mahia. Ko te Pire mō te Rōpū Whakamana i te Tiriti o Waitangi (Ngā Whakahaere Whakaemi Moni a te Kāwanatanga (1987)) e whakaae ana kia tāwharautia ngā wāhi tapu i runga i ngā whenua o te Karauna, engari kāore i te whai wāhi ki te katoa o ngā ture Pāremata.

Kua pau i a Ngāti Te Ata te takahi ngā huarahi katoa, me tō rātou whakapono 'e tika ana kia riro mā tētahi Kōmihana ā te Karauna rawa, e titiro ngā mahi kari whenua i te poraka o Maioro', ko tōna rahi e 3,000 eka, ā, ko te nuinga he wāhi tapu.

4.3.7 *Taonga Tārei, Taonga Raranga, Taonga Whatu, Taonga Whakairo*

Ko te tiaki i ngā taonga o nehe i taraitia i te pounamu, i te harakeke me te rākau, tētahi kaupapa e āwangawangatia ana. Ko

ngā whare pupuri taonga me ētahi atu whare whakakitekitenga i ngā taonga, nā rātou nei te mahi manaaki i ngā taonga tawhito, kāore i te kaha ki te waihanga i ngā tikanga here i ngā uri o te hunga nā rātou i hanga ngā taonga nei, ki ngā taonga, me te aha, mā ēnei here rā e whai tūranga ai ngā whānau, ā, ngā hapū maha, ngā iwi hoki. Ko te wero nui ko te whakakotahi i ngā tihi mātauranga mō ngā mahi tiaki taonga tawhito, me tētahi kaupapa e haere tonu ai te toiora o ngā mea katoa mō te wā mutunga kore.

4.3.8 *Ko ngā Tikanga hei āta Whakaū mā te Māori*

Kei te Iwi Māori anō hoki ētahi taumata tūmanako hei tāwharautanga i raro i te Tiriti. I a rātou ka koropiko ki te mana o te Karauna, ā, i a rātou hoki ka whakaae ki te mana tū o te Kāwanatanga, e whakaae tūturu ana rātou ki te tāwharau i te mana o te Karauna, ki te pupuri hoki i āna ture.

Ko te rongo o Te Hokowhitu a Tūmatauenga 28 te whakatinanatanga o te hōhonu o te kawe i taua taumata tūmanako, me te kawe hoki i ngā tohu whakaaetanga ki ngā uri o te Karauna e toro mai ana, tae noa ki ngā Kāwana Tianara me ngā māngai a te Kāwanatanga. Ahakoa he maha ngā kupu hāhani i te ture me ngā kōti i kitea ai i roto i ngā whakatakoto kōrero maha a te Iwi Māori ki te Kōmihana, he iti noa ngā whakatetetanga ki te Kōti me te Pāremata. Otirā, he mea āta tuku ēnei kupu whakahou ture i runga i te whakaaro nui kia takoto hāngai ki tā te ture i pai ai.

E whakapono ana te Kōmihana ko te taumata tūmanako kia tāwharautia te ture me te mana o te Karauna, he kaupapa e whakaaetia ana e te nuinga o te Iwi Māori.

4.3.9 *Te Tāwharautanga o te Iwi*

Ko te tāwharautanga o te Iwi e āna Rangatira ake, tētahi o ngā taumata tūmanako kei te takoto i te Ūpoko Tuarua o te Tiriti. Me te kitea anō hoki i runga i ngā marae katoa, e kōrerotia ana e ngā Rangatira tō rātou tino pūmau ki te arahi tika i ō rātou iwi i runga i ngā kaupapa whakapakari iwi, ka kitea ko te Kōhanga Reo, ko te Mātua Whāngai, ko te Māori Access, ko te Kaupapa Whakaemi Moni a Mana, ētahi kaupapa e whānui atu ai ōna taumata tūmanako. Ko te whakahaere i ngā kaupapa whenua, ngā ngāhere, ngā taunga ika me te whakahou i ngā pou ā iwi ētahi kaupapa i kōrerotia hei huarahi whakapiki i ngā pūtake tikanga ā

iwi, tikanga ā moni, kia piki ai te toiora o ia tangata o te Iwi, tae noa ki te Iwi whānui.

I kite hoki te Kōmihana i te hīkaka o ētahi, ki ngā kaupapa e uru ai ngā take tāwharautanga ki roto i ngā whakatakotoranga tikanga, ā, kia riro mā ngā hunga kāinga tonu e whakahaere, i runga i te whakaae ā tōna wā ka eke ēnei taumata tūmanako ki ngā tihi e kitea ai ko ngā Māori tonu ngā kaitiaki o ō rātou iwi.

Ko tēnei kaupapa i āta kitea i roto i ngā kōrerotanga mō te Pire mō ngā Tamariki me te Hunga Taitamariki, ā, i roto i te whakaatutanga tuatahi, kihai i kitea te kōrero ngātahinga ki ngā Māori, ā, kihai hoki i whakaurua atu ngā take e mōhiotia ana hei whakapiki i te toiora o ngā tamariki Māori me ō rātou whānau. Kāore i tika mā ngā ture Pāremata e whai wāhi ana ki te mana tū o ngā tamariki, e whakaiti iho te wāhi hei mahinga mā ngā hapū, ā, e kitea ai tā rātou whakawhirinaki tētahi ki tētahi, e kitea ai tā rātou tū ā rōpū, tu kotahi rānei, ā, e kitea ai te mana tū o te rōpū, o te kotahi. Āpiti atu, ko te mahi a te kaitiaki ahakoa ko wai, he tautoko i te pūtakenga mai o te tamaiti, ā, he hoatu hoki i te matū kia tū pai ai.

4.3.10 *Te Tāwharautanga a te Tiriti*

Ko tētahi āhuatanga o te tāwharau e pā ana ki te Tiriti ake. Mā ngā rōpū e rua e whakaū ngā tūmanako, kia ora tonu ai tōna mauri, kia whai pānga ai ki te toiora o te motu.

He maha ngā kōrerotanga a Tā Hemi Henare mō ngā tohutohu a ōna tūpuna ki a ia, kia kōrerorero tonutia te Tiriti, kia kore ai e mimiti tōna mana. Nā tēnei kupu whakareretanga iho, ka kauhau nuitia e ngā pū kōrero o ngā marae maha o te Motu.

Ahakoa nā tēnei huarahi i nui ai te puta o ōna hua, nā tēnei huarahi anō hoki i kitea ai he rere kē te mana o te Tiriti ki ngā kaihaina e rua. Nō nā tata nei i whakamātau ai te Hāhi, te Iwi me ngā rōpū Kāwanatanga, ki te whakahau kia whakaarotia te Tiriti i Aotearoa katoa. Nā ngā mahi o te tau ka huri ake nei, ka kitea e taea ana e ngā Kōti, te tāwharau te Tiriti me tōna hāngaitanga inā hoatu te ture Pāremata tika. Ka taea hoki e te Pāremata te whakamana te Tiriti mā te āta whakauru atu ki te ture a te Karauna. I ngā tau tekau ka hipa ake nei, ka puta te Rōpū Whakamana i te Tiriti o Waitangi hei kaitiaki, ehara mō ngā take Māori anake, engari mō te Tiriti tonu me ōna tikanga, ā, i te wā e puta ai āna whakataunga me ngā mea a ētahi atu rōpū, ka taea te kī kua tau te tūrangawaewae o te Tiriti.

4.3.11 *Ngā Kupu Taurangi*

Kāore i te pērā rawa te tau o ngā whakaaro o te Kōmihana. Me āta wānanga te wairua whakahaere i kitea māramatia ai i te hainatanga o te Tiriti i te tau 1840; i taua wā he pepa whakatakoto tikanga tēnei, he ara whakawhanaunga i ngā ra e tū mai ana, he ara whakatū i ngā tikanga ā iwi, i ngā tikanga ā moni.

I te nuinga o te wā, ko ngā whakataunga e pā ai te Tiriti ki ngā Kōti Ture, ki ngā nohoanga hoki o te Rōpū Whakamana i te Tiriti o Waitangi, e hāngai ana ki ngā mamaetanga o mua, me ngā takahitanga o te Tiriti. He maha atu anō ngā kōrero whakapae e whakatakoto ana i ngā ngoikoretanga o mua me ngā āhuatanga pēhi a tētahi i tētahi, kāore anō kia rangona, ā, kua whakahuatia i tēnei Tekiona, ka āta whakamātautia ngā rawa āwhina a te Tari Whakawā a tōna wā. Kei te kitea e kore e tino eke ngā tikanga o te Tiriti, kia whakatūria rawatia ngā ringa whakanekeneke hei tautoko i ērā kua tū kē, hei whakawā i ngā nawe o mua.

4.3.12 *Te Rūnanga Whakatinana i ngā Tikanga o te Tiriti o Waitangi*

Ehara i te mea e whakahē ana i ngā mahi a te Kāwanatanga ki te whakauru i te Tiriti ki ngā ture Pāremata, engari e whakatau ana te Kōmihana, kia whakatūria he Rūnanga mō te Tiriti o Waitangi, ā, ko ngā whakahau ki a ia kia whakaūtia te Tiriti ki ngā āhuatanga o Aotearoa ināianei me ngā rā e tū mai nei. Kei te mātau atu ki te whānui o ngā kawenga a te Kōmihana Ture, te Kōmihana mō Nga Tikanga o te Tangata, te Kaiwhakawhanaunga i ngā Iwi, te Kaunihera Whakatakoto Huarahi o Aotearoa, me te Rōpū Whakamana i te Tiriti o Waitangi, engari kāore e kī ana ērā rōpū i runga anō i ā rātou whakahaere me ngā kaupapa kei mua i te aroaro, ka taea e rātou te āta titiro ngā whakahau a te Tiriti e pā ana ki ngā āhuatanga ā iwi, ā moni hoki. Kia tae rawa ki te wā ka whai mana i roto i te ture, ka taea e te Rūnanga Whakatinana i te Tiriti o Waitangi te āta whiriwhiri ngā ture o nāianei, ngā ture hoki kei te haere mai, ngā āhuatanga Karauna, me ngā whakahaere a ngā Tari a te Kāwanatanga, i runga anō i ngā whakahau a te Tiriti, ā, me tū motuhake te Rūnanga nei i runga i tōna rangatiratanga. Me ū tonu ngā whiriwhiri me te pūāwaitanga o tēnei whakaritenga ki te tikanga o te mahi ngātahi, ā, me uru mai ngā iwi, ngā rūnanga ā iwi, me te Karauna.

4.4 Te Āhuatanga o te Mahi Ngātahi

E pā ana ngā āhuatanga ā iwi ki te urunga mai o ngā tāngata ki roto i ngā mahi a te iwi, tae noa ki ngā whakaritenga, te pānga atu ki ngā mea hei āwhina i te Iwi me ngā hua ka puta mai, te whakatakoto tikanga mā te iwi, me te tiaki i te tangata me ngā taonga katoa.

4.4.1 *Te Taha Māori*

Kāore anō kia tau te Iwi Māori i roto i ngā mahi o Aotearoa. Kua tuhia, ā, i puta anō hoki i te Rīpoata a te Kōmihana ngā raruraru o te Iwi Māori e pā ana ki ngā tikanga toiora, tikanga mātauranga, tikanga whai kāinga, tikanga whai mahi me ngā tikanga ā iwi katoa. Kei roto i te Pukapuka Whakarāpopoto ētahi tataunga hei tautoko i ēnei kōrero, engari e rongo ana te Kōmihana i ēnei rere kētanga e pēhi nei i ngā mātua me ā rātou tamariki. I roto i ngā whakatakoto kōrero, mā te Tiriti hoki e kōkiri e uru mai ai te Iwi Māori.

I whakaaturia e te whakatakoto kōrero a te Mana Whakahaere ā rohe o Tāmaki-makau-rau (4558), ā rātou mahi mō te Iwi Māori:

> Ahakoa kei te haere whakamua ngā mahi a te Mana Whakahaere mō te Tangata Whenua, kua pā mai te mamae me te pōhēhē ki ngā taha e rua.
>
> Kua mahi tahi te Mana Whakahaere me ngā rōpū Māori o te rohe, arā, te Huakina Development Trust me te Ngāti Paoa Development Trust. He rōpū nui ēnei i roto i ngā mahi whakaora i te taha moni, ngā āhuatanga ā iwi me te Māoritanga, ā, kua whai mana rātou, kua tautokona e te ARA. I roto i ngā tāone kua ngana te Mana Whakahaere ki te āwhina i ngā whakaritenga whai mahi, i te whakatū mana hoki. E mōhio ana kāore i te rite ngā raruraru o ngā iwi Māori o te tāone me ērā o te Tangata Whenua. Kua pā mai te āwangawanga i te mea he nui ake ngā Māori i ngā Pākehā o te rohe kāore i te whai mahi, kua mau hereheretia, kāore hoki i te whai mātauranga, ā, e kino ana te hauora.
>
> Me whakatū hoki he whakaritenga Māori hei whakahaere i ngā take a te Kāwanatanga. Me whakawhānui ake te whakaritenga e tū nei ināianei, arā, te tuku moni mō ngā tikanga rapu mahi, rapu mātauranga me te whakatū mahi mā ngā iwi, mā ngā rōpū rapu mahi o ngā tāone, kia uru hoki ētahi atu āhuatanga ā iwi (te toiora, te whai whare, te mātauranga mō te iwi). Me tuku hoki ki ngā rōpū Māori ngā tikanga hei āwhina atu, kia taea ai te whakahaere ngā āhuatanga ā iwi. Kia tū tonu ngā tikanga tuku āwhina a te Māori me tau tonu ngā mea hei āwhina i ngā whakahaere, i te rapu kōrero, ki te whakatū hui hei whakarite mahi mā ngā mea e mātau ana.

> I roto i ngā tau kua pahure ake nei, ko te Tiriti o Waitangi te tino whakataunga e pā ana ki ngā whakatakotoranga tikanga mō te Ao Tūroa. Koia tonu tētahi o ngā tikanga a te Ture mō te Ao Tūroa 1986. Ko te wero nāianei, me pēhea e uru mai ai ngā whakahau a te Tiriti ki roto i te kaupapa āhuatanga ā iwi. I ngā tau o mua, kāore i riro i te iwi Māori ngā painga o ngā whakahaere o ngā āhuatanga ā iwi. Kei roto i te Tiriti te tikanga o te mahi ngātahi, ā, me tau mai taua tikanga ki roto i ngā āhuatanga ā iwi hei whakatika i ngā nawe.

Kua takoto te whakapae ehara te Tiriti i te here mau tonu engari he here poto noa iho hei tō mai i ngā iwi o Ingarangi ki kōnei noho ai, ā, a te wā ka horomia te Iwi Māori e rātou me ā rātou ture tangata. Kāore i tino nui ngā whakapae pēnei, engari kāore i ārikarika ngā whakatakotoranga tikanga i mau ki te whakaaro mā te uru mai a te Māori ki roto i te tokomaha o ngā iwi e taka mai ai ki a rātou ngā painga o te whenua. Nā i mau hoki ētahi o ngā Rangatira Māori ki tēnei whakaaro, ā, i runga i tō rātou hiahia ki ngā painga o te Ao Pākehā ka whakarērea ngā tikanga tuku iho a te Ao Māori, me ngā herenga i ngā waka o ngā mahi ā iwi, mahi moni, oranga wairua Māori. Me maumahara tātou ki ngā hua i puta mai i aua whakatakotoranga tikanga. Mahue te hiki i te Iwi Māori kia rite tāna noho ki tā te Pākehā, ko ngā hua i taka mai ko te kore e whiwhi, e eke rānei, ki ngā taumata i whakaarotia, ko te heke hoki o te mana Māori i roto i te Ao Māori katoa. I whakaarotia hoki ki te ngaro ētahi o ngā tikanga ā iwi, tikanga mahi oranga rānei ka whiwhi te Iwi Māori ki ngā painga me ngā oranga o te Pākehā mō ā rātou tamariki me ā rātou mokopuna.

4.4.2 *Mana Motuhake Māori*

Kāore te Tiriti i whakaatu i te huarahi whakatū kāinga mō te Pākehā i kōnei. Engari he mārama ake te kōrero mō ngā tikanga Māori, ā, i whakapiria ēnei ki ngā whare hapū o te Ao Māori.

Nā i te tirohanga tuaruatanga a ngā iwi Māori i ngā whare hapū nei i roto i te rua tekau tau kua hipa, tae atu ki ngā whakatakoto kōrero a ngā Māori ki te Kōmihana, he rite ki te kōrero mō ngā painga i ahu mai i ngā tikanga Māori ahakoa i pēhia rātou kia tū ake ai ngā tūmanako o te Pākehā i roto i āna whakatakotoranga tikanga. Ka puta mai i ēnei whakatakoto kōrero te whakatau mā te hoki atu ki te Tino Rangatiratanga i roto i te Ūpoko Tuarua e piki ake ai te wairua Māori, ā, kia rite ake ai ki ā te Pākehā.

Ko te Tino Rangatiratanga Māori me te mana Māori ētahi kupu e pā ana ki te tono a te Iwi Māori mā rātou anō e hanga ngā ture

tikanga ā iwi me ngā tikanga mahi moni mō rātou kia hāngai tonu ai ki ngā tikanga me ngā ture Māori i roto i te kotahitanga e kīia nei ko Aotearoa.

Tekau mā rua ngā rōpū Māori Whai Mana, ā, he pēnei anō te rahi o ētahi atu rōpū Māori Whai Mana i whakatakoto kaupapa hei whakatikatika i ngā whare Māori kia piki ake ai te oranga tinana, oranga hinengaro, oranga wairua hoki o te Iwi Māori. I pēnei te whakarāpopototanga a Koro Dewes (Rāhui Marae, Tikitiki (3347)):

> Ko te Tiriti o Waitangi te pūtake o te whiriwhiri kaupapa mō te whakatū i te mana me te Tino Rangatiratanga. Ko te Rūnanga o Ngāti Porou te huarahi hei whakamana i te Tino Rangatiratanga me te hērenga ki ā te Pākehā.
>
> Me āta wehewehe te Mana Rangatiratanga i te Mana Whakahaere. Kāore i riro te Mana Rangatiratanga o Ngāti Porou engari e tono ana kia whakahokia mai te mana Whakahaere, āra, kia riro mai te mana whakahaere i ā rātou taonga katoa.
>
> He iwi tūturu a Ngāti Porou. Ko ōna rohe nōna anō, ā, kāore i rite ki ngā rohe o ngā rōpū whakahaere o te takiwā, ki ngā Kaunihera Māori me ngā Hāhi. Kei te mau te kotahitanga o te Iwi whānui, engari he huhua ngā hapū me ngā whānau.

E ai ki a Dan Te Kanawa o Te Kuiti e toru ngā āhuatanga e hiahia ana a Ngāti Maniapoto kia riro mai ai te Mana Rangatiratanga me te Mana Whakahaere: kia whakatūria he Poari Tiaki hei tiaki, hei whakakaha i te Māoritanga, he rūnanga hei tirotiro i ngā tikanga ā iwi, he kamupene ā iwi hei whakaoho i te taha mahi moni.

4.4.3 *Te Tuku Mana ki te Iwi*

Ahakoa he tokomaha ngā Māori kei te tautoko i te tono mō te Tino Rangatiratanga, kāore e ōrite ana ngā whakaaro mō te wā hei tīmata, ā, he tokomaha hoki ngā mea e mataku ana nā te kaha o te hiahia ki te Mana Whakahaere me te Mana Rangatiratanga ka tere rawa te tuku mana a ngā Tari Kāwanatanga ki ngā iwi, ā, kāore hoki i āta whakaarotia me pēhea te whakahaere, me pēhea hoki te utu.

Nā te Rev. Māori Marsden tētahi tino kauhau ki te Kōmihana (*The Principle of Evolution not Devolution;* whakatakoto kōrero 3798) i kōrero ai ia me āta tuku ki ngā iwi ētahi o ngā mahi a te Tari Māori, engari kia oti te whakatū i ngā komiti whakahaere i te tuatahi kia mau tonu ai ngā here i waenganui i ngā iwi Māori me te Kāwanatanga. Ki te whakahoungia te Tari Māori i raro i te maru o ngā whakaaro Māori, tūmanako Māori, whakahaere Māori, tērā e pai ake te Tari ki te tuku painga ki ngā rōpū Māori o te wā kāinga.

E rua ngā hua ka puta mai i āna kōrero. Kāore ngā iwi e tū tahanga ana, tētahi iwi i tētahi atu iwi me ōna whānau, i ētahi atu

rōpū rānei i ngā rohe kāinga; ā, ahakoa tū te Tino Rangatiratanga ka hiahia tonu te Māori ki te whakapā atu ki te Kāwanatanga. Tētahi āwangawanga hoki ko ngā rawa, ngā rawa taonga, rawa tangata, ā, mā te āta whiriwhiri i ēnei mea i te roanga o te tau ka tū kaha ngā komiti whakahaere, ā, tae rawa atu ki taua wā kua pai. He māmā ki ētahi iwi te tuku mana atu ki a rātouināianei tonu; engari ka hinga ētahi atu ki te tere rawa te tuku mana atu ki a rātou. Ko te mea nui kia kaua e mārō ngā whakatau kia pai ai te wehewehe haere i ngā iwi mō te tuku mana ki tēnā ki tēnā i runga i te mōhio ka tutuki pai.

I kōrero a Tā Kereama Rātima i roto i tāna whakatakoto kōrero (5826) mō te tūpato ki te tuku mana:

> I roto i ngā whakataunga a te Rōpū Whakamana i te Tiriti o Waitangi, i ētahi o ngā pire a te Kāwanatanga me ētahi hoki o ngā whakarite a ngā Kōti ka kitea he māramatanga mō tātou. Nā te tere o te tuku i te Mana Whakahaere, ko te mataku kei ngaro ko ngā hua nui kua puta kē. Te āhua nei e hiahia ana te Kāwanatanga ki te whiu atu i tēnei kaupapa e whakamā ai rātou, tēnā ia i te kimi i tētahi huarahi e puta ai taua kaupapa . . . Otirā, me hanga he rōpū ā rohe Māori hou e whai mana ana, ka mutu, ka ako tika i a rātou, ka hoatu hoki i ngā tikanga āwhina e oti pai ai taua kaupapa i a rātou—pērā i ngā āwhina e puta ana ki ētahi atu kaupapa ā Kāwanatanga. Me kimi hoki he huarahi e taea ai te hono atu ēnei tari Kāwanatanga ki ēnei rōpū ā rohe Māori hou e whakatūria nei kia whai wāhi ai ki ngā mahi whakahou i ngā kāwanatanga ā rohe. Me mahi ngātahi me ēnei rōpū whai mana kaua e tū wehe mai. . . .

E mārama ana ki te Kōmihana me āta kōrero whānui te kaupapa tuku mana i raro i ngā kaupapa maha: ngā whakaaritanga, ngā huarahi me ngā taumata tūmanako o ngā rōpū Māori Whai Mana; te whānuitanga o ngā taumata tūmanako o te kaupapa tuku mana me ōna whakatakotoranga tikanga; te ara tika me te mataara o te Kāwanatanga matua me ngā kāwanatanga ā rohe ki te mahi ngātahi, te āhuatanga ā moni o ngā iwi, ā, kia apitiria hoki e rātou ngā moni ka riro i a rātou i raro i ngā whakatau a te Rōpū Whakamana i te Tiriti o Waitangi; te nui o te tautoko a ngā iwi Māori katoa i ngā rōpū Māori Whai Mana, ahakoa iwi, aha ake rānei; me ngā āhua hoki e whai pānga atu ai ngā tikanga ā iwi me ngā tikanga ā moni a te Kāwanatanga.

E mātau ana te Kōmihana ki ngā hua tērā e puta ki te Iwi Māori e tupu ake ana i te kaupapa tuku mana o ētahi mahi kei raro i te mana o te Kāwanatanga, ā, e tukua ana ki ngā iwi me ētahi atu rōpū Māori Whai Mana. Otirā, ki te kaikā te haere, ka hē ngā whakaari tika, ā, ka tupu ake ētahi āhuatanga e kore ai e hāngai tika ngā tūmanako, i runga tonu rā i te kore tangata hei

whakaū, i runga hoki o te ngoikore o te Kāwanatanga me ōna tari i te wā e whakahaeretia ai, ā, haere ake.

4.4.4 *Te Whai Wāhi a te Māori ki ngā Tūranga Whakahaere*

Arā atu anō ngā nawe e whai wāhi ai ngā Māori ki te oranga o Aotearoa. I mua, mā te pōti rā anō (arā, ki ngā tūranga Poari Hōhipera, Poari mō ngā Kura, Kaunihera Whare Wānanga, Kaunihera Tāone, Pāremata) e uru ai te Māori, ā, mā te Kāwanatanga me ētahi atu rōpū ture rānei, e whakatū. Kāore i whai wāhi ngā whakatakoto kōrero ki ēnei āhuatanga e rua. Ko tētahi kaupapa e whakararuraru ana, ko te whakatū kaitohutohu, māngai kōrero rānei i runga i te kore e kōrero tuatahi ki ngā rōpū Māori Whai Mana. Kāore he mana o te 'whakatakotoranga Māori', o te 'kupu Māori' rānei mehemea kāore i tautokona e te rōpū whānui.

Ahakoa e mātau ana ki ngā ture me ngā ture Kāwanatanga o nāianei, me te kite anō hoki kāore i te takoto mārama te huarahi mō ngā rōpū Māori Whai Mana, kei te whakaae te Kōmihana mā te Māori anō e whakahaere ngā kaupapa whakatū māngai, ā, me tāna kite iho mā tēnei e pai ai te whai mahi ā te Māori ki ngā kaupapa a te iwi whānui, i runga i te whakaae ki te mana o ia iwi i roto i ō rātou rohe.

4.4.5 *Te Whakahiato i ngā Rōpū o te Motu*

Ehara i te mea kia whai wāhi ko ngā Māori anake ki ngā kaupapa o te motu, engari kia whai wāhi hoki ko ētahi atu iwi ki ngā āhuatanga Māori. I ngā whakatakoto kōrero maha, ko ngā Tari Karauna me ētahi atu tari, tae noa ki ngā Tari Kāwanatanga, i whakamātau i ngā kaupapa Māori, ki te kōrero hoki ki te Iwi Māori. He pai te haere a ētahi, ā, ko ētahi anō kua kite i ngā uauatanga.

Kei roto i te rīpoata a te Kōmiti Tohutohu a te Minita, arā, tā te Māori Titiro, i mahia ai e rātou mā te Tari Toko i te Ora (*Pūao-te-ata-tū*, 1986), e whakahau ana i te Tari:

> Kia kōkiritia te whakakorenga i te pōharatanga me te wehewehe, ā, ko te huarahi ko:
>
> (a) te tohatoha tika i ngā āhuatanga āwhina;
>
> (e) te tohatoha tika i te mana me te rangatiratanga e whai wāhi ana ki ngā āhuatanga āwhina;

(h) te whakatū ture Kāwanatanga e whakaae ana ki ngā āhuatanga ā iwi, ā tikanga, ā moni o ngā iwi katoa, arā, ko te Iwi Māori te mea nui o rātou;

(i) te whakatū kaupapa e puta nui ai te hua o ōna iwi, arā, ko te Iwi Māori te mea nui.

Ahakoa e whakaae ana ki te tū motuhake a tētahi iwi, kaua hoki e riro mā tēnei e whakapōrearea te mahi ngātahi, te whakawhitiwhiti whakaaro rānei. Ko te mahi tahi me te kōrerorero tahi i waenganui i ngā iwi te mea e hiahiatia ana i Aotearoa i ēnei rā.

Ahakoa anō, ka puta tonu he raruraru, me āta titiro hoki ngā pātai kei roto i te whakatakoto kōrero a te Tari Toko i te Ora (62):

(a) Ka taea anō e te whakatakotoranga tikanga kotahi mō ngā āhuatanga ā iwi, e te rōpū kotahi rānei, te whakaū ngā kaupapa Māori tae noa ki ngā kaupapa Pākehā?

(e) Ko ēhea wāhanga o ā tātou whakatakotoranga tikanga e takirua ana, ko ēhea e tika ana mō ngā iwi katoa?

(h) Mō āhea e tika ai kia whai wāhi tahi te Māori me te Tari ki ngā āhuatanga āwhina me ngā whakatakotoranga tikanga, ā, mō āhea tika ai kia tukuna motuhaketia mā te Māori, ā, mā ētahi atu iwi e whakahaere?

Kāore tonu i pai te haere o te whakatakotoranga tikanga i raro i te kaupapa takirua. I ētahi wā kei runga noa i te kahu o te wai e haere ana, kua whakaurua atu rānei he kupu Māori ruarua ki roto. Tērā pea kāore i te hē te wairua, engari ko ngā huarahi whakatinana i te mahi ngātahi, kāore e hipa atu i te kūaha o te Tari.

Kei ngā rōpū Māori whai mana tētahi pūmanawa e tere ai te haere o tēnei kaupapa, otirā, mā rātou e huaki mai ngā huarahi e taea ai e te Pākehā te whai wāhi ki te Ao Māori, e puta ai hoki te hua nui ki te Ao Māori.

5 Te Tiriti o Waitangi me ōna Tūmanako mō ngā Āhuatanga ā Iwi

5.1 Ngā Kaupapa

Kia tino mārama ngā kaupapa mō ngā āhuatanga ā iwi, kia takoto i runga i ēnei taumata e rua, arā, 'kia noho ngā iwi katoa i roto i ngā tikanga manaaki tāngata', ā, 'i runga anō hoki i ngā whakapononga o tō tātou ao o Aotearoa me ōna kaupapa manaaki i ngā iwi katoa'. Mehemea mā te Iwi Māori anō hei whakatikatika ngā taumahatanga e pēhi nei i te Iwi mā te whakapūmau anake o aua tūmanako mō ngā āhuatanga ā iwi i raro i te Tiriti o Waitangi e taea ai te whakatinana aua kaupapa. He mahi nui hoki te whakatakoto i ngā kaupapa, te whakahaere me te whakatutuki hoki, me te whakataurite o aua kaupapa, tētahi ki tētahi, i roto i te rapunga huarahi e pūmau ai aua kaupapa i roto i te wairua o tā te Māori i whakatau ai.

5.2 Te Whakapakari Mahi Ngātahi

Ahakoa tautokona te whakaurunga o ngā tikanga o te Tiriti o Waitangi ki roto ki ngā tūmanako mō ngā āhuatanga ā iwi hei tauira mō aua kaupapa tūmanako katoa, kāore hoki e tutuki tika i taua tauira anake ēnei taumata e mōhiotia nei o te mahi ngātahi, o te atawhai, o te noho tahi me te mahi tahi, nō te mea he taumata aro nui ēnei ki te Tiriti me ōna tūmanako katoa mō ngā āhuatanga ā iwi. Kaore he whakawhitiwhiti kōrero whakawā mō te tika, mō te hē rānei o tā te Māori noho, o tā te Māori titiro, o tā te Māori whakatau, ā, o tā te Māori tuku āwhina hoki ki te Iwi i roto i te kaupapa kua whakatakotoria, engari, e whai hua ai, me titiro hōhonu, whānui hoki, aua tūmanako ki tā te Māori i

whakaaro ai, ki te whakahaere a te Māori, me tāna whakarite i āna kaupapa e tutuki ai ngā tūmanako o te Tiriti o Waitangi.

5.3 Ngā Rōpū me ngā Whakahaere

Mā te āhua o te hanga, mā te ngāwari o te whakatutuki, mā te tirotiro anō hoki i te whakahaere o ngā kaupapa tūmanako mō ngā āhuatanga ā iwi e kitea ai te tika o aua kaupapa. Ko te mahi ngātahi tētahi wāhanga o aua kaupapa, he kaupapa tino uaua ki te whakatinana i roto i ngā tāone nunui; kāore i ngāwari pērā i roto i ngā rohe kua mōhiotia e ngā iwi ngā āhuatanga me ngā kaupapa o ō rātou Mana Whakahaere Take ā rohe.

He huhua ngā whakatau a te Kāwanatanga mō ngā wero kua whakatakotoria ki mua ki tōna aroaro:

(a) kua manaakitia e ngā tohunga Māori ngā tono atu a te Tari mō ētahi whakamārama;

(e) kua whakamanā ki roto ki ngā kaupapa o te Tari ētahi rōpū Māori hei āwhina, hei tohutohu i te Tari;

(h) kua whakatūria hoki ngā Āpiha Māori o te Tari hei kaitohutohu inā hiahiatia;

(i) kua whakatūria he rōpū Māori ki roto i te Tari;

(k) kua pā ētahi tono āwhina ki ngā rōpū ā iwi o te motu, o ngā rohe hoki, engari takiwā ana te tuku o ēnei tono.

Nō Rev. M. Marsden (whakatakoto kōrero 3798) te whakaaro mehemea he Kōmihana Māori Whakatakoto Kaupapa ka wetekina ngā kōrero taupatupatu nō te mea ko ngā mema o taua Kōmihana ma ia Rōpū ā Iwi hei tohu, ā, hei tohu anō hoki i runga i te mārama ki te whiriwhiri kōrero mō te Iwi Māori katoa i roto i ngā mahi e pā ana ki te Kāwanatanga.

He whakamahara tēnei ki ā mātou kupu kua whakaputaina, tērā he taumata tino pai mehemea ka taea te whakatū o tētahi kaupapa Māori hei tūhonohono i ngā Rōpū Kōkiri Take Māori, engari kia whai rawa, kia whai mana anō hoki taua Rōpū kātahi ka ita rawa atu.

5.4 Ngā Waihanga Mana Whakahaere

Mehemea ki te mahi ngātahi te Iwi Māori, kia tika tonu te tohu i ngā tāngata mō ngā komiti whakarite i ngā kaupapa tūmanako. Me āta hanga ngā kaupapa mō ngā mema o ngā Poari, o ngā Kaunihera, me ngā Kōmiti Āwhina i runga i ngā rapunga kōrero,

kupu whakamārama rānei, mō te āhuatanga o ngā Rōpū ā Iwi o roto o ngā rohe; te tokomaha o te iwi Māori e pēhia ana e ngā taumahatanga; e ō rātou pakeke, ō rātou tau rānei; mehemea he tāne, he wāhine; ngā nawe me ngā hapanga o aua rohe; tae atu ki ngā whakaaro o ngā tāngata katoa o aua Rohe. Mā te whakarāpopoto o ēnei rapunga kōrero katoa e āhei ai te hanga kaupapa whakauru atu o ngā mema Māori kia tutuki ai te tūmanako me te mahi ngātahi a te Iwi Māori. Kei te rumakina hoki e ngā kaupapa whānui o te tini o iwi ngā tūmanako me ngā tikanga o te korekore o iwi; nō reira ahakoa kua whakaritea kia rite ki te tokomaha o ia iwi, o ia iwi te whakatū i ngā mema Māori ki runga i aua Poari, kāore e tutuki ngā tauira mahi ngātahi o te Tiriti o Waitangi, kāore hoki e taea te muru ngā kaupapa whakapōhara, whakawehewehe i te Iwi Māori me te Iwi Pākehā.

5.4.1 *Ngā Poari Hauora ā Rohe*

Na Tītewhai Harawira te kōrero (whakatakoto kōrero 242):

> Kia tino hohoro te whakatinana i te tauira mō te mahi ngātahi o te Tiriti o Waitangi. Nō reira me mutu te whakatū mema Māori hei kaitohutohu noa iho hei kaiāwhina rānei, nō te mea e takatakahi ana tēnei mahi i te mana o te tangata Māori, e whakaiti ana hoki i tōna mātauranga ki te whakatakoto whakaaro i roto i ngā take e whiriwhiria ana . . . me rima tekau paiheneti ngā mema Māori ki runga i ngā Poari Hauora ā Rohe me tiki atu aua mema i ngā rōpū Māori o te Tangata Whenua me ngā rōpū ā iwi e noho ana i roto i aua rohe. Kaua ēnei mema e riro ki roto i ngā mema pōti, ki roto rānei i ngā kaupapa whakatū mema i runga i te tokomaha o ngā tangata i pōti i taua mema.

I roto i tāna Rīpoata ki te Poari mō te Hōhipera o Ākarana, nā Tā Frank Holmes ētahi kōrero i ōrite ki ngā whakaaro o Tītewhai:

> Kua whakatautia tērā me whakatū he Kaunihera Māori mō ngā Tikanga Hauora, hei hāpai, hei whakahaere i aua kaupapa e pā ana ki te Iwi Māori i runga anō i te Kaupapa Māori, ā, mā te Poari o te Hōhipera o Ākarana taua Kaunihera Māori hei āwhina. Mā ngā Mana ā Iwi me ngā Mana ā Rohe e rima o Tāmaki-Makau-rau hei whakatū taua Kaunihera.
>
> E whakaae ana tēnei Kōmiti kia whai wāhanga te Iwi Māori ki runga ki te Poari; ki runga hoki ki te Komiti Whakahaere i ngā mahi a taua Poari, ki runga anō hoki i ngā Mana Whakahaere ā rohe me ngā komiti katoa o tēnei whakaritenga hou. Ko te tino tūmanako, kia noho puare tonu ngā kaupapa whakahaere a ngā komiti katoa o taua Poari me te Kaunihera Māori, kia ngākau nui ngā mema ki te kōrero ngātahi, ki te whakawhitiwhiti whakaaro me te mahi ngātahi anō i roto i aua whiriwhiringa mō ngā kaupapa rapu ora mō ngā Iwi katoa.
>
> I āhua uaua ki a mātou te whakatau me pēhea te tohu o ngā mema Māori, ā, kia pēhea hoki te tokomaha. I te tīmatanga o ā mātou

whakawhitiwhiti kōrero, ka whakaaro ngā mema Māori o tō mātou komiti kia ōrite te tokomaha o ngā mema Māori me ngā mema Pākehā i raro anō i te tauira mahi ngātahi. Heoi anō, i rongo tonu rātou i te mita o te kupu whakautu a ngā mema Pākehā kāore tēnei whakaaro e tautokona. Koia ka whakaaro aua mema Māori mā te Kaunihera Hauora Māori hei tohu ngā mema Māori, kia tokorima, hei mema mō te Poari Hauora ā Rohe o Akarana, ā, kia tokorua ngā mema Māori mō ia Mana ā Rohe. I kōrero anō ngā mema Māori e tino hiahia ana rātou mā te Kaunihera Hauora Māori mō ngā Komiti katoa, ā, i tautokona ō rātou whakaaro e ētahi o ngā mema Pākehā o te Komiti. I aro nui anō ngā mema katoa o te Komiti ki taua whakaaro, engari kāore i haratau ki a rātou te whakaaro o ngā mema Māori me wehe ki waho i te kaupapa pōti Pāremeta, te pūtake o te pōti mema Pākehā, ngā whakaingoatanga o ngā mema Māori, nō te mea ko ngā mema katoa o te Mana ā Rohe o Akarana (ARA) he mea tohu i roto i ngā Rohe Pōti Māori o te Tai Tokerau me te Tai Hauāuru.

Ko te whakaaro o te nuinga o ngā mema o te Komiti kia tokowhā ngā mema Māori mō te Poari Hauora o te Rohe o Ākarana, kia kotahi nō te Rohe Pōti Māori o te Tai Tokerau, kotahi nō te Rohe Pōti Māori o te Tai Hauāuru, ā, kia tokorua hoki ngā Mema Māori mā te Kaunihera Hauora Māori hei tohu. I tua atu i te Poari, ka noho tahi ia mema Māori ki runga i tētahi o ngā Mana ā Rohe pērā hoki i ngā mema Pākehā o te Poari. (E āhei ana anō hoki te Māori ki te tū mō aua tūranga i runga i ngā Rohe Pōti Whānui, kaua ki runga i ngā Rohe Pōti Māori anake). Ka noho tētahi o ngā mema o te Kaunihera Hauora Māori hei mema mō te Komiti Whakahaere i ngā mahi a te Poari, ā, mā taua Kaunihera anō hoki hei tohu ōna mema mō ia Mana ā Rohe me ngā mema Māori mō ngā Komiti me ngā rōpū whakarite tikanga mō te Kaupapa Hauora.

I tuhia ai ēnei whakamārama, hei whakaatu i ngā uauatanga me ngā tini whakaaro e ārai nei, e takatakahi nei i te mana Māori me ōna tūmanako kia whai wāhi ia i roto i ngā kaupapa mō te painga o ngā iwi katoa i roto i ō rātou rohe. Ko ngā kōrero whakatū mema mō tētahi Poari Hauora ā Rohe, e hāngai tonu ana ki ētahi atu kaupapa whakatū mema pērā i ngā taumata mō te mātauranga, mō te rapu mahi, mō ngā mana whakahaere ā iwi, mō ngā mahi tākaro me te whare o te rehia, mō ngā ūniana, mō ngā hāhi me ētahi atu rōpū, engari ko te tino uauatanga kei ngā rōpū i whakatūria i raro i te mana o te ture. E mātau ana hoki ngā iwi o te Moana-Nui-a-Kiwa me ngā iwi o ētahi atu whenua, ā, kei Aotearoa nei e noho ana, ki ngā uauatanga e mōhiotia nei e te Iwi Māori.

He tika tonu hoki kia kōrerotia te tūranga o ngā Mana ā Iwi i roto i ngā kaupapa o tētahi Kaunihera Hauora Māori o te takiwā

tāone. Nā runga i te tūranga tangata whenua o te Iwi Māori ka tika anō hoki te whakatau o ia iwi hei Tangata Whenua mō ōna rohe me ōna takiwā, ā, kua whakaaetia e te nuinga he mana heke iho i ngā tūpuna. He māramatanga tēnei e kore e taea te karo, ā, kia kaua rawa e whakahāweatia e ngā mana o ngā takiwā tāone.

5.5 Te Whakahiatotanga o te Titiro Whānui

Ko tētahi whakahē i ngā kaupapa mō ngā tūmanako mō ngā āhuatanga ā iwi, ko te herenga o aua kaupapa ki ngā whakahau a te tari kotahi a te Kāwanatanga, whakarērea ake te tono āwhina, te tūhonohono rānei, ki ngā kaupapa whānui o ētahi atu o ngā tari. Kāore hoki he hua mehemea mā te Tari o te Ora anake hei kawe ngā kaupapa rapu ora, nō te mea he oranga anō hoki kei roto i ngā āhuatanga whakawhiwhi i te tangata ki te whare noho, kei roto hoki i te kimi mātauranga, me te rapu mahi. Nō reira, he mahi tino kino, he taupatupatu i ngā kōkiringa whānui a te Iwi Māori, ēnei tikanga herehere ki ngā whakahau a ngā hinengaro kuiti; he aha ai? He whakahēmanawa i ngā tūmanako whakapakari a te Iwi i roto i ngā kaupapa rapu ora, i roto i ngā tikanga a ngā tūpuna me ngā tūmanako mō ngā āhuatanga ā iwi. He tika, ki te kuiti te titiro, ka whakaarohia e taupatupatu ana ngā kōkiringa whānui a ngā hinengaro matakite.

I a ia i mua i ngā mema o te Kōmihana i te Whanga-nui-a-Tara, ka kōrero a Iri Tāwhiwhirangi mō te uaua o te whakamārama ki te hinengaro Pākehā i ngā hua ātaahua me ngā taonga whānui o roto o te kaupapa o te Kōhanga Reo, nō te mea he tino whāiti te titiro a te hinengaro Pākehā, kotahi anō te kaupapa e mārama ana ki a ia, ko te ako anake i ngā tamariki nohinohi. Ki te hinengaro Māori, he whānui noa atu, he hōhonu hoki, he kawenga ā wairua, e kore rawa e taea te wetewete ngā kaupapa e whāia nei hei oranga mō te Iwi Māori.

E noho puare ana ētahi huarahi i waenga i ētahi o ngā Tari a te Kāwanatanga hei whakawhitiwhitinga whakaaro mō ā rātou kaupapa, engari he huarahi kāore anō kia whakawhānuitia, ā, kei te noho hauwarea tonu mō ngā whakahau āhuatanga ā iwi. Ka nui te manawapā o te Kōmihana mō tēnei hanga ngoikore a ngā Tari a te Kāwanatanga, ka riro mā rātou hei whakahēmanawa, hei taupatupatu hoki i ngā kōkiringa take whānui a ngā Mana ā Iwi e whakamātau nei ki te hāpai, ki te ārahi i ngā iwi ki te taumata o te toiora. Na ēnei aronga hauwarea a ngā Tari a te Kāwanatanga i

whakapakari ai te Iwi Māori ki te whakatakoto i ō rātou tūmanako mō tētahi Tari mō te Kaupapa mō ngā Āhuatanga ā Iwi me tētahi Kōmihana Māori Whakatakoto Kaupapa.

Mā ēnei kawenga e rua e tūhonohono, e tātari, e whiriwhiri ngā pūtake o ngā tūmanako mō ngā āhuatanga ā iwi kia tōpū, kia taurite ai te whakatakoto o ngā tikanga katoa a te Kāwanatanga ki ēra o ngā kōkiringa whānui, o ngā taumata taiāwhio e whāriki nei i ngā whakahaere katoa a ngā Mana ā Iwi me ō rātou rōpū Māori o roto o ngā takiwā. Tērā anō tētahi huarahi hei whiriwhiringa, arā, ko te whakatū i tētahi hoa Māori hei hoa mahi ngātahi, hei hoa whakahau kia whānui te titiro, kia taiāwhio hoki ngā aronga o ngā kaupapa hei kawe. Mā te Iwi Māori o ia takiwā hei tohu taua Māori ki runga ki ngā tūranga mātāmua o ngā taumata whakahaere, o ngā taumata whakatakoto kaupapa o ia Tari, o ia Tari. He huarahi tino tika tēnei mō ngā Tari a te Kāwanatanga e toko ana i te wairua mahi ngātahi kia papatairite ai ngā kaupapa whakatupu i te toiora, ngā kaupapa āhuatanga ā iwi me ngā kaupapa take tūpuna Māori.

E whakapono ana te Kōmihana nā te kore o te wairua mahi ngātahi o te Iwi Māori i roto i ngā taumata mātāmua a te Kāwanatanga i mate ai te Motu, koia tēnei ka whakatau te Kōmihana me hohoro tonu te whakatika kia pāhuatia tēnei mate e te Kāwanatanga me te Iwi Māori.

5.6 Te Tuku Mahi Āwhina ki te Iwi

Tētahi take i whakaputaina ki te Kōmihana i ngā wā katoa ko te īnoi kia whai wāhanga i ngā wā katoa, tā te Māori kaupapa, tā te Māori titiro, i mua i te whakamanatanga a te Kāwanatanga i ngā tikanga mō ngā tūmanako, āhuatanga ā iwi. Mā ngā kaikōrero, he taumata taurarua te Ūpoko Tuarua me te Ūpoko Tuatoru o te Tiriti, nō reira, ko 'aua tikanga me aua ture Māori kua whakaaetia' mā ngā Mana ā Iwi anake e tutuki tika ai te whakahaere. Nā te tino hēmanawa me te kore painga ki te Iwi Māori o ngā kaupapa me ngā whakahaere a te Pākehā i kī ai ngā Mana ā Iwi mā te Māori anō hei kōkiri, hei hāpai, hei whakatutuki, i runga anō i āna tikanga, i ōna mātauranga me āna whakahaere ka toiora ai, ka mataara ai te tū me te hīkoi o te Iwi Māori.

5.6.1 *Ngā Kōti ā Iwi*

I te takiwā ki Kaikohe, ka whakaaratia e Huakapa Te Whata (557) te take mō ngā Kōti ā Iwi, i runga i tāna titiro kāore ngā whakahaere o ngā Kōti o te motu e manaaki tōtika ana i ngā Māori e wakawātia ana.

Nā ngā kaumātua o Te Arawa, o Whakatōhea me Tauranga Moana taua whakapae anō i whakatakoto ngātahi ki te Kōmihana:

> . . . . Kei te tino hē ngā whakahaere a te Ture ki te Iwi Māori nō te mea ko ngā whakahaere o āna ture i ahu mai i ngā tikanga a te Pākehā me āna tirohanga. Ko te tikanga kē ko ngā tamariki e mau ana i raro i ngā take ā ture me tuku kē ki raro i te mana ā ture o te Kōti Whenua Māori i runga anō i ngā tono me ngā whakaaro o te Mana ā Iwi; nō reira me whakarite e te Kāwanatanga ngā āwhina me ngā rawa kia tutuki ai ēnei tūmanako.

Nā te Rōpū Māori Toko i ngā Take ā Ture o te Whanga-nui-a-Tara ētahi kōrero whakamārama mō ngā Kōti ā Iwi. Nā rātou te whakamārama mō tētahi kaupapa mō aua Kōti, kia āhei aua Kōti ki te tuku tono āwhina ki te Kāwanatanga, ā, ki ngā Mana ā Iwi hoki mā rātou nei e tohu ētahi reo whakatau hei āwhina i te Iwi (arā, ngā whānau me ngā hapū) ki te whakatau i ngā take whakapae, i ngā take uaua, me te whakarite anō hoki i ngā whakawhiunga e rite ana. Ko te mana o aua Kōti ka pā ki runga i ia Māori (e tohu ana kia riro mā taua Kōti ia hei whakawā) e hāmenetia ana i raro i te Ture Whakawā i ngā Mahi Hē (1981); te Ture mō ngā Waka Tākiri i ngā Huarahi (1962); te Ture mō ngā Mahi Kino (1962); te Ture Whakawā (1985) mō te takahanga poropeihana; o ngā whakatau herehere ā takiwā; me ngā whakatau āwhina mā aua herehere ki ngā iwi; mō ngā take whakapae e whakatautia ana e te Kōti mō ngā Whānau (engari kāhore mō ngā take whakapae mō ngā rawa me ngā taonga a ngā hunga mārena); mō te hunga tamariki me ngā taitamariki; mō ngā take e pā ana ki ngā whenua e nohoia ana e ngā whānau o te Iwi.

Ko tēnei Kōti ā Iwi tētahi aronga o te hiahia ki te whakawhiti i te whakahaere o ngā kaupapa āhuatanga ā iwi ki te taumata take ā tūpuna, kia tūhonohono ai te tākiri o ngā tini kaupapa a te Iwi. Kua tīmataia tēnei āhuatanga whakawhitiwhiti o aua whakahaere i roto i ētahi o ngā kaupapa mahi a te Tari mō ngā Kura, te Tari o te Ora me te Tari mō te Mahi.

5.7 Te Mana Whakahaere ā Iwi

E mātau ana te Kōmihana nā te whāiti o tā te Pākehā titiro me te noho takitahi a ngā Tari Kāwanatanga, i tauherehere ai ngā kaupapa mō ngā iwi o ngā tau ki muri. Nō reira, i roto i ngā tūmanako o te Iwi Māori mō te whakatupu toiora o tōna Iwi, kua kite rā mā ngā Mana ā Iwi me ōna tikanga whakahaere katoa e

tutuki pai ai ēnei tūmanako. Nō reira e tika ana kia whakahokia te mana mō ngā tikanga whakahaere katoa ki te Iwi, me whakawhiwhi anō hoki ki ngā taonga āwhina kia pūāwai ai ngā whakaaturanga hou mō ngā kaupapa kua kōkiritia e te Iwi.

6 Te Whakarāpopototanga

6.1 Ko tā Tātou Ōhākī mō Āpōpō

Ko ngā iwi o tēnei whenua o Aotearoa he uri nō ngā whakatupuranga o ngā rau tau ki muri; i tupu ake i roto i tēnei whenua tino whai taonga hei manaaki i te tangata; e kitea nei i tēnei tau 1988 i te tini o ngā tāngata, o ngā whakaaro, o te āhua o te noho, me ngā tūmanako. He ao hurihuri tēnei me ōna wawata e ātete nei i ngā taonga ātea, e whakamataku nei i te nui o tangata me te whakaohooho anō hoki i ngā hinengaro me ngā whatumanawa.

I noho pērā anō pea ō tātou tūpuna o te whakatupuranga o te tau 1840, i roto i ō rātou tūponotanga ki tō rātou ao hurihuri ahakoa te rere kē o te pākinga o taua ao, he pākinga whakamataku.

Ko taua āhua anō hoki te kaupapa o te Tiriti o Waitangi, e whakamau atu nei ki ngā tini ō iwi me tō rātou ohinga ake e tūtataki nei, e noho tahi nei i roto i te tūmanako mā aua whakawhanaungatanga hou, mā ngā māramatanga hou e tiaho ake ana me ngā whakariteritenga hou e whakamāmā ētahi o ngā iriruatanga o āpōpō, me te whakamātau tonu kia tū pakari hoki i roto i ngā kawenga e eke ai ki te ao mārama. I roto i ngā whakamārama mō te tūranga o te Iwi Māori i roto o Aotearoa, e whakatau tahi ana hoki i te tau, i te tika, o te nohoanga o ngā tāngata katoa o Aotearoa ahakoa nō hea tō rātou takenga mai.

Ki te whakaaro o te Kōmihana, ko tēnei pukapuka o te Tiriti o Waitangi he mana tuku iho tōna, he mana motuhake hoki e whakaatu nei i ngā tīmatanga o Aotearoa me te titiro whakamua anō hoki i roto i ōna kaupapa hāpai i tō tātou Motu me ōna iwi katoa. Ki tā te Kōmihana titiro, kōia tēnei te rito e tupu mai ai ngā kaupapa toko i te ora me te hāpai i ngā āhuatanga o te oranga mō tēnei whenua.

Kāore hoki e taea e te Tiriti o Waitangi te whakatau ngā tini uauatanga e tautoro atu ai ki mua i ngā tāngata o Aotearoa, kāore

hoki e pūmau tonu te kitea o ngā kupu whakautu mō ngā āhuatanga e tūpono atu ai ki ngā take taumaha. Engari, e whakapono ana te Kōmihana he whakapuakitanga tēnei pukapuka, arā, tēnei Tiriti, ki ngā tohu whānui mō ngā kaupapa whakatihi i ngā rito mō te oranga, mō te toko i te ora, mō ngā kaupapa ture, mō te takenga mai, me te ao wairua anō hoki.

6.2 Kia Mana ai te Tiriti

6.2.1 *Te Whakamana i raro i te Ture*

Kua mārama ētahi kaupapa e whai mana ai ngā tikanga o te Tiriti i roto i ngā kaupapa ture o tēnei whenua. Ahakoa anō, kāore ēnei kaupapa e ārai tētahi i tētahi.

(a) Kia maha ake ngā rohe pōti mō te Iwi Māori i roto anō i ngā tikanga o ngā tātai tāngata o aua rohe.

(e) Kia noho takirua ngā Whare Whakamana ture i raro i te Rūnanga Nui (me ōna kāhui kōrero kia tauriterite te tātai o te tangata Māori ki te tātai o ia tangata ehara nei i te Māori). Mā taua tōpūtanga hei whakamana ngā ture katoa e whakaarahia ana.

(h) He Pire whakatau i te mana tuku iho, i te mana motuhake o te tangata, me te whakapūmautanga o ngā tikanga o te Tiriti o Waitangi i roto o te whakatinanatanga o tēnei Pire.

(i) Te whakamana ki roto ki ngā kaupapa ture katoa tētahi kupu whakatau e whakahau ai kia whakatinanatia ngā tikanga o taua Tiriti.

(k) Ko te Tiriti o Waitangi hei Kaupapa Ture: te tino ture whakahirahira mō Aotearoa.

E pūmau ana te whakaaro o te Kōmihana me whakatinana te Tiriti o Waitangi hei Kaupapa Ture, ā, kua takoto tāna kōkiri me tīmata ngā whakawhitiwhiti kōrero i nāia tonu nei i roto i te wairua o te mahi ngātahi.

6.2.2 *Te Rōpū Whakamana i te Tiriti o Waitangi*

Mai o te tau 1975, nā te Rōpū Whakamana i te Tiriti o Waitangi tētahi mahi tino toimaha, i roto i āna whāinga i te māramatanga me te whakaū i ngā tikanga o te Tiriti. I runga i tōna whakapono he take tino tika te whakatau wawe o ngā mamaetanga o te Iwi Māori o ngā tau maha, kei te tino mārama tonu te Kōmihana ki ngā pēhinga taumaha kei runga i te Rōpū Whakamana i te Tiriti

o Waitangi, me ōna whakatakaririanga ana kore aua mamaetanga e whakamāmātia, e whakaorangia rānei. E toru ngā āronga e tutuki wawe ai ngā mahi a te Rōpū Whakamana i te Tiriti: kia whakawhiwhia te Rōpū Whakamana i te Tiriti ki ngā momo āwhina e taurite ai ki te taumahatanga o tāna mahi; kia whakamaiangitia te mana o te Rōpū Whakamana i te Tiriti me tōna Tiamana; kia tū pakari tonu te Kāwanatanga ki te whakatinana, ki te whakamana i ngā whakataunga katoa a te Rōpū Whakamana i te Tiriti.

6.2.3 *Te Rūnanga Whakatinana i ngā Tikanga o te Tiriti o Waitangi*

Nā te Kōmihana te whakatau tērā me whakatū he Rūnanga i runga anō i tōna paepae tapu hei whakaoho, hei whakaara, hei whakatinana, hei whakatutuki i ngā whakaritenga i whakakaupapatia i roto i taua Tiriti. E mātau ana mātou ki te whānuitanga, ki te hōhonutanga o te mahi i takea mai mō te Kōmihana Ture, te Kōmihana mō ngā Tikanga o te Tangata, te Tangata Takawaenga i ngā Whanaungatanga o ngā Iwi me te Rōpū Whakamana i te Tiriti o Waitangi; engari kāore mātou e whakapono tērā ka taea e aua rōpū, i runga anō i ā rātou kaupapa i whakatūria ai rātou me ō rātou taumata o 'te amorangi ki mua', te whakamana i ngā wā katoa, ngā āronga o te Tiriti mō ngā kawenga katoa o ngā tūmanakotanga mō ngā kaupapa toko i te ora me te whakapiki ōranga. Kia whakamanaia rā anōtia e te Ture aua tūmanakotanga, ko te whakaaro, mā taua Rūnanga e whakawhiwhi, e manaaki ngā tikanga āta tirotiro i ngā tono katoa kia taurite ai te tātaritanga o ngā ture o te whenua me ngā ture e whakaarohia ana, me te tirotiro anō hoki i ngā kaupapa me ngā whakahaerenga o ngā Tari a te Kāwanatanga, i raro anō i tā te Tiriti tirohanga. Me āro nui anō hoki taua Rūnanga, i raro i tēnei whakaaro, ki ngā kawenga whakakotahi i ngā Rōpū Māori, i ngā Mana ā Iwi me ngā tikanga o te kaupapa mahi ngātahi.

6.3 He Kōrero Tīmatanga mō te Kaupapa Mahi Ngātahi

6.3.1 *Nga Tauwehewehetanga*

Kāore hoki e tutuki tēnei kaupapa mehemea he noho wehewehe kē ngā tūranga, ā, he teitei kē tētahi hoa mahi ngātahi i tētahi.

Kei roto i tētahi o ngā wāhanga o tēnei Rīpoata ngā whakamārama mō aua tauwehewehetanga me te whāwhai anō o te whakaaro kia hohoro te whakatikatika, kia hohoro ai te pūāwai o ngā manaaki ā tāngata i roto i tēnei whenua o Aotearoa. He tangata! He tangata! He tangata te mea nui, nō reira ka nui te manawapā o te Kōmihana mō ngā hapanga ia tau o ngā toronga tauwhewehe i roto i ngā kaupapa o te hauora, o te whai rawa, o te mātauranga, o te rapu mahi me te whiwhi whare. Me āta rapu ngā toko āwhinatanga, mē āta tautoko hoki ngā whakaaro tauhou, kia tupu pakari ai te wairua o te mahi ngātahi i raro i te kaupapa o te Tiriti.

6.3.2 *Te Mataara ki te Tiriti*

Mehemea he tāngata tūturu tātou nō Aotearoa, e tika ana kia tino mōhio tātou ki ngā kōrero katoa mō te Tiriti o Waitangi. Kāore hoki tēnei taumahatanga i pā ki te Iwi Māori anake. I tau tēnei taumahatanga ki runga ki ngā tāngata katoa o Aotearoa me aua tāngata hoki kātahi anō ka tae mai ki tēnei motu noho ai. Ko tēnei taonga o te mahi ngātahi kei waenganui i te Iwi Māori me te Karauna, koia nei te māngai mō ngā Iwi katoa o Aotearoa ahakoa i ahu mai i whea te take ā tūpuna.

I roto i tēnei āhuatanga, e whakamihi tonu ana te Kōmihana ki ngā Hāhi, ki te rōpū Project Waitangi me ēra atu Rōpū ā Takiwā e hāpai nei i ngā kaupapa whakamōhio, i ngā kaupapa whakamārama ki ngā Iwi ki ngā tikanga o te Tiriti; ā, e kite ana hoki mātou i te tika o ēnei kaupapa mō ngā taumata whakamōhio, mō ngā taumata katoa e toko ana i ngā kaupapa mō te mātauranga.

6.3.3 *Te Whakapūāwaitanga ā Iwi*

He tino nui rawa atu te whakapono o te Kōmihana tērā kei ngā Mana ā Iwi tētahi mana tino whakapakari, tino whakatinana hoki i ngā tūmanakotanga mō ngā kaupapa toko i te ora me te whakapiki ora ki ngā iwi katoa. Ahakoa kāore tēnei whakaponotanga e whakaiti ana i te mana o ia tangata, o ia tangata, o ngā whānau rānei e piri pono ana ki ētahi atu āronga i roto i ngā takiwā o ngā tāone, i waenga pārae rānei, e mārama pai ana te Kōmihana ki te tū pakari o aua kaupapa Māori i tupu mai i te ao o ngā tūpuna, me te taurite tonu hoki o aua kaupapa ki ēnei whakatupuranga o Aotearoa. Mā te manaaki, mā te whakawhiwhi anō hoki ki ngā taonga āwhina, e māia ai aua Mana ā Iwi ki te

whakaputa mai i a rātou hei hoa mahi ngātahi i runga anō i tō rātou mōhio ki te whakaoho, ki te whakapakari i tō rātou Iwi i raro i te tikanga o te Mana Motuhake Māori.

Nā tō mātou mataara tonu ki ngā tikanga mō te mārama o te whakatakoto i ngā kaupapa tūmanako, mō te tōtika o ngā kaupapa whakarite, mō ngā whakamārama o ngā tono āwhina me te whakapakari hoki i ngā Mana ā Iwi i runga atu i te kaupapa whakahoki i te mana ki te Iwi i āhua hopī ai mātou. Anā anō, i te whāwhai o te Kāwanatanga ki te whakawhiti i āna whakahaerenga i mua i te whakapūmautanga o ngā āwhina ā tari me ngā āwhina ā tangata, arā hoki, i mua anō i te whakaarohanga o aua Mana ā Iwi me aua Tari Kāwanatanga mō te kaupapa o tā rāua mahi tahi, ka tino uru mai te pōrarurarutanga i roto i ngā tūmanakotanga me te whakangoikore anō hoki i te tū a te Iwi Māori.

6.3.4 *Te Tūranga o te Iwi*

Kāore anō kia tōtika te whakahaere a ngā Tari Kāwanatanga i āna kaupapa āwhina i te Iwi i raro i ngā tikanga Mana ā Iwi. E mōhio pai ana te Kōmihana ki ngā tono a ngā Mana ā Iwi ki ngā Tari a te Kāwanatanga, arā, ki te Tari mō te Ture, te Tari Pāho, te Tari mō ngā Kura, te Tari o te Ora, te Tari mō te Whakatupu Ora me te Tari mō ngā Mahi. Koia anō hoki te āhua e pā ana ki te tūranga o te Iwi i mua i ētahi atu rōpū ā rohe me tōna mana kaitiaki mō te take ā tūpuna me te reo Māori.

6.3.5 *Te Tūhonohono i ngā Rōpū Kōkiri Take Māori*

Tērā anō ētahi take e pā ana ki te Motu katoa hei whiriwhiringa mā te Karauna me ngā Iwi katoa o te Ao Māori. E tino mōhio ana te Kōmihana ki ngā hereheranga, ki ngā whakahau hoki e utaina ana ki runga ki ngā rōpū Māori o te Motu; arā, ki te whakaaro o te Kōmihana, me hohoro tonu te whakatū o tētahi rōpū whai rawa, o tētahi rōpū whai reo anō hoki e tika ana ki tā te Māori titiro, ki tōna hiahia anō hoki me te mātau anō o taua rōpū ki te whakatau tikanga i roto i ngā tautokonga a te Iwi Māori.

6.3.6 *Ngā Mahi a te Kāwanatanga*

Me tino whakaaro te Karauna me āna tari katoa ki te whakahaere i āna whakaritenga katoa ia rā, ia rā i roto i te wairua mahi ngātahi. Kei roto i tētahi wāhanga o tēnei Rīpoata ētahi hanganga kaupapa mō te mahi ngātahi, heoi anō he whakamau tonu nō te Kōmihana kia tūhonohono tonu ngā mahi ngātahi i runga i te

ōritetanga o te whai mana me te whai tikanga. Mō ia hoa mahi ngātahi i roto i ngā whakataunga katoa, i ngā tūranga katoa hoki o ia tari me te tūmanako tonu kia whakakaupapatia tēnei taonga whakahaere e ngā rōpū whai mana kei waho o aua Tari a te Kāwanatanga.

He hāngai tonu hoki tēnei kaupapa o te mahi ngātahi ki aua Tari a te Kāwanatanga e whai mana ana ki te whakataurite i ngā whakataunga toko i te ora me te whakatupu ora i roto i ngā kaupapa take ā tūpuna.

Nā te tū whāiti o te hanga o ngā whakahaere a te Kāwanatanga i utaina ai ētahi toimahatanga ki runga ki ngā Mana ā Iwi e kawe pane nei ki te hāpai i ō rātou whakaaro whānui mō ngā mahi toko i te ora me te whakatupu ora mō te Iwi. E tutuki ai aua whakaaro, me whakatikatika rawa e te Kāwanatanga āna tikanga whakahaere katoa kia taurite ki tā te Māori whakahaere, kia tika ai te hāpai, kia tōpū ai te āwhina, kia toitū ai ngā kaupapa whai oranga mō te Iwi Māori.

6.4 Kia Kotahi Tō Tātou Hīkoi Whakamua!

Kāore hoki te Tiriti o Waitangi i whakapapatairite i ngā āhuatanga ā iwi, ā, i whakatakoto rānei i tētahi iwi ki runga ake i tētahi. Nā te whakawātea i ngā huarahi e whakaata ai ngā āhuatanga ā iwi i roto i ngā rere kētanga katoa, i roto anō hoki i ngā whakaritenga kua whakaaetia, ka tau ai te pūtake mō ngā kaupapa manaaki me te mahi tahi i waenganui i te kawenga tawhito me te kawenga hou.

E whakapono ana te Kōmihana he huhua ngā tohutohu a te Tiriti, he tohutohu e hāngai tonu atu ana ki ngā whakahaerenga mō ngā mahi whakatupu oranga me te toko i te ora mō ngā Iwi. Ehara i te mea me uiui, i raro i ngā tikanga o te Tiriti, ko ngā āhuatanga anake o ngā tau ki muri, kao, engari me haere whakamua i roto i te whakapono ki ngā kupu taurangi o te Tiriti hei whāriki mō aua tūmanako whānui mō te toiora o ngā iwi i roto i ngā tau e tū mai nei.

Mā te tika o te whakahaere o ngā tikanga o te Tiriti, mā te mataara tonu hoki o te manaaki i aua tikanga o te Tiriti, e kotahi ai te hīkoi whakamua o ngā Iwi o Aotearoa ki te 21 o ngā rau tau.

WOMEN AND SOCIAL POLICY

Part I
Māori Women

WOMEN AND SOCIAL POLICY

Part I
Major Women

Women and Social Policy

Part I Māori Women

He tau pai te tau

He tau ora te tau

He tau ngehe te tau

He tau no te wahine

Rapua he purapura e tupu ai te tangata

The year is good

The year is peaceful

The year is full of promise

It is the year of women (a time for peace and growth)

Seek, therefore, the seed from which will come

the greatest growth for all people.

1 Introduction

1.1 *Partnership under the Treaty of Waitangi*

1.1.2 The terms of reference of the Royal Commission on Social Policy require the Commission to consider and report on 'the principles derived from the standards of a fair society and based on our social and economic foundations which government may apply to all policy'.

1.1.3 The terms of reference list as three of the foundations of our society and economy the principles of the Treaty of Waitangi and the equality of men and women and the equality of all races.

1.1.4 In its work on the Treaty of Waitangi the Commission identified three principles which should guide policy development—they are partnership, protection and participation.

1.1.5 While the composition of the Commission's membership is primarily Pakeha the Commission has tried nonetheless to reflect these principles in its work.

1.1.6 The paper on *Women and Social Policy* therefore has two parts.

1.1.7 In recognition of their tangata whenua status and in terms of the partnership inherent in the Treaty, it is essential that the perspective of Māori women be heard and the implications of that perspective for policy development be fully understood.

1.1.8 Further, in its work on women the Commission wants to make clear that policies cannot succeed if they do not take account of the diversity of women's lives and the impact of culture, ethnicity, age, and class. In addition, the Commission recognises that Māori women have diverse interests and perspectives which may vary according to among other things their tribe, their knowledge of tikanga Māori, their geographical location, whether they are heterosexual or lesbian, able-bodied or have a disability.

1.1.9 Finally, the facts speak for themselves. The negative outcomes of social and economic processes since 1840 have been devastating for Māori women.

1.1.10 Part I of this overview paper therefore deals with those matters which Māori women themselves identify as hindering the achievement of a fair society, as well as those developments which they see as crucial to that achievement.

1.1.11 In the conclusion the Commission summarises the extent to which Māori women share in the benefits of society and the main reasons that they miss out. We draw out the significance of Māori women's perspective for policy development, implementation and evaluation; and we emphasise the importance of applying the principles of partnership, protection and participation to Māori women.

1.2 *Sources*

1.2.1 There is very little published research on any aspect of Māori women's lives. Published material of any kind by Māori women is even more rare.

1.2.2 In its work the Commission has drawn heavily on:

- the submissions;
- the work of the Māori Womens Welfare League since its inception in 1951;
- in particular the Māori Womens Welfare League Health Study *Rapuora: Health and Māori Women;*
- writings by Rose Pere and Kuni Jenkins;
- the women who were consulted formally and informally, particularly those who met together for three days in November 1987 to develop the framework and priorities for this paper;
- Te Ohu Whakatupu—the Māori secretariat of the Ministry of Women's Affairs, which always responded helpfully to requests from the Commission for advice and guidance;
- the Commission's Māori staff members, particularly our Kaihono, Te Aue Davis, and those on contract and secondment who put together the material from which this paper is drawn;
- *Puao-te-ata-tū,* the report of the Ministerial Advisory Committee on a Māori Perspective for the Department of Social Welfare;
- the Department of Statistics Census of Population and Dwellings and its *Māori Statistical Profile, 1961–1986.*

1.3 *Structure of the Paper*

1.3.1 The paper is divided into four main sections:

Section 1, *Introduction* outlines how the Commission has gone about its work:

Section 2, *Mana Wahine* summarises the sources of Māori women's status and authority and briefly discusses their role in traditional society. It does so in order to identify the critical implications for social policy. Finally the significance of the Treaty of Waitangi is considered.

Section 3, *Economic and Personal Wellbeing* highlights the extent to which Māori women are the main casualties of the present unequal distribution of those resources which are essential to social wellbeing. In so doing it focuses on economic development and income, education, housing, health and personal safety. Most of these areas are further referred to in Part II of *Women and Social Policy*.

Section 4, *Summary of Conclusions* brings together the Commission's conclusions from each section.

2 Mana Wahine

Me aro koe ki te hā o Hine-ahu-one
Pay heed to the dignity of women[1]

2.1 *Papa-tū-ā-Nuku*

2.1.1 The Judaeo-Christian story of the creation has God making Eve from the rib of Adam. Māori stories of the different stages of creation are revealing of the place of Māori women in their society.

2.1.2 Within Māori creation stories there are four female figures whose significance reveals the status and authority of Māori women. The submission made in 1984 by a group of Māori women to the Minister of Women's Affairs advocating the establishment of Te Ohu Whakatupu within the Ministry of Women's Affairs identifies them:

> Our Great Mother, PAPA-TŪ-Ā-NUKU, gave us the power of birth and re-birth, HINE-AHU-ONE, the first human created brought the power of growth and creativity, HINE-NUI-TE-PŌ, who denied immortality to man, held power over life and death, MURU-RANGI-WHENUA held the magical powers for great deeds, the inspiration to courage and adventure.[2]

(Some say that Hine-ahu-one and Hine-nui-te-pō were in the same person, the alternate names reflecting the diverse capacities inherent in all people.)

2.1.3 In the Māori story, human life began with the female element. Māori women earth their mana wahine to Papa-tū-ā-Nuku the Earth Mother and her mauri. From this whakapapa Māori women establish their identity as being the land itself, not merely the people of the land, the general translation of tangata whenua.

2.1.4 In the Muriwhenua claim to the Waitangi Tribunal (1987) Mira Szaszy states:

> The matrix of creation describes the primordial elements, suggesting the uterine environment.
>
> The earth mother—Papa-tū-ā-Nuku—came from the womb of the primordial mother. The female creative functions and 'wairua' is thus closely linked to whenua.[3]

2.1.5 Whenua is not only land, it is also placenta—the lining of the womb. Rose Pere explains the connection:

> The 'whenua' (placenta) is the lining of the womb during pregnancy, by which the foetus is nourished, and is expelled with the foetus and the umbilical cord following birth. Whenua is also the term used for land, the body of Papa-tū-ā-Nuku, the provider of nourishment and sustenance to humanity. The proverbial saying 'He wahine, he whenua, e ngaro ai te tangata' is often interpreted in English as meaning 'By women and land men are lost', but it can also be interpreted as meaning that women and land both carry the same role in terms of providing nourishment, and without them humanity is lost.[4]

Many submissions to the Commission spoke of the importance of land to the spiritual, mental and physical wellbeing of Māori people.

2.1.6 The centrality of land to Māori wellbeing and the specific relationship of women and land emerge clearly from the creation stories. It is from within this context that women have emerged to lead the struggle by Māori people to win the explicit recognition of spiritual values in all legislation and other instruments dealing with the protection of land and water rights.

2.1.7 The Commission in acknowledging the significance of land, accepts that measures to improve the position of Māori women will fail unless:

- there is an early resolution of the land issues which affect almost every tribe;
- there is practical recognition of the spiritual and cultural significance of land to Māori wellbeing;
- there is acknowledgement of the need to allow for the spiritual dimension in all social policy.

2.1.8 Submissions from Māori women have illustrated what acknowledgement of the spiritual dimension might mean in practice.

2.1.9 In the case of the whenua which lines the womb during pregnancy, Māori practice is, following the birth, to return it to the earth to provide a spiritual and physical bond between the new

born and her/his birth place or tūrangawaewae. Until recently, Western medical practices showed complete disregard for the spiritual significance of the whenua to Māori. Indeed it has been suggested to the Commission that the failure to observe the practice has contributed to the restlessness and alienation of many Māori young people.

2.1.10 In the case of sewerage disposal, acknowledgement of the spiritual dimension would require recognition that disposal of waste into waterways is offensive. Instead such waste should be returned to Papa-tū-ā-Nuku, the earth mother, who, as well as being a life-giving force, is also a natural purifying and cleansing force.

2.1.11 Some practical recognition of the spiritual dimension has already been won through the Planning and Waitangi Tribunals, and through the High Court by Ngāneko Minhinnick and the Huakina Development Trust.

2.2 *Women in Traditional Māori Society*

Tapu and Noa

2.2.1 In pre-European Māori society, the principles of tapu and noa had both spiritual and physical dimensions and they were complementary to each other.

2.2.2 Today, however, these principles are often defined very narrowly, with the definition of tapu being given as sacred and confined to men and the definition of noa as common, unclean and being of women.

2.2.3. Māori women have told the Commission that these inaccurate definitions have denigrated Māori women and contributed to the undermining of their status and dignity, implying as they do that women are unclean because of menstruation (a notion that may have been derived from the Old Testament and Hebrew practices) and common because they were said to destroy tapu.

2.2.4 Kuni Jenkins identifies the process of colonialisation as the source of the distortion of the concepts of tapu and noa:

> Western civilisation when it arrived on Aotearoa's shore, did not allow its womenfolk any power at all—they were merely chattels in some cases less worthy than the men's horses. What the colonizer found was a land of noble savages narrating his/her stories of the wonder of women. Their myths and beliefs had to be reshaped and retold. The missionaries were hell-bent (heaven-bent) on destroying their pagan ways. Hence, in

the re-telling of our myths, by Māori male informants to Pakeha male writers who lacked the understanding and significance of Māori cultural beliefs, Māori women find their mana wahine destroyed.[5]

2.2.5 She goes on to show why such narrow definitions of noa and tapu just do not make sense:

> That the whare nui is built with a noa side and a tapu side would seem to affirm that each quality is equal in strength and power, otherwise collapse of the structure is inevitable.
>
> If females are indeed noa, that is an extremely powerful position to hold. It requires of women to exert wisdom, knowledge and integrity to support the principle of tapu. They must be able to recognise tapu, assess its worth in order not to whakanoa its principle and thereby destroy its function. Their function is totally complementary to the function of tapu. Māori women believe that since their mythological conception, te mana wahine has continued to share responsibility with te mana taane throughout their *his* and *her* stories.[5]

2.2.6 Rose Pere has written extensively about noa and tapu. Noa she describes as a concept applied to everyday living and ordinary situations. But it is also a vital part of the formal, complex rituals and social controls of the Māori people. The influence and power of noa is very significant to the physical wellbeing of people by freeing them from any quality or condition that makes them subject to spiritual and/or ceremonial restriction and influences. The concept of noa is, she writes, usually associated with warm, benevolent, life-giving constructive influences, including ceremonial purification.

2.2.7 As a formal ritual, noa is usually but not solely associated with women, particularly the most senior females of the whānau or hapū. Men who were specialists in certain skills or gifts could also perform whakanoa rites—thus the concept is associated with both men and women. In various tribes women were initiated and taught in higher schools of learning in order to protect kith and kin from negative spiritual influences.

2.2.8 Rose Pere says of tapu that it can include spiritual and ceremonial restriction, putting something beyond one's power, placing a quality or condition on a person or on an object or place. Whatever the context, its contribution is establishing social control and discipline, and protecting people and property. The discipline associated with many aspects of tapu pertained to the health care and safety of the Māori.

2.2.9 The power of noa had a vitally important place in the ceremonies of removing the tapu from people who had shed human

blood in battle, from newly born babies and their mothers, from people who had transgressed ignorance, from forest areas, areas of water, new houses, and many other things. *Although the power of noa is used to remove tapu, the two concepts cannot be understood as being directly opposed to each other; both of them exist for the benefit of protecting and helping people, and are rather complementary to each other.*

2.2.10 For the work of the Commission there is considerable significance in this discussion of tapu and noa:

- first it is necessary for effective policy development to accept the place of tapu and noa in Māori social organisation;
- secondly, respect for these concepts does not require that women be deemed inferior to men;
- thirdly, it is clear that Māori women and men must have control over and be responsible for the interpretation of their beliefs, traditions and customs, and their significance for social policy, to ensure that they are not distorted by being considered always through the lens of another culture;
- fourthly, there are no grounds for Government agencies to treat Māori women as if they occupy a secondary status within the Māori community. Indeed what this section brings out strongly is the importance of ensuring that Māori women are fully represented in consultations, negotiations and throughout the decision-making processes.

Whānau, Hapū, Iwi

2.2.11 Prior to European settlement of Aotearoa and Te Waipounamu, Māori lived as whānau, hapū and iwi, that is in extended families, sub-tribe and tribal groupings. The role of women in that society has been described as 'clouded with conflicting information, misrepresentation and mystification'.[2]

2.2.12 Some Māori women have advocated seeking clarification about their traditional roles 'within our own language rather than battle with the views of anthropologists, historians and other opinionists who are steeped in the values of western society'.[2] They point out, for example, that the role of women as homemakers in the western nuclear family has no equivalent in pre-European Māori society.

> The life of the Māori woman was not based on the concepts of 'motherhood and homemaker'. The fact that the three terms—whaea, whaena and kōkā—are used by different tribes indicates a specific term for 'mother' is comparatively recent. Women were child bearers, lovers,

> means of procreation and ensuring tribal continuity, but never the individual 'mother of children' as defined today. The Māori child was cared for by all relations and had many parents who had equal rights over her or him.[2]

2.2.13 Whānau, hapū and iwi structures in the past provided an infrastructure of support for child rearing and socialisation in cultural values.

2.2.14 The cumulative effect of colonisation, assimilationist policies, cultural and institutional racism and, finally, urbanisation, almost destroyed these structures:

> The most striking change in the settlement pattern of the Māori population, has been its extremely rapid urbanisation. The proportion of the Māori population living in urban areas increased from barely one quarter in 1945, to more than half in the early 1960s and to three quarters by the mid 1970s. In 1981 the proportion stood at 79 percent almost equal to that of the total population.[6]

2.2.15 Two factors contributed greatly to the process of Māori urbanisation:

- the first was the need for labour in factories and other essential places during the second world war.
- the second was the post-war policy of the Māori Affairs Department of lending for housing only to people prepared to buy properties in town.

2.2.16 As a result of urbanisation a significant proportion of the Māori population now live away from their tribal homeland—tūrangawaewae—away from the physical, spiritual, cultural and economic sustenance once provided by the whānau, the hapū and the iwi.

2.2.17 The impact of urbanisation on Māori women has been severe. Duties and responsibilities once shared and exchanged by many now fall heavily on individual women. They are now expected to be homemakers, socialising agents, wage-earners, voluntary workers and involved in church groups and fund-raising groups. Māori women form the backbone of the Maatua Whāngai, Tū Tangata, Kōhanga Reo and Māori Warden activities, as well as being members of the 3,000 strong Māori Womens Welfare League and its many community and health projects. Māori women have, in fact, been the backbone of unpaid work amongst the Māori people and have contributed considerably in time and money to much Māori and non-Māori voluntary effort.

2.2.18 Part II of *Women and Social Policy* looks in more detail at the essential nature of much unpaid work and the consequences

which flow from failing to adequately support its performance, recognise its value and take proper account of it in economic and social policy development. In submissions to the Commission Māori women have been as vocal as non-Māori women in decrying the failure to recognise and recompense them for the work they do.

2.2.19 The most serious effect of urbanisation has been however the loss of confidence and self-esteem that comes from knowing who you are and where you come from. The Māori Womens Welfare League study of Māori women's health graphically explained:

> Until recent times a Māori sense of security was related, in large measure, to tribal identity. Understanding social, spiritual and cultural responsibilities and the practice of these responsibilities gave confidence and self-esteem. Community contact was immediate and close if one lived within the tribal boundaries. Outside the tribal region it was distant and difficult to sustain, for trips back to the tūrangawaewae were essential to give support to whānau and hapū and tangihanga, and other hui associated with the protection of tribal land and food resource areas.
>
> Tribal identification we see as important to one's self-esteem and identification with the region of residence as pivotal to one's feelings of security. Four distinct divisions were defined indicating an escalating scale of social risk.
>
> The first division, *the very secure,* is the one in which both respondent and partner live in their tribal region; the second division, *the secure* is the one in which the respondent is in her own tribal region but her partner is not; the third division, embracing *those at risk,* is the one in which the partner is in [his/her] own tribal region but the woman is not or does not know her tribal roots; the final division, *the high risk* one, is that in which neither the respondent or her partner is within tribal boundaries.[7]

2.2.20 As a result of concern at the consequences of the breakdown of whānau structures and loss of collective childrearing practices, as well as loss of language and alienation from land, Māori women have revitalised the concept of iwi development.

2.2.21 Māori Womens Welfare League remits and resolutions over the past 35 years provide ample evidence of the depth of concern over adoption, custody and access laws and practices which totally disregarded whānau, hapū and iwi structures. For example, in 1954 the Wainui-ā-rua representative to the League conference expressed a strong desire 'that the right be given to the Māori women to have some say in where Māori children were placed by child welfare officers'. In 1981 the League adopted as policy a remit from the Heretaunga District Council stating 'that in the adoption of a child born in a de facto relationship, the grandparents

be given first consideration before the child is offered for adoption to other families'. The Commission heard similar calls in submissions made to it.

2.2.22 The Maatua Whāngai Programme is one attempt to overcome past barriers to whānau and hapū involvement. It focuses on 'at risk' young people. The Maatua Whāngai Programme involves a rationalisation of three departments' resources and the delivery of those resources in a manner which strengthens whānau organisation. It provides for 'at risk' Māori young people to be cared for within their extended family kin groups. While difficulties associated with multi-departmental involvement and inadequate levels of funding have been reported, it nonetheless has the potential to develop as a good example of 'Māori refocussing on its own cultural strengths to meet the social challenges ahead'.[8] In 1986 some government funding for Maatua Whāngai was distributed to tribal authorities.

2.2.23 At the time, Māori women involved in the development of Maatua Whāngai insisted that the success of the programme required both men and women, young and old, to be represented equally wherever decisions are made about the programme. This was described in the Maatua Whāngai policy statement of 1986 as:

Ngā Kuia
Ngā Koroua
Ngā tai wāhine
Ngā tai tama

2.2.24 The experience of Maatua Whāngai has strengthened Māori resolve to ensure that in all legislation relating to the welfare of children—such as the Children and Young Persons Act, and other acts covering custody, guardianship and adoption—the authority of whakapapa-based whānau is acknowledged and their right to be involved in decisions about their members is accepted. This approach was developed and advocated in some detail in *Puao-te-ata-tū*.[9]

2.2.25 Submissions have argued in addition that contemporary iwi development is necessary if whānau are to be effectively supported and sustained.

Contemporary Iwi Development

2.2.26 As the Māori Womens Welfare League study ably demonstrated, the health and wellbeing of Māori women is closely linked to knowing who they are. This also requires secure and

effective iwi organisation to ensure acquisition of cultural values and principles especially whanaungatanga.

2.2.27 There exists a variety of tribal structures including Trust Boards, Incorporations and Rūnanga. Today their responsibilities extend well beyond the administration of raupatu monies for confiscated lands or even the oversight of tribal resources such as land and lakes. Increasingly they are undertaking the all-embracing obligations of whakawhanaungatanga.

2.2.28 In submissions to the Commission there was some limited advocacy for urban multi-tribal rūnanga. There was also widespread acknowledgement that more work needs to be done on how iwi structures relate to the large urban centres and the relationships between regional and tribal Māori authorities. Overall there was considerable confidence in the future of iwi.

2.2.29 The confidence was tempered however by the knowledge that the strengthening of those structures will be a lengthy exercise requiring considerable administrative and financial resourcing.

2.2.30 On marae around the country the Commission heard Māori women remind their men that, for effective organisation, the decision-making structures of the iwi must be fully representative of all its members, that is young and old, men and women. Indeed the Commission heard Māori men acknowledge the major contribution women have made in all areas of contemporary iwi development from land rights to kōhanga reo. Further, formal resolutions from hui on the Treaty of Waitangi at Ngāruawahia in 1984[10] and at Waitangi in 1985[11] called for the full representation of Māori women in decision-making.

2.2.31 It is clear to the Commission that for the wellbeing of many Māori women, the strengthening and redevelopment of whānau, hapū and iwi are vital.

2.2.32 There are two groups of Māori women for whom aspects of the traditional past may create particular problems.

Women with disabilities

2.2.33 The first of these are women with disabilities. The major issues confronted by disabled women of all races are dealt with in Part II. This section highlights however the possible impact of certain spiritual and cultural perspectives on Māori with disabilities.

2.2.34 The Commission has been told that some Māori people attribute disability to mākutu, that is the consequence of breaking tapu. It is still widely believed that the breaking of tapu will result

in punishment either of the offender or of her or his descendants. Disability is at times explained in this way and accepted with an air of fatalism by whānau as being the destiny of the disabled person. To this end therapeutic measures away from hospital settings may not be successfully carried through by whānau members who may feel they cannot change the order of things.

2.2.35 A further consideration arises from the example of a Māori woman paraplegic and the use of catheters (bags taking the place of the bladder and used for toilet body functions). The belief among some Māori people that the genital area is tapu and should be hidden, and that menstruation is unclean, presents a host of problems for Māori women in this predicament, whose parents and family members may find it difficult to assist because of their cultural reservations. To some Māori people the signs of menstruation in the form of, for example, tampons are seen as unclean.

2.2.36 Whatever the source of these perspectives—whether traditional Māori custom, Old Testament practice or Victorian Christianity—they illustrate the urgent need to ensure that Māori people are actively involved in the provision of effective information, culturally appropriate services and support groups for Māori with disabilities and for their families and whānau.

Māori lesbians

2.2.37 The second group are Māori lesbians. A consultative hui held by the Ministry of Womens Affairs in 1987 indicated that their concerns were in general the same as those of non-Māori lesbians, and these are covered in Part II.

2.2.38 Of specific concern to Māori lesbians however is the claim sometimes made that homosexuality was introduced by Pakeha and that it had no place in traditional Māori society. There is no evidence to support this claim. Kuia and Kaumātua have suggested to the Commission that on the contrary homosexuality—female and male—was not uncommon in pre-European times and that it was in fact more readily accepted than today.

2.3 *The Treaty of Waitangi*

2.3.1 It is not generally known that five Māori women signed the Treaty of Waitangi. They were:

- Ana Hamu, the widow of Te Koki, original patron of the Paihia Mission;

- Te Rau o te Rangi (Kahe) of Te Whare Kauri and Ngāti Toa, at Port Nicholson;
- Rangi Topeora, Chieftainess of Ngāti Raukawa and Ngāti Toa, at Kāpiti;
- Rere O Maki, a woman of rank at Wanganui;
- Erenora, a high-born wife of Nopera, Chief of Te Rārawa, at Kaitaia.

2.3.2 It is possible that other Māori women may have signed the Treaty had they not been prevented from so doing by British agents. Historian Claudia Orange provides such an example:

> [Major Thomas] Bunbury, however, refused to allow the signing of the daughter of Te Pēhi the celebrated Ngāti Toa chief who had been of paramount importance in Cloudy Bay and further South before his death some years earlier. The woman was naturally angered by the insult. Her husband, one of Nohorua's three nephews possibly inferior to her rank, would not sign probably as a consequence.[12]

This provides an interesting insight into the place of Māori and British women in their respective societies in 1840.

2.3.3 In its paper, *The Treaty of Waitangi: Directions for Social Policy* in Volume II, the Commission explores the significance of the Treaty, what it meant at the time to those who signed it, and what relevance it has for to-day and for the future. In submissions Māori women, like Māori men, have emphasised that the Treaty is the covenant on which the nation of New Zealand was established. They draw attention to the principle of protection inherent in the Treaty, which extends to Māori ownership and enjoyment of their lands and fisheries and ngā taonga katoa, as well as to the protection of the right to self-government over their land, villages and nga taonga katoa. Some have suggested that the principle of protection could also be said to encompass protection of mana wahine, Māori women's status and power.

2.3.4 Two further points have been drawn to the Commission's attention. First, that the Treaty extends 'the rights and privileges of British subjects', or as a translation of the Māori text says 'the same rights and duties of citizenship as the people of England', to all the people of New Zealand, that is 'Ngā Tāngata Māori Katoa o Nu Tirani'—to men and women. Secondly, there are some who advocate including nga tamariki—the children—amongst the taonga entitled to protection under the Treaty.

2.3.5 In determining that the Treaty of Waitangi is a document of fundamental importance both to the history of New Zealand

and to the future development of our country and all its people, and in recognising it as part of the matrix from which all social and economic policies take form, the Commission has had regard to the strong views expressed to us by Māori women. In part of its paper on the Treaty the Commission proposes how the terms of the Treaty might be fully met and recommends the establishment of a Treaty of Waitangi Commission.

3 Economic and Personal Wellbeing

3.1 *The facts*

3.1.1 The Terms of Reference for the Commission list amongst the standards of a fair society:

Maintenance and a standard of living sufficient to ensure that everybody can participate in and have a sense of belonging to the community.

Genuine opportunity for all people, of whatever age, race, gender, social and economic position or abilities, to develop their own potential.

A fair distribution of the wealth and resources of the nation including access to the resources which contribute to social wellbeing.

Acceptance of the identity and cultures of different people within the community and understanding and respect for cultural diversity.

3.1.2 The following summary reveals how poorly Māori women as a group fare in New Zealand today. Unless otherwise indicated the data is drawn from the Department of Statistics, *Māori Statistical Profile 1961–1986,* published in October 1986.[13]

3.1.3 *Population*

- Despite a marked decline in Māori fertility over the last two decades, Māori women still bear more children on average than non-Māori women. (p. 13)
- Compared with non-Māori women the reproductive activity of Māori women is still skewed towards younger ages. (p. 13)
- Despite a reduction in Māori infant mortality over the last two decades, the death rate among Māori infants is still relatively high especially among infants aged between 1–11

months. The mortality rate is approximately double the non-Māori rate of 5.58 per 1,000 live births. (p. 14)

- Although Māori mortality has fallen, it is still substantially higher than that of the non-Māori population. For Māori females the expectation of life is 68.5 years, 8.5 years lower than that for non-Māori females. (p. 14)
- Although most Māori people today are urban dwellers (79 percent in 1981) they are still more likely than non-Māori to live in rural areas. In 1981, 21 percent of all Māori people lived in rural areas, compared to just 15 percent of non-Māori. (p. 15)

3.1.4 *Households and Sole Parenting*

- Māori families tend to be larger than non-Māori families and are more likely than non-Māori to live in family households with additional persons in the same household or in multiple households. In 1981, just over a third (34 percent) of all Māori were living in these types of household, more than double the proportion of non-Māori (14 percent). (p. 32)
- Large families are more likely to be found in rural rather than in urban communities, in Māori and Pacific Island households and in households maintained by unemployed persons. Census data indicates that large family households have lower incomes, on average, than other households. Indeed it has been shown that income adequacy is strongly related to the number of children in a family.[6] (Department of Statistics, *The People of New Zealand,* pp. 10–11)
- In 1981, more Māori children were likely to live in sole parent households. Comparative statistics were Māori 25 percent to non-Māori 13 percent referring to 'parents' who had never married. (p. 3)
- Early reproductive activity is often related to sole parenting. In 1981, 20 percent of Māori sole parents were in the age group 15 to 24 years. The comparative proportion for non-Māori was 12 percent. Sixteen percent of all Māori families were maintained by sole parents compared to 11 percent of non-Māori families. (p. 32)
- In 1981, 84.9 percent of Māori sole parents were women. Māori sole parents were almost twice as likely as non-Māori sole parents in 1981 to be either 'never married' (25 percent

compared to 13 percent) or widowed (27 percent compared to 14 percent). (p. 39)

3.1.5 *Income*

- Sole parentage is definitely associated with low income. Statistics paint an alarming picture. The figures available are for 1981. It is probable with recent redundancies in areas of high Māori employment (forestry, meat works, and the like) that the current situation is even more critical.
- In 1981, more than half the Māori sole parents, 52.6 percent, had incomes under $5,000, whereas 5.6 percent of two-parent Māori families had a similar level of income. Non-Māori were better placed for only 32.7 percent of sole parents and 2.2 percent of two-parent families had incomes under $5,000. (p. 40)
- Māori people are more likely than non-Māori to receive no income, but are less likely to receive incomes of $20,000 or more. Nine percent of Māori men and 14 percent of Māori women aged 15 years and over had no income in 1981. The corresponding proportions for non-Māori were lower—that is 4 percent of men and 9 percent of women respectively. (p. 74)
- Māori people receive a higher proportion of their total income from Social Security Benefits than non-Māori. At the 1981 Census of Population and Dwellings, 11 percent of Māori men and 47 percent of Māori women were totally dependent on Social Security Benefits for their incomes. The corresponding proportions for non-Māori men and women were lower at 6 percent and 25 percent. (p. 74)
- Māori households, especially those with female occupiers, are more dependent on Social Security Benefit income than are non-Māori households. Almost one third (31 percent) of all households with Māori female occupiers received their total household income from Social Security Benefits in 1981. This was true of only about one fifth (21 percent) of non-Māori households with female occupiers. (p. 75)

3.1.6 *Education*

- Although more Māori students are continuing their secondary schooling beyond compulsory leaving age, their attendance rates still remain below those of non-Māori. For

example, 28 percent of Māori males and 25 percent of Māori females aged 17 were enrolled in full-time secondary education in 1984. This compares with 36 percent and 34 percent of non-Māori males and females. (p. 45)

- Māori spend fewer years in full-time secondary education on average than non-Māori. In 1984, 24 percent of Māori males and 21 percent of Māori females left secondary school in the first or second year of attendance. In contrast only 8 percent of non-Māori males and 5 percent non-Māori females left in their first or second year at secondary school. Fewer than one in six Māori school leavers in 1984 had completed more than four years secondary education as opposed to one in three non-Māori school leavers. (p. 45)
- Although young Māori leaving school today are more highly qualified than a decade ago, they are still less likely to have gained qualifications than their non-Māori counterparts. Of all Māori students leaving secondary school in 1984 about 65 percent of males and 60 percent of females had no formal qualifications. The corresponding proportions for non-Māori school leavers were 32 percent and 25 percent. (p. 46)
- Fewer Māori than non-Māori school leavers intend to enter further full-time education direct from school, and a relatively high proportion are uncertain about their working future. In 1983, 21 percent of non-Māori males and 29 percent of non-Māori females intended continuing in full-time education, as against just 10 percent of Māori school leavers. In 1983, fully 45 percent of Māori male school leavers and 52 percent of Māori female school leavers were undecided about their future. By comparison only about a quarter of non-Māori did not know what they would do on leaving school. (p. 46)
- Māori advancing their education to tertiary level are less likely than their non-Māori counterparts to attend university, and are more likely to attend a Polytechnic, Technical Institute or Community College. Among Māori reporting attendance at a tertiary institution at the 1981 Census of Population and Dwellings, 13 percent of males and 8 percent of females had attended a university. The corresponding proportions for non-Māori males and females were higher at 26 percent and 13 percent. In contrast about two-

thirds of Māori males (67 percent) and one third of Māori females (35 percent) reported attendance at a Polytechnic, Technical Institute or Community College. This compares with 54 percent and 26 percent of non-Māori males and females. (p. 46)

3.1.7 *Employment*

- Overall, Māori men were less likely and Māori women more likely to be actively engaged in the labour force in 1986 than in 1961. The proportion of Māori men in the labour force declined from 85 percent in 1961 to 79 percent in 1986. Over the same period the proportion of Māori women almost doubled from 26 percent to 47 percent. (p. 57)
- Compared with non-Māori, fewer Māori are self-employed. In 1986, 4 percent of Māori men in the labour force were self-employed as against 21 percent of non-Māori men. Among women, the proportions of self-employed were 1 percent for Māori and 10 percent for non-Māori. (p. 57)
- Māori women are more likely than other women to work in service and production and related occupations and less likely to have jobs in professional, technical, administrative, managerial, clerical and sales fields. In 1986, 60 percent of Māori women in the labour force were employed in service and production and related occupations, as opposed to only 26 percent of non-Māori women. (p. 58)
- In 1986, proportionately more Māori people than non-Māori who were not in the labour force but who would have liked to have been in paid employment, were not seeking work because they believed that they lacked the necessary skills or that no suitable work was available (33 percent versus 21 percent), or because they were unable to find suitable childcare (23 percent versus 11 percent). (p. 58)
- Māori people comprise a disproportionately large percentage of the unemployed. Whereas Māori comprised 7 percent of the total New Zealand labour force in 1986, they made up 20 percent of all unemployed people. (p. 58)
- Unemployment is higher for Māori than non-Māori in all age groups, and is most pronounced among Māori teenagers. In 1986, around 30 percent of Māori aged 15–19 in the labour force were unemployed and seeking work, more than double the proportion for non-Māori. (p. 59)

- In 1986, Māori youth unemployment stood at 22.4 percent compared with 9.2 percent for non-Māori. For women, the greatest disparity between Māori and non-Māori unemployment rates is for the 20–24 age group where the rate is four times higher for Māori than non-Māori, although the 45 and over age group is also relatively high. (p. 15)

3.1.8 The pattern that emerges from these facts and figures shows that Māori women:

- are twice as likely to experience infant mortality as non-Māori women;
- have a lower level of education before the birth of the first child;
- have limited prospects of initial employment and are likely to have an initial period of low or no income on leaving school, a possible high risk time with regard to potential criminal offending;
- are likely to be encouraged to accept employment which will contribute to family finances straight away, rather than to invest in initial low-return, future high income earning apprenticeship and tertiary learning;
- have limited employment choices after child-bearing;
- have limited chances of assistance for tertiary training or retraining to gain more skills;
- make lifestyle choices that lead in many instances to ill health at an early age;
- have a higher likelihood of social service agency intervention;
- have a higher likelihood of rented accommodation with no prospects of home ownership;
- are likely to be living in multiple or lone parent households in each case increasing the risk of stress.

3.1.9 In brief, there is little genuine opportunity for Māori women to develop their own potential. In many cases they do not have access to a sufficient standard of living to enable participation in or a sense of belonging to the community. Many do not receive a fair share of the wealth and resources which contribute to wellbeing.

3.1.10 The following sections of this paper focus on the position of Māori women in education, health and economic development. It also considers how the personal safety of Māori women may be

enhanced. Part II of *Women and Social Policy* looks at housing. In focussing on these areas the Commission is seeking to identify not only what has gone wrong but more importantly what directions will lead to a more fair and more just society.

3.2 *Education*

3.2.1 Education and health are two areas which clearly illustrate the seriously disadvantaged position which Māori women occupy in New Zealand.

3.2.2 Ironically, as a result of the initiatives developed by Māori women despairing of current provision, these two areas also provide some of the most useful and positive alternatives to present policies and institutions.

3.2.3 There is to-day widespread recognition that education policies and practices at all levels have failed to provide appropriately and effectively for Māori people. This matter is explored in some depth in the Commission's work on Education. This section simply draws attention to the particular impact on Māori women and the measures they advocate for dealing with the situation.

3.2.4 In a review of research undertaken for the Commission, to determine how fair is New Zealand education,[14] the New Zealand Council for Educational Research found that there are marked differences in participation and success rates for Māori, for those from low socio-economic status homes and for women. The cumulative impact of these three elements crushes many Māori women in the education system.

3.2.5 The 1987 Curriculum Review summarised the position thus:

> Although under achievement by Māori children is generally high, Māori girls are by far the largest group not getting a fair deal. This applies not only in education but in many walks of life, including employment.[15]

3.2.6 Concern about the position of Māori women in the education system was expressed by the Māori Womens Welfare League in its earliest days, and has been a continuing theme ever since. In 1952 the League sought equal numbers of scholarships for Māori girls and women as were available for Māori males and for Pakeha candidates. In 1959 it called on the Education Department to conduct in selected schools an experiment in the teaching of Māori language starting with the infant classes.

3.2.7 In 1974 the League sought greater Māori representation on School Boards, citing the 1964 Education Act. In the 1980s it has repeatedly advocated the recognition of Māori speakers as teachers without the need for further Pakeha qualifications. It has also emphasised the importance of teaching the full history of Aotearoa, Te Waipounamu and New Zealand at all levels in our schools.

3.2.8 In the early 1970s the League was joined by the young men and women of Ngā Tama Toa who campaigned for the compulsory teaching of te reo Māori in schools and its recognition as an official language.

3.2.9 The establishment and rapid expansion of Kōhanga Reo—Māori language nests—provided a successful alternative to existing provisions. Kōhanga Reo also provided a new and pressing challenge to the complusory school system. Within five years a network of over 500 centres catering for some 8,500 children had been developed. Māori women in submissions to the Royal Commission have repeatedly drawn attention to the success of Kōhanga Reo as irrefutable evidence of the capacity of Māori people to initiate, develop, control and manage resources in the best interests of their own people. The fact that most of the work for Kōhanga Reo has been done by Māori women, that is by those most disadvantaged by other educational institutions, has also been commented on.

3.2.10 The impact of Kōhanga Reo has been felt well beyond the early childhood sector. Like Maatua Whāngai, it has provided practical focus for the rebuilding of whānau, hapū and iwi structures. It has also put real pressure on the compulsory schooling sector to address the issues of Māori failure in the present system.

3.2.11 The focus on the school system has produced two possible directions for change which are not necessarily mutually exclusive. The first seeks an increased representation of Māori people generally, and Māori women in particular, throughout the education system. It calls for increased representation of Māori women on managing bodies, committees and groups making decisions about the curriculum and related policy matters. The Curriculum Review Committee, for example, recommended positive action to encourage the promotion of Māori women to senior positions in schools, thus providing positive role models for Māori girls and the need for increased recruitment of Māori women into all levels of the teaching service. This approach also requires the teaching of

Māori language and cultural values and curriculum subjects to reflect the bicultural nature of New Zealand.

3.2.12 The second approach is summed up in the submission made on behalf of Te Ngāhurutanga (Māori Boarding schools):

> Whilst one view of Māori women is that the negative forces within the system must be addressed through curriculum teaching and administrative changes, a louder voice is calling for autonomy in decision making, curriculum setting and the control of resources for the establishment and endorsement of bilingual/kaupapa Māori schools within and outside of the educational mainstream.

3.3 *Health*

3.3.1 Part II of *Women and Social Policy* considers the relationship of health to the personal wellbeing of women generally. There the Commission concludes that women must be accepted as active participants in all aspects of health promotion and care rather than be treated as passive subjects. This is an essential requirement for any health service which seeks to be both efficient and effective. It is also a necessary pre-condition for a genuinely healthy community.

3.3.2 In submissions to the Commission Māori women deplored the low health status of Māori as a whole and Māori women in particular.

3.3.3 Statistics highlighted by Dr Eru Pomare in a paper to the Medical Research Council Jubilee Symposium in 1987 emphasised both the low health status and the lack of access to appropriate services experienced by Māori. For example:

- in the 24–44 age group, Māori have over 3.5 times the rate of heart disease of non-Māori. Yet in 1983 and 1984, only 10–14 of over 800 coronary artery by-pass operations were performed on Māori people;
- Māori women have the highest lung cancer and ischaemic heart disease rates in the world. Indeed, heart and chest diseases are the main causes of death of Māori women and are prevalent from age 35 years and over;
- the cervical cancer rate is three times the pakeha rate and one of the highest in the world. Cancer of the lungs, breast, bowel and cervix are the second major causes of death in Māori women and are prevalent from age 30 years and over.

3.3.4 A 1984 study of Māori health by Neil Pearce and Allan Smith estimated that only 20 percent of excess Māori mortality

could be ascribed to socio-economic factors. The dramatic differences between Māori and non-Māori in mortality rates from some diseases, they suggested, could be explained by lack of equitable access to appropriate health services.

3.3.5 In their submissions to the Commission, Māori women identified the broad range of changes that are required if the low health status of Māori is to be improved. These include:

- easier access to health facilities in rural areas;
- health programmes and clinics to be set up on marae;
- health services to incorporate Māori tradition and custom;
- encouragement of a closer liaison between community and medical services;
- positive action to encourage Māori people to enter the health areas;
- delivery of health services through tribal authorities;
- representation of Māori authorities on Area Health Boards;
- elimination of culturally inadequate, and at times offensive practices such as burning of the whenua after childbirth;
- further research into the causes of Māori health problems;
- education aimed at young Māori women regarding health hazards such as smoking and aimed at raising contraceptive awareness.

3.3.6 Māori women have a long history of trying to bring about change in the provision of health services to Māori people. In the early 1900s Princess Te Puea of the Waikato tribes, realising the fears Māori people had about being admitted to Pakeha hospitals, attempted to establish Māori hospitals within Māori settlements.[17]

3.3.7 The establishment of the Māori Womens Welfare League in 1951 was in itself a break away from the medical model of the earlier Women's Health League. Dame Whina Cooper, the first president of the League, emphasised health as perceived by Māori people in its holistic sense, that is the four dimensions considered vital to the health and wellbeing of Māori people:

- te taha tinana: the physical element
- te taha hinengaro: the mental state
- te taha wairua: the spiritual dimension
- te taha whānau: the immediate and wider family.

3.3.8 To foster an interest in health matters has been a principal aim of the Māori Womens Welfare League since its inception. The League's major health survey—*Rapuora: Health and Māori*

Women—provides a unique source of information for current and future policy makers. It also demonstrates the value of having Māori women control, plan, carry out and analyse substantial research projects within their communities. Practical outcomes from the study include the establishment of Whare Rapuora, that is Māori health centres for clinical, social and health activities; preventative programmes to 'smash the ash', an anti-smoking campaign, and a campaign for the innoculation of Māori communities against Hepatitis B.

3.3.9 Innovative health initiatives are developing on marae throughout the country. They operate in partnership with Hospital and Area Health Boards and have close links with the Department of Health.

3.3.10 There has also been an upsurge in the number of organisations bringing a Māori perspective to particular aspects of the health services. These include:

- the Māori Nurses Association which has been instrumental in promoting and encouraging Māori women and men to enter the nursing profession by assisting in the establishment of a preparatory training course. It has also acted as a major channel through which Māori nurses support Māori initiatives and actions with the health services;
- Te Waiora o Aotearoa Trust which aims to educate and enhance the wellbeing of Māori people through the medium of video and the encouragement through Trust funding of Māori sporting, cultural and holistic health oriented activities;
- Te Kakano o te Whānau Trust, a national network of Māori women's groups working in the area of sexual abuse and violence.

3.3.11 Activities by organisations such as these draw attention to the limitations of many existing services, the inadequacy of the information on which they are based, and the possibility of alternatives in decision-making processes and in the provision of services.

3.3.12 The Health Department, Hospital Boards and other medical institutions are beginning to respond to the pressure created by the facts of Māori ill-health and the effect of organisations like these. Māori women have already done much to bring about improvement in the health of their people but they stress that there is still much to be done and that the need for comprehensive action is urgent.

3.4 *Personal safety*

3.4.1 Māori women, already disadvantaged by poor health and poor education, are further threatened by male violence and sexual abuse.

3.4.2 A 1984 Department of Social Welfare study of sexual abuse[18] indicated that 71 percent of 136 girls (Māori and non-Māori) in Social Welfare institutions had experienced some form of sexual abuse.

3.4.3 In a paper written for the Commission entitled Te Hono ki te Wairua, Kuni Jenkins states:

> Abuse against women and children is a painful example of the breaking of the rules of tapu and noa.

3.4.4 Māori women are actively seeking support and assistance to stop the abuse they suffer from Māori and non-Māori men. In this area, as in the others examined earlier, Māori women are promoting approaches appropriate to their communities. Their need for resources was stated clearly and adamantly to the Commission.

3.4.5 Te Kakano o te Whānau, for example, was established in 1985 by Māori women who felt that the services offered by Pakeha women and government institutions did not meet their needs and were lacking in cultural sensitivity. They aim to co-ordinate and find funding for Māori women working in the areas of sexual abuse and violence. In their submission to the Commission they argue that sexual abuse and violence must be seen in the context of cultural abuse arising as the result of the history of colonisation. In particular they identify the breakdown of the whānau—hapū—iwi structures where the whānau always took responsibility for its members.

3.4.6 Attempts by Māori women in the Women's Refuge movement, by Te Kakano o te Whānau and other Māori women's groups, and Te Kete o te Ora (Kaikohe), to respond effectively to the needs of Māori women survivors of sexual abuse and violence have focused on the need to encourage the respective whānau to take responsibility for supporting the woman and working with the offender. They identify the need for resources to support and train those working to establish whānau-based support and counselling. They emphasise that protection of the women and children must be the paramount aim.

3.4.7 Māori women, like non-Māori women recognise, however, that little will change until men face up to and take responsibility

for their behaviour. (See also *Women and Social Policy* Part II.) One submission called on Māori men to 'set up counselling teams to deal with violent and abusive men within the whānau', and to recognise 'that the cost of protecting their covert actions through our women's aroha for them and our shame of people knowing, is the physical and mental health of our women and children'. (Raukawa submissions, Nos. 2297, 2563, 2568)

3.4.8 As with non-Māori men, Māori men are beginning to take action by forming groups of 'Men Against Violence' such as Ngā Tama A Rangi in Hastings and Te Whānau o Tāne in Auckland. Māori women, however, are calling for more concerted effort from Māori men to work with those whose actions are at present hidden from authority but are known to whānau and community, and for government to facilitate this by providing financial support.

3.4.9 In general, Māori women working in the area are working towards a co-ordinated approach to the issues of family violence.

3.5 *Economic Development and Income*

3.5.1 The relationship between economic dependency and vulnerability to violence is touched on in Part II. While there are some aspects of Māori women's economic position which parallel that of non-Māori women, there are other aspects which are quite specific to Māori women.

3.5.2 The first relates to the ownership of land. In traditional terms, Māori women could, and did, own and manage property. To-day it is likely that Māori women form a considerable proportion of the remaining Māori land owners. Despite the Māori Land Court recording gender on ownership documents, the present non-computerised state of the records makes it extremely difficult to access that information in any readily useable form.

3.5.3 The development of Trusts and Incorporations to administer Māori land has resulted, in some areas, in the alienation of women from active participation in decisions about the use of that land. In other areas, however, women are active shareholders and committee members. In some places women can be found chairing Incorporations.

3.5.4 The ownership of Māori land does not in itself provide an income or the possibility of business development. Indeed in some cases ownership is a financial burden—as when rates are required to be paid on non-productive land.

3.5.5 Where land and the assets from it are administered by the Māori Trustee, it has been suggested to the Commission that women owners have virtually no opportunity to determine how either the land or any profits should be used.

3.5.6 As in the case of education, health and personal safety, Māori women in submissions to the Commission generally see appropriate economic development arising where there is Māori control and management of enterprise development and training programmes. MANA Enterprises and Māori Access were often cited as the two examples most closely approaching an appropriate model.

3.5.7 Data about the extent of Māori women's participation in either of those programmes is to date very limited. However, what little is available suggests that women are not getting a fair share of the resources. For example only 14 percent of applications for MANA funding received from Māori authorities over the last two years were from women.

3.5.8 In May 1987 the Māori Womens Welfare League established, with a grant from the MANA Enterprise Development Committee, the Māori Women's Development Fund. It was done in recognition of the fact that Māori women might be more confident about approaching other Māori women for assistance. The number of applications already received suggests that this is indeed the case.

3.5.9 Like Māori men, Māori women in the business world are faced with the need to decide how to reconcile Pakeha business practice with whānau and cultural obligations. For some it appears to require a choice of one way or the other. This may be a factor in deterring some Māori women from pursuing business interests. Others, however, attempt to allow for their tikanga Māori by building it into the budgetary, planning and organisational aspects of their business. This can be done for example by providing for leave and making a financial allowance for attendance at hui and tangi. It can also be done by organising work on a cooperative and collective basis as was so successfully done by Māori in the first half of the nineteenth century. Such success was based on combining Pakeha business practice and kaupapa Māori.

3.5.10 In the late twentieth century however the completely monocultural approach of many tertiary institutions which provide education and training for the commercial world makes it very difficult for those who want to work in a more appropriately Māori

way. Courses such as those being developed at Waikato and Massey Universities and at Te Wānanga O Raukawa show what is possible.

4 Summary of Conclusions

4.1 This paper has outlined the ways in which New Zealand fails to meet the standards of a fair society from the perspective of Māori women.

4.2 A more just society can be achieved only by significant improvements in the social and economic wellbeing of the Māori people as a whole.

4.3 Such improvements will be achieved only when the perspective of Māori women is heard and the implications of that perspective for policy development is fully understood. This requires full participation of Māori women at all levels of decision-making in local and central government as well as within Māori tribal and other organisations.

4.4 In the Commission's work with Māori women a clear framework for action has emerged:

- full recognition and comprehensive development of the partnership inherent in the Treaty of Waitangi and as proposed in the Commission's paper on the Treaty;
- an early resolution of the land issues which affect almost every tribe;
- practical recognition of the spiritual and cultural significance of land to Māori wellbeing;
- acknowledgement of the need to allow for the spiritual dimension in all social policy;
- strengthening and development of whānau, hapū and iwi structures;
- resourcing of Māori women's initiatives based on kaupapa Māori;
- concerted effort to promote the economic development and self-determination of Māori women.

4.5 Finally the Commission notes the significant place of the complementary concepts of tapu and noa in Māori social organisation and endorses the view that respect for these concepts does not require that women be deemed inferior to men. There are no grounds therefore for government and other agencies to treat

Māori women as if they occupy a secondary status within the Māori community.

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Glossary

Aotearoa	*North Island*
aroha	*care, compassion*
hapū	*sub-tribe*
hui	*meeting, a gathering of people*
hui karakia	*church meeting*
iwi	*tribe, people*
kaihono	*liaison person*
kaumātua	*elder*
kaupapa Māori	*the Māori way of doing things*
kōhanga reo	*language nest (Māori language pre-school)*
kōkā	*mother*
koroua	*patriarch, old man*
kuia	*matriarch, old woman*
mana	*authority, prestige*
marae	*enclosed ground with meeting house where Māori protocol takes precedence*
mākutu	*to bewitch*
mauri	*life force*
noa	*unrestricted*
Pakeha	*European*
raupatu	*confiscation*
te reo Māori	*Māori language*
rūnanga	*council*
taane	*male*
tama	*young male*
tamariki	*children*
tangata whenua	*indigenous people, Māori people*
tangihanga	*lying in state before funeral, mourning ceremony*

taonga	*treasure*
ngā taonga katoa	*all the treasures*
tapu	*restriction, sacred*
tikanga Māori	*Māori traditions and practices*
tūrangawaewae	*a place of one's own, one's own land*
wahine	*woman*
Te Waipounamu	*South Island*
wairua	*spirit*
whaena	*mother, aunt*
whakanoa	*to free from restriction, purification rites*
whakapapa	*genealogy*
whakawhanaungatanga	*forming relationships*
whānau	*family*
whanaungatanga	*relationships, belonging to family group*
whare nui	*meeting house*
whare Rapuora	*health clinic*
whenua	*land, after-birth*

WOMEN AND SOCIAL POLICY

Part II

WOMEN AND SOCIAL POLICY

Part II

1 Introduction and Summary

1.1 Preface

Part I of this overview paper considered the special perspective of Maori women. Part II deals with women in general, though reference is made throughout to the differing situations of various groups of women including Maori and non-Maori.

Drawing on statistical data, research findings, and the content of submissions to the Royal Commission, this part outlines the present situation of New Zealand women. It discusses the unequal access of women and men to social wellbeing, and considers the implications for social policy.

It is not meant to provide a complete, comprehensive account of all aspects of women's lives in New Zealand today. Indeed, in this early report many aspects of women's lives have had to be omitted or only briefly referred to—for example, the specific concerns of Pacific Island women, women from other ethnic communities, and rural women.

Nor does it put forward detailed policy recommendations for particular areas such as health, employment or income maintenance. Instead it aims to highlight the major issues which, in the Commission's view, must be fully considered in every area of policy, in order to improve rather than worsen women's position. This also applies to the Commission's own work as a whole. The aim has been first, to ensure that no matter what aspect of social policy the Commission is examining, it does so fully aware of the implications for women; and secondly, that the assumptions about women and about gender in general on which it has based its work are always transparent and explicit.

There is no implication in any of the statements here that every individual woman has the same experience or faces the same

problems. As was stated in the introduction to Part I, factors such as culture, ethnicity, age and class contribute to widely varying experiences for women.

Similarly, analysis of the experiences of men, and statements about men, are based on group patterns and are not intended to obscure differences between individual men.

1.2 Structure and Sources

Part II is divided into several main sections. The introductory section identifies the main issues that have emerged in the Commission's work in relation to women.

Section 2, *Facts and Gaps,* presents in brief form some demographic and other data about women in New Zealand today. (More detailed information is given in the paper *Statistical Profile of Women in New Zealand* in Volume III.) It also identifies some of the shortcomings of existing data and research. Without accurate, comprehensive information there can be no firm basis for social policy development.

Section 3, *Women's Economic Wellbeing,* takes as its starting point the fact that women undertake two major kinds of work—waged and unwaged. It examines the consequences, and briefly sets out some policy implications. A summary of a detailed paper on housing is included in this section, because access to adequate housing is an important aspect of one's economic status. At the same time, housing is obviously an important factor in personal wellbeing (including aspects such as health). Thus, it provides a good example of the link between personal and economic wellbeing. In reality, women's economic and personal wellbeing are inextricably linked, but for ease of consideration in this paper they have been divided into separate categories.

Section 4, *Women's Personal Wellbeing,* looks at physical and psychological aspects—health, sexuality and violence. It draws out the connections between these apparently personal concerns and social policy, and highlights the ways in which damaging male behaviour must change if women are to enjoy equal access to personal wellbeing.

In Section 5, *Women with Disabilities,* and Section 6, *Lesbians,* the concerns which apply to women in general are strongly focused by the ways in which these two groups experience inequality. These

sections emphasise the need for social policy to ensure that every individual has genuine autonomy and the power to make life choices and decisions.

Section 7 contains a *Summary of Conclusions.*

Sources

A wealth of material about women's lives was gleaned from the submissions. Through their enthusiastic response, as individuals and in groups, the women of New Zealand made an outstanding contribution to the Commission's work.

Another major source was official statistics, for example, the five-yearly Census of Population and Dwellings carried out by the Department of Statistics (although only preliminary information from the 1986 Census was available) and the Department of Labour's quarterly Household Labour Force Survey.

Heavy use was made of a recent and invaluable summary of the economic position of women, prepared by Anne Horsfield for the Ministry of Women's Affairs. This report, which reviews all the available recent data and research, is due to be published in June 1988.

Other source material included numerous studies published by individual researchers and groups such as the Society for Research on Women. Many such studies were carried out under severe resource constraints. Some important areas have not yet been investigated, and much valuable work done earlier, especially in the 1970s, has not been replicated or followed up. Because women's lives can alter so much from year to year, and recent change has been so rapid, longitudinal or at least comparative studies are urgently needed. For Maori women, the lack of information has been even more acute.

The major references used can be found in the *Select Bibliography* (Section 8). In the text itself, citation of references has been kept to a minimum.

1.3 Continuing Concerns

The issues raised most frequently in submissions relating to women included:

– lack of recognition for unpaid work

- lack of financial independence
- the high cost of caring work to those who undertake it
- the extreme difficulty of combining paid and unpaid work
- the sense of powerlessness and lack of choice in women's lives.

In a preliminary analysis of over 3,000 submissions, references relating to the position of women and the constraints on their ability to choose freely from amongst alternatives outnumbered those relating to any other group by almost two to one.

The major issues that feature strongly in the submissions are similar to those which have been raised time and again by women since the nineteenth century.

At the first convention of the National Council of Women in 1896, for example, remits traversed a wide range of areas in which women experienced disadvantage. There was also concern about the fundamental economic organisation of society. One of the speakers argued that:

> . . . the principle of individual competition on which society was based was, viewed from an economic standpoint, radically erroneous and the main cause of poverty, and all the evils entailed by it . . . (Holt, 1980)

Among the specific issues discussed was women's lack of legal and political equality. One resolution that was carried unanimously was:

> That all disabilities be removed which at present hinder women from sitting as members in either house of the legislature, or from being elected to or appointed to any public office or position in the Colony which men may hold, and with regard to all power, rights, duties and privileges, to declare absolute equality to be the law of the land for both men and women. (Holt, 1980)

There was also concern about women's financial dependence. One of the resolutions passed at the 1896 convention affirmed:

> That in all cases where a woman elects to superintend her own household and to be the mother of children, there shall be a law attaching a certain part share on her husband's earnings or income for her separate use, payable, if she so desires, into her separate account. (Holt, 1980)

There was also concern about equal pay, sex stereotyping in education, women's working conditions, fair division of matrimonial property, education for parenting, and many other matters of a wide-ranging nature.

The issue of women's economic independence, particularly so that women have genuine choice about their relationships, is one that has been raised over and over again. In 1901, for example, the

National Council of Women's convention in Wanganui endorsed the resolution which stated:

> That the legal recognition of the economic independence of married women is desirable for the attainment of justice and for the furtherance of a truer marriage relationship. (Holt, 1980)

The matter of an allowance for mothers at home has been discussed by National Council of Women conventions since the 1890s. Not only women's organisations, but other governmental inquiries have acknowledged the social importance of women's child rearing work. This work is not something that should disadvantage women or reinforce their financial dependence.

In 1972 the Royal Commission on Social Security in New Zealand said in its Report:

> . . . the community service given by a mother is, in terms of human investment, at least as valuable socially and economically and at least as onerous as the service as she would give in paid employment. The major issue is not need or poverty, but whether mothers should be recompensed for valuable services given traditionally without charge to the community, and at the expense of the family. (pp. 232–3)

The Select Committee on Women's Rights which existed from 1973 to 1975 called for submissions about discrimination against women in New Zealand and received nearly 200 different proposals for changing the status of women. These proposals fell into two categories—one being women and their opportunities outside the home, and the other being the role of women within the home and family. In its report the Committee indicated, as being matters of concern, the limited status and range of occupations of female workers, continuing sex stereotyping in education and training, the costs to their careers of women's child-bearing and rearing role, the attitudes of employers towards female workers, as well as some formal restrictions on women's paid employment. There was clear support for an active labour market policy as a necessary factor in bringing about improvements in women's status.

It is over ten years since the Select Committee on Women's Rights reported. For the last century women have repeatedly called for equality in education, training, and employment; for financial independence; for legal equality; and for value to be given to their child-bearing and rearing work.

The 1970s witnessed a certain level of improvement in women's status through a series of measures which provided legal equality. In that decade numerous pieces of legislation were passed, for example, the Equal Pay Act (1972), the Evidence Amendment Act

(1974)—which attempted to give greater legal protection to rape complainants, the Matrimonial Property Act (1976), and the Human Rights Commission Act (1977). Yet much remains to be done in terms of transforming unequal relations between men and women. For instance, a limited decrease in the gap between men's and women's earnings occurred in the formal implementation period following the passing of the 1972 Equal Pay Act, but the gap has not diminished further since. This does not mean that legislative change is unimportant. It points rather to the need for periodic reviews of how legislation is being implemented in government institutions including the courts, and for other measures such as changing social attitudes.

The Commission recognises that legal equality is a necessary, but by no means sufficient, condition for women's wellbeing.

1.4 Preview of Issues

The Terms of Reference for the Royal Commission refer to the following 'standards of a fair society':

- dignity and self-determination for individuals, families and communities;
- maintenance of a standard of living sufficient to ensure that everybody can participate in and have a sense of belonging to the community;
- genuine opportunity for all people . . . to develop their own potential;
- a fair distribution of the wealth and resources of the nation including access to the resources which contribute to social wellbeing; and
- acceptance of the identity and cultures of different peoples within the community, and understanding and respect for cultural diversity.

The Commission is charged with investigating:

- whether the ways in which responsibility for social wellbeing is currently shared among individuals, families, voluntary social groups, ethnic and tribal affiliations and other communities as well as local and central government hinder or assist the achievement of a fair society; and
- how existing government systems and policies assist or hinder the achievement of a fair society.

It is also charged with identifying the constraints on the achievement of the standards of a fair society.

It is clear to the Commission that in New Zealand today, as in the past, one's gender is an important factor in the experience of social and economic wellbeing. Much social policy has been based on implicit assumptions, on the part of policy makers and administrators, about gender and what it entails—or should entail—for women's lives.

Certainly there are many areas in which the position and prospects of women have improved since the second world war. Yet, in general, the available evidence reveals large and persisting gaps between men and women in terms of wellbeing—gaps which in some areas are widening.

Women's Economic Wellbeing

The Commission's work shows that women's disadvantaged position seems to stem not from their refusal to work, nor their inability to work, but from the kinds of work they do and the lack of choices and options their work involves.

The reality is that the majority of women are now primarily members of the paid workforce, who take time out for child-bearing and rearing, and other caring work, rather than unpaid household workers who take on paid work from time to time.

But at those times when women are classed as 'not in the paid workforce'—that is, when they are financially dependent either on another person, or on some kind of benefit—they are usually still *economically active,* because they are doing unwaged work in the household, and often in the community too.

This unwaged work is not an 'optional extra'. It must be done in order for all other human activities to take place. In particular, the next generation must be born and raised so that society can continue.

All too often the cost for women of unwaged work, especially caring for others, is long-term financial dependency, hardship and vulnerability.

Women have always participated in the paid workforce, but this involvement has been limited by their unpaid work responsibilities. The assumption that all women have these responsibilities also works against those who do not.

Waged and unwaged work are interdependent, and neither can take place without the other. This interdependence is of vital concern in the formulation of social policy, and raises a number of issues.

The critical questions for social policy are:

1 How can the relationship between waged and unwaged work be shaped and controlled in ways that promote equity, efficiency, consistency and fairness? In particular, what can be done:
   - to ensure that responsibility for unwaged caring work is fairly shared, not only between family members, but between families, other groups and the state?
   - to ensure that the conditions under which waged work is undertaken take full account of individual and social responsibility for unwaged caring work?
   - to ensure a fair distribution of paid work?
   - to broaden the narrow range of occupations where women are still concentrated?
   - to ensure women's skills and responsibilities are fairly rewarded in terms of training, pay and status?
   - to give women genuine equal opportunity?
2 How can both economic and social policies take account of family functions while remaining neutral to family form?
3 What policies will allow both women and men to make genuine choices which:
   - enable the necessary unwaged work to be done
   - develop and use all their capabilities
   - provide maximum personal independence
   - allow them to participate fully in society?

These are the central issues which Section 3, Women's Economic Wellbeing, considers.

Women's Personal Wellbeing

Other issues are brought into focus in Section 4, Women's Personal Wellbeing. In reality, economic and personal wellbeing cannot be separated, but a separation has been made here for easier analysis.

Submissions to the Royal Commission express concerns which can be grouped under three headings:

- voice
- choice
- safe prospect.

Central to these concerns is the need for each person to have, as far as possible, genuine autonomy, equality of status, and a reasonable measure of control over how they are treated. This need is felt acutely in areas such as health, sexuality and personal safety.

The Commission's work shows that women still have little autonomy, equality or control in these areas at present. There remains a major problem of sexual abuse and other physical and psychological harm of women by men.

Women's ability to make decisions about their personal well-being is constrained partly by the factors discussed in Section 3, but also by:

- their lack of access to accurate, reliable information
- their lack of participation in decision-making and resource allocation
- stereotyped expectations of female behaviour
- the behaviour of men.

Although women are the main providers of health care, both paid and unpaid, they tend to be regarded not as active, equal partners but as passive consumers and clients. The 'sickness model' prevails in areas such as reproduction where it is not appropriate.

In heterosexual relationships, women have traditionally been held responsible for controlling both their own and men's sexual behaviour. Yet they have also been expected to be passive and submissive, in contrast to the active, aggressive nature of the male role. Images which encourage male aggression and female submission are found not only in pornography but in a vast range of materials across all media.

Male violence against women is linked with these stereotyped sex roles and images. It is also linked with women's disadvantaged economic position in general and their financial dependence on a male partner in particular. Partly because of the strong belief in family privacy, the true nature and extent of this violence—whether it is rape, domestic violence or incest—has only recently begun to be publicly acknowledged and investigated.

For social policy, the critical concerns centre round:

1 *Information* Information is empowering. Since there can be little autonomy or control of personal wellbeing without the necessary base of accurate information to work from, how can social policy enhance access to such information in all areas?

2 *Active participation* What measures will enhance recognition of women as active partners in all areas of social policy? What can be done to ensure women are able to participate equally in decisions which concern them?

3 *Male behaviour* Women and men have the same right to self-determination and safety in every area of life, including sexuality. What can be done to alter patterns of male behaviour which run counter to this, are damaging to women, and are harmful to society as a whole?

2 Facts and Gaps

This section begins with a series of brief statements about the position of women in New Zealand today and then notes some of the shortcomings in the available data base.

A detailed demographic profile (with details of age structure, fertility, mortality, household formation and composition, labour force participation, unemployment, incomes, and education) is to be found in the paper *Statistical Profile in Women in New Zealand* in Volume III.[1]

Age Structure

Women in 1986 have a longer life expectancy than they did at the beginning of the century. They also have a longer life expectancy than men. There are presently many more older women than older men. A significant proportion of women living alone are older women.

Maori women's life expectancy is lower than that of non-Maori women. In 1980–2, the expectation of life was 68.5 years for Maori women and 77 years for non-Maori women.

Fertility

The fertility rate has been declining over a long time. Women are having fewer children, they are having them later in life and they therefore spend a much reduced part of their adult life in child-bearing and rearing.

Maori women's fertility pattern is rather different, with high fertility in the younger age groups (particularly 15–19 years) and lower fertility in the age groups 25–29 and 30–34 years. In 1981,

[1]It should be noted that to use statistical data accurately it is necessary to be very precise about what is actually being measured. For example, it may seem as if there is an increase in the fertility rate if the number of births increases. However, this may instead be a reflection of greater number of women in the child-bearing cohorts. There may in fact be more women having children but at the same time they could each be having fewer.

55 percent of Maori births were to mothers under 25. This contrasts with 25.7 percent of Pakeha births to mothers under 25.

Households

Fewer women are getting married. Women who do marry are not doing so until later in life. There are larger numbers of women living alone and larger numbers of women living in de facto relationships. The 'nuclear family' household, comprising a male breadwinner, female spouse, and their children, is less common.

In the past there were variations in the 'nuclear family' household brought about by the early death of a partner, desertion, and ex-nuptial births. Today, departures from the nuclear family 'norm' are also brought about by a growing number of de facto unions, separation and divorce, remarriage and longer life expectancy of both parents after the last child leaves home.

Many more women than men become solo parents: in 1986 just over 81 percent of solo parents were women.

Paid Work

A substantial and growing proportion of women are engaged in the labour force. There has been a steadily increasing number of married women in the full-time labour force since the second world war. Women make up the majority of the part-time labour force.

Increasing numbers of women are leaving paid employment only briefly for child-bearing, often starting when they are in their late twenties and early thirties.

There are significant differences between Maori and non-Maori women's labour force participation. Non-Maori females have higher labour force participation at all ages except 15–19 years. At the same time, the unemployment rate of young Maori women is very high: 31.8 percent of Maori women aged 15–19 years were unemployed in 1986, as measured by the Census.

Women who are in the paid workforce continue to be concentrated in a narrow range of traditional 'female' occupations, most particularly in the service sector.

Maori women are even more likely than other women to have service or production occupations, and are less likely to have professional, technical, administrative, managerial, clerical and sales jobs. In 1986, 60 percent of Maori women in the paid workforce

were employed in service and production and related occupations, compared to 26 percent of non-Maori women.

Despite equal pay legislation over 15 years ago, a gap of around 25 percent persists between average male and female ordinary time hourly earnings. (This is the measure which gives the smallest gap because it excludes differences in overtime and hours.) There is also a significant gap between men and women in terms of total earnings.

Unemployment

Female unemployment runs at a higher rate than that of males. As noted above, large numbers of young Maori women do not find employment.

As recorded in the 1986 Census of Population and Dwellings, female unemployment was then approximately 9 percent, compared to 5 percent for males. In addition, much female unemployment is unrecorded, in the form of underemployment or incapacity to take up needed employment through lack of child care, transport, and so on.

Frequently, then, women are unavailable for full-time paid work; yet the register of unemployment does not include as eligible those seeking part-time work, the majority of whom are women.

Income

At the time of the 1986 Census, nearly two-thirds of women had a total income of less than $10,000, while two-thirds of men then had an income of more than $10,000.[2]

The incomes of Maori women are lower on average than those of their non-Maori counterparts. Data from the 1986 Census is not yet available, but at the time of the 1981 Census the median incomes of Maori women and men were about four-fifths those of non-Maori women and men. Fourteen percent of Maori women

[2]This data is taken from the *National Summary* volume (1986 Census of Population and Dwellings, Series C Report 2) published by the Department of Statistics. Total income is defined in the Census as the income before tax a person receives from all sources specified in the census personal questionnaire (including Family Care, Family Benefit, National Superannuation and other Social Welfare payments; interest, dividends, rent commission; fringe benefits or income in kind; Accident Compensation weekly earnings; and so on.

aged 15 years and over reported that they had no income in 1981, compared to 9 percent of non-Maori women.

Income support in the form of benefits and National Superannuation accounted for nearly a quarter (24 percent) of all income received by women (compared with 7 percent of all income received by men).[3]

Women are most likely to receive National Superannuation, domestic purposes, widows and family benefits. Few women compared to men receive unemployment, sickness or invalids benefits. Again, data by ethnic group from the 1986 Census is not available, but in 1981 47 percent of Maori women and 25 percent of non-Maori women were totally dependent on Social Security benefits for their incomes (compared to 11 percent of Maori men and 6 percent of non-Maori men).

Almost one-third (31 percent) of all households with Maori female occupiers, and about one-fifth (21 percent) of non-Maori households with female occupiers, received their total household income from Social Security benefits in 1981.

The Limitations of the Data

There are many gaps in the information that is available to us about women's lives. In particular, there are few official statistics about what happens within households (in terms of relations between members, division of labour, transfers of income, and so on) and about unpaid work. Clearly, in these areas which are critical to women's lives, accurate information is essential for efficient and effective policy development. Some of the issues about which research and statistics are needed include:

- multi-adult households with children—who is responsible for child care? What child care outside the home is used, and how?
- income-sharing within households—what expenses are shared? What differences are there between family (including couple-only) and non-family households?
- labour force participation of *unpartnered* mothers.

[3]This data is gathered in the Department of Statistics Household Expenditure and Income Survey. Sources of income include paid work, earnings-related Accident Compensation, government benefits (but excluding Family Care because data on this item was not collected until January 1985), interest derived in New Zealand, other recurring income derived both in New Zealand and overseas and repatriated to New Zealand, as well as irregular income.

- time spent in domestic labour by sex and marital status with a breakdown into different tasks—for example, caring for dependent child or parent, and housework.
- the nature and value of women and men's unpaid work outside the home, including changes over time and the impact of unpaid caring work and paid employment on unpaid work outside the home.
- variables that influence the different labour force participation rates for males and females of different ethnic groups.
- labour force participation and the impact of variables such as marital status, and age. (The focus of research into factors affecting labour force participation has been on younger women and the position of older women has been given less attention.)
- why women leave the part-time and full-time labour force earlier than men (for example, is it because of an older partner's retirement, because of the need to care for a dependent grandchild/parent, and so on?).
- whether women (and men) are in paid employment for as many or as few hours as they wish.
- the relationship between paid work done by women before marriage/child-bearing, and after.
- In certain cases, data is collected, but is not published (for example, information about female part-time labour force participation by age of child(ren)).
- The five-yearly Census underestimates the extent of women's involvement in paid work because it is cross-sectional. It takes a snap-shot view of the female population at one moment and does not reflect the changes in each woman's own participation through her lifetime. Longitudinal, or cohort, data is required.

3 Women's Economic Wellbeing

3.1 Work: The Heart of the Problem

One major concern emerges from both the submissions and the evidence about women's lives. Women's economic position seems to stem not from their refusal to work, nor their inability to work, but from the kinds of work they do and the lack of choices and options their work involves.

Today the majority of women work for wages and over half the women in the labour force are married. At the same time women continue to carry the major burden of responsibility for unwaged work, including caring for others. Much unpaid caring work is done within the woman's own household, but women also do a major part of unpaid caring work within the community.

In order for women to improve their position in relation to the standards of a fair society, the critical considerations are:

- how to ensure that responsibility for unwaged caring work is fairly shared, not only between family members, but between families, other groups, and the state;
- how to ensure that the conditions under which waged work is undertaken take full account of individual and social responsibility for unwaged caring work; and
- how to ensure a fair distribution of paid work.

Generally the problem has been posed in only one way: how can women (and their children) be supported in the many situations where they do not have access to a male wage?

And generally there has been only one answer. This has been to supply a form of state assistance which takes the place of the 'missing' wages, from the widows benefit of 1911 to the statutory

domestic purposes benefit of 1972. So women's financial dependence, if not on a male breadwinner then on the state, has been a basic assumption.

This assumption is part of an underlying model of society according to which unpaid work is done by women in the household and community, supported by men in paid work passing on part of their wages. Women's participation in paid work has often been underestimated and undervalued by social policy arrangements.

All too often the cost for women of caring for others is long-term financial dependency and hardship. In New Zealand in the past, women's financial dependence has been encouraged in a variety of ways. Women have always participated in the paid work force, but this involvement has usually had to fit around their caring work responsibilities and has often served as an added burden.

Waged and unwaged work are interdependent, and neither can take place without the other. This interdependence of waged and unwaged work is of critical concern in the formulation of social policy and raises a number of issues.

3.2 Unwaged Work

The first group of issues relates to unwaged work.

In our society, all work is organised into four different sectors. In two of these sectors—the market (or 'private' sector) and the public sector—all work is usually paid. However, in the other two sectors—the community sector, and the household sector (the family)— work is not usually paid.

Exactly the same work (for example, the provision of meals) may take place in all four sectors. The way various kinds of work are organised between sectors is continually changing. Care of young children has been organised in many different ways. In New Zealand at present, the day-to-day care of children under three takes place mainly in the household and community sectors. Children over three may be cared for in any combination of the four sectors, though overall responsibility for the organisation and delivery of care usually remains with the mother, and the highest proportion of care still comes unpaid from her.

Unwaged work is not an 'optional extra'. It must be done in order for all other human activities to take place. In particular, the

next generation must be born and raised so that society can continue. Yet despite its importance, there is very little statistical information available about any aspect of unwaged work. (This issue is taken up further in the Commission's papers on Work and Policy Development, Assessment and Monitoring in Volume III.)

Unwaged work is not included in the assessment of the national product as measured in the national accounts. Economists have suggested that in developed countries this value is equivalent to at least 30–40 percent of the gross national product. When women are classed as 'not in the paid workforce'—that is, when they are financially dependent either on another person, or on some kind of benefit other than the unemployment benefit—they are usually still economically active, because they are doing unpaid work in the household, and often in the community too.

3.3 The Conditions of Caring

The aspect of unwaged work most often raised in submissions to the Royal Commission on Social Policy was caring for those who are necessarily dependent, wholly or partly, on others: children, the frail elderly, the disabled and the ill. These dependants are usually members of the carer's family.

The special feature of this type of unwaged work is that it involves long-term responsibility for another person. In some cases, notably where young children are concerned, this responsibility is constant; it means being 'on call' twenty-four hours a day, seven days a week. The only way to be relieved of this responsibility, even for a short time, is to find a replacement carer.

What are the ideal conditions under which this vital work can be done, regardless of who does it?

In brief, the Commission finds that such work should not be a forced choice, nor should the choice be restricted to 'all or nothing'. Unwaged caring work should be able to be equitably shared among non-dependent family members.

Carers would:

- become financially dependent on others only by mutual agreement, rather than of necessity; that is, they could undertake any combination of paid and unpaid employment as they chose;
- not be clustered in the lowest income group;

- have access to the necessary knowledge and the appropriate support services;
- be able to retain full links with the wider society, so that they do not become isolated because of caring responsibilities; and
- have access to adequate relief so that they do not become exhausted by their caring work.

Both the available research findings and many comments in submissions show that none of these conditions can be assumed to apply routinely to the performance of unwaged caring work in New Zealand at present. In fact such conditions are the exception rather than the rule.

Overwhelmingly, the responsibility for unwaged caring work is shouldered by women, most of whom have few genuine options or choices available to them. Frequently, women adapt their paid work to their unpaid caring responsibilities. In so doing, they do not enjoy the same economic wellbeing as men.

The Commission is clear that until men share more equally in unpaid caring work, women will not enjoy equality with men in relation to economic wellbeing.

3.4 Income and 'Choice'

There is a continuing disparity between male and female earnings, with the average male income being significantly higher than the average female income.

At the same time waged work conditions are generally inflexible and allow few opportunities for paid workers to take on unpaid caring work. It makes clear financial sense for men to work for pay, since typically they will earn a higher income. But paid employment then prevents them from assisting with caring work, even when they want. The necessary flexibility of hours is not available in most areas of the labour market.

The outcome of this is that where a couple has dependent children, the female partner usually 'opts' to leave the full-time paid workforce, at least temporarily, to care for the child(ren). In cases of other dependants, such as disabled or elderly relatives, women again, because of their lower forgone earnings tend to assume responsibility for caring work.

Women must therefore give up paid work entirely, or fit part-time work around their caregiving role. In many cases the resulting financial dependence of the female carer on a male breadwinner works well for all concerned; in others it clearly does not. In this situation the carer's income depends not only on what wages are available to be shared, but also on how they are in fact shared. Little information is available on distribution of income within households, but what evidence there is reveals that:

- women in partnerships are less likely to have any personal spending money than their male partners; and
- a considerable number of women (23 percent in a study by the Society for Research on Women in 1981) have no regular personal spending money.

Under these circumstances, family benefit, despite its low level, becomes an important source of personal income for women with children.

Unpartnered women doing unwaged caring work are likely to be financially dependent on the state. In 1981 70 percent of female solo parents were not in paid employment or were in waged work for less than 20 hours per week.

Women as a group are clustered in the lowest personal income levels, but households consisting of an unpartnered mother and children are particularly likely to be low income households, as are female-headed households in general. There appears to be a strong association between responsibility for unwaged care of dependants, and low income.

3.5 Respite and Support

The working conditions of unwaged carers, like their incomes, have not been measured or investigated in any systematic way. But regardless of where carers' financial support comes from, the general impression is one of long hours and little dependable or affordable relief, often combined with social isolation and a sense of social invisibility.

The increase in the numbers of women ready to take on part-time paid employment, even when the only such work available features low pay and poor conditions, can be related partly to the conditions of unwaged caring work and partly to financial need.

As the material on women with disabilities, in Section 5, brings home, carers are expected to 'pick up' the necessary knowledge and skills, and to 'cope' in an enormous range of situations. Support services are unevenly spread, not well co-ordinated, and often poorly publicised. They tend to be targeted at dependants, rather than considering the carer-dependant unit.

Two major social policy questions arise from this situation. What policies will promote equity, efficiency, consistency and fairness, both for those who do caring work and those who are cared for? In particular, what policies will ensure that:

- undertaking unwaged caring work does not of necessity make the carer financially dependent within the household or on the state; and that
- it becomes possible to combine caring work with full participation in the wider society, including a range of hours in waged work?

The Commission emphasises that to promote women's full participation in society does not simply mean enabling women to work in the full-time labour force. 'Full participation' means that women *share equally with men* in community life, in decision-making and other political processes, as well as in part-time and full-time employment. That is, one's gender should not be the determining factor in whether one becomes involved in community life, unions, local and central government politics, and so on. In particular, a person's unpaid caring responsibilities in the home should not exclude him or her from participation in public decision-making and other community activities.

3.6 Waged Work

The second group of major issues in relation to women as a group is concerned with employment in the paid workforce.

At some time in their lives—for example, when they have very young children—the majority of women become reliant on a male partner's wages or a state benefit as their sole source of financial support for unwaged work.

However, today the majority of women at any one point in time, and over the greater part of their adult lives, get at least part of their income from their own wages.

Since the second world war women have greatly increased both their hours spent weekly in paid employment and their periods of time in the labour force. But today women are still employed largely in the same narrow range of jobs as their grandmothers: shop and office work, a few kinds of factory and service work (such as clothing and cleaning), plus teaching and nursing.

Not only do women tend to be clustered in a few occupations; they also tend to be in occupations which employ mainly women. Men employed in these female-intensive occupations dominate the higher levels of pay and status, as they do in all other occupations.

Through their unwaged work of all kinds, women acquire a wide range of valuable skills and experience, but these are not usually seen as assets in the labour market. On the contrary, women's unwaged work is likely to be seen only as a disadvantage and is frequently used as a justification for inequality in paid employment. It may interrupt their employment in the future, it has done so in the past, or it requires them to work different hours from men. The assumption that all women have these responsibilities also works against those who do not.

The outcome of all these factors is that, across the range of possible occupations, women are concentrated in what is called the 'secondary sector' of the labour force. Jobs in this sector are low paid and offer little or no career structure, training, or advancement. They are generally considered to be unskilled or semi-skilled, though this may not in fact be an accurate assessment. Part-time work, which is sought mainly by women responsible for unwaged work, is largely confined to the secondary sector.

The major policy questions to be asked with regard to women and waged work are:

What policies will promote more efficient, fair and equitable participation in waged work for women?

In particular, what can be done:

- to broaden the narrow range of occupations where women are still concentrated?
- to ensure women's skills and responsibilities are fairly rewarded in terms of training, pay and status?
- to give women genuine equal opportunity?

3.7 Making the Connections

The third group of issues draws together the two groups above. Many submissions from women and women's groups focused on the connections between waged and unwaged work.

At present the structure of the labour market makes it extremely difficult to combine waged work with unwaged work, especially caring for others.

- Little or no allowance is made in working conditions for caring responsibilities. These conditions, such as hours of work, continue to be arranged as if all waged workers can rely on having a full-time unwaged worker at home.
- Unwaged workers have great difficulty making arrangements for replacement care, since there is a general expectation that they should be constantly on duty. Any replacement care used is likely to be both informal and paid little or nothing.

The difficulty of combining waged and unwaged work is shown up very strongly in the case of unpartnered mothers. When a marriage breaks down, only a minority of women are already in full-time paid employment which pays enough to support them and their children. Those who have little or no earnings of their own must turn to the Domestic Purposes Benefit (DPB).

Though the average time spent on the DPB is increasing as unemployment rates increase, it is still only three years five months. However, most beneficiaries are able to move off the DPB only because they remarry or move on to another benefit, such as National Superannuation (Horsfield, forthcoming, 1988). A 1983 survey of benefit records found that only 4 percent of domestic purposes beneficiaries were able to find jobs which paid enough, after meeting all the costs of employment (including childcare), to allow them to move off the benefit into financial independence (Rochford et al, 1986).

Other research has revealed the fragile patchwork of different arrangements which many of those with caring responsibilities must make in order to undertake even part-time waged work, and the great strain they are placed under during any emergency.

The lack of recognition in the labour market for caring responsibilities also works against these being more equitably shared within families and between men and women, because:

- taking the time to attend to caring responsibilities is made so difficult; and
- any time spent attending to them is regarded as damaging rather than enhancing career prospects.

3.8 The Interdependence of Waged and Unwaged Work

Past policies, both social and economic, have tended to be based on the assumption that there was only one major connection between the two kinds of work. This connection was within the household, where women's unwaged work would be supported by men's earnings. Family households which did not conform to this model were seen as deviant. There is considerable historical evidence that this model of reality could not be relied on to work well. As a result, in the past, many women and their dependants experienced severe hardship. The model also worked against men who had sole caring responsibilities for others, and in fact against all those who wanted to combine such responsibilities with paid employment.

Certainly there is now a great deal of evidence that this model cannot be relied on today. Nor can policies be based on the assumption that it is either the prevalent or most desirable pattern.

Taking full account both of the nature of unwaged caring work, and of the interdependence of waged and unwaged work, requires careful examination of all the assumptions about work and about households underlying present and proposed policies.

For example, policies based on a general distinction between 'full-time workers' or 'full-time working families' and 'beneficiaries' implicitly assume that:

- either beneficiaries are not working, or the work they do is less important than any form of waged work;
- with some financial assistance, unpartnered beneficiaries with dependants can move straight from unwaged to full-time paid employment;
- the choice is between full-time work and being completely dependent on a benefit;
- women with sole responsibility for dependants are in the same position as men, with regard to obtaining waged work.

Policies which propose a flat tax rate on individuals, combined with a 'top-up' for families means tested according to household rather than individual income, assume that:

- income is 'pooled' and equitably shared within households regardless of who earns it;
- incomes can be fairly compared across households regardless of whether they are earned by one or two individuals;
- the high marginal costs imposed by losing family income top-up, having less time for unpaid employment, and paying a flat rate of tax out of a low income, will not act as a significant disincentive to women taking or continuing employment (or else that this disincentive is desirable).

Yet there are clear indications that none of these assumptions are valid, and that policies designed in accordance with them will not improve (and may well harm) women's position with regard to both waged and unwaged work.

The connections between paid and unpaid employment are complex and varied. The major questions to be answered are:

1 How can the relationship between waged and unwaged work be shaped and controlled in ways that promote equity, efficiency, consistency and fairness?
2 How can both economic and social policies take account of family *functions,* while remaining neutral to family *form*?
3 What policies will allow both women and men to make genuine choices which:
   - enable the necessary unwaged work to be done
   - develop and use all their capabilities
   - provide maximum personal independence?

3.9 The Role of the State

How these questions are answered depends partly on what the role of the state is perceived to be in relation to both paid and unpaid employment.

Table 1 sets out two different views of the role of the state in relation to the work of caring for dependants.

In a situation of 'minimal state' involvement, the family is regarded as solely responsible for the care of dependants. In practice, this means the responsibility rests largely on women working without a wage within the household. Those women with access

TABLE 1: The state and caring work—two models

The Minimal State	*The Supportive State*
Who benefits from care?	
Family care is a private good, which benefits individual family members.	Family care is both a private and a social good, because it benefits society as well as individuals.
Who is responsible?	
The family is responsible for its dependent members.	Caring for dependants is a social responsibility shared by families and the state.
The state's main responsibility is not to interfere with family care.	The state's main responsibility is to support families in providing care.
What are the costs?	
Family care costs taxpayers nothing, whereas state care incurs costs which must be met from taxes.	All forms of care incur costs, including the caregiver's forgone earnings and labour market productivity.
Taxpayers' money can be saved by schemes of minimum assistance, targeted to only the most needy.	Over time, flexible, needs-based assistance designed to support families is likely to give the best care at the lowest overall cost.
Who should be assisted, and how?	
State assistance is a substitute for family care. It should be provided only as a last resort.	State assistance provides essential support to families. Family care should be integrated into a continuum of services and programmes.
The state must be careful not to encourage carers to evade their responsibilities.	The supportive state provides appropriate alternatives so that the family does not have to struggle to the point of breakdown.
Only the dependant should be eligible for assistance, when stand-alone family care has clearly broken down.	Dependants and caregivers form a unit and both require assistance. Supportive help ensures that families do not break down and are able to provide as much care as they can.

to sufficient income can buy assistance of various kinds on the market. In this view, 'family' and 'market' are clearly separated, as are unwaged and waged work. The role of the state is restricted to 'picking up the pieces' only when family care has broken down, or when the care required is beyond the family's means. In other

words, the state's role is to *substitute* when the family does not perform its function.

The 'supportive state' assumes that providing care is a *co-operative* effort between families and the state, given the importance of care for the continued functioning of society. In this view, waged and unwaged work are seen as interdependent and as often undertaken by the same person. Policies to support families will necessarily include labour market policies.

In New Zealand, the history of social policy reveals a range of approaches, some in line with the first view and some with the second. Policies have at times contained elements of both views.

Some would see the minimal state as the preferred approach, claiming that intervention by the state makes individuals and families dependent. However, where the state has a minimal role, there is often neither efficient nor effective provision of care. Frequently, the outcome of minimal state involvement is to undermine the caring work done within the family.

The Commission is of the view that the supportive state is, in the long term, more efficient, because it values and enhances this work. It does this through policies designed to ensure both caregivers and dependants have equitable access to flexible, responsive programmes of assistance, including relief from caring.

To those who would see state involvement as creating dependency and destroying initiative, it needs to be emphasised that family-based care systems are primarily weakened by the stress that is imposed on the carers. This is evident from submissions about the need for support for carers, and is also documented in research.

Rather than seeing families as being made dependent when the state becomes involved in providing care and assistance for carers, it is important to acknowledge the usefulness of an interdependence, or co-operation, in caring work between the family and the state. In other words, the state is 'dependent' on family-based care, as much as the family is 'dependent' on the state. The two should be in a mutually supportive relationship and in this way the best form of care will be available to dependants.

The Commission recognises that the state has an important role in actively supporting families and households in caring work. Policies in line with this 'supportive state' view are likely to promote rather than hinder fairness for women and the equality of women

and men in society, and to promote rather than hinder the interdependence of family and state provision of care, as well as to address the needs of dependants more adequately.

3.10 Policy Strategies

The problems women have identified in their lives show clearly that:

- there can be no neat separation of waged and unwaged work, or of 'men's work' and 'women's work';
- to improve women's position, all social and economic policies must recognise this;
- in particular, all policies must take account of family *functions,* while remaining neutral to family *form.*

Policies based on these principles would promote a society where:

- waged work is no longer rigidly structured in ways which ignore unwaged work;
- unwaged work and those involved in it become publicly visible and the importance of unwaged work becomes clear to all;
- women can make genuine choices which develop all their capabilities and enable them to meet their needs and the needs of those they care for;
- men have similar choices and options.

These will have ramifications for every area of social policy. One area that must be a major focus for change is that of labour market policy. In its present form, the labour market is clearly a source of disadvantage for women, and it should be understood that some so-called flexible employment policies will disadvantage them even more. Yet labour market policy can be a powerful instrument for achieving social policy objectives.

3.11 Labour Market Policy

Labour market policy, as has been recognised by other enquiries (for example, the Select Committee on Women's Rights), is of paramount importance to women. All the indications are that women are already spending at least a part of most years of their lives within the paid workforce. The unwaged work remains to be

done, and incurs costs, whether women are in the paid workforce or not.

For various reasons, women have sought employment in the paid workforce. Primarily they have done so for the same reasons as men, that is, to support both themselves and their dependants. Sometimes, women have been actively recruited by the labour market (in times of labour shortages, such as the Second World War). In other cases, women have chosen to pursue full-time careers, and this in itself must be seen as a legitimate choice for women as it is for men.

At present, as in the past, the most significant difference between men's and women's participation in the paid workforce is the extent to which women move in and out of the paid workforce as the needs of dependants change. This adversely affects women's long-term earnings and employment prospects, and sets up a cycle of disadvantage.

Two frequently canvassed options for labour market policy are briefly discussed below. These and other options are developed more fully elsewhere in the Commission's work, particularly in the papers on Work in Volumes II and III, and *The Inter-Relationship of Economic and Social Policy* in Volume II. However, they are also mentioned here to illustrate the complexity of the connections between paid and unpaid work.

Equal Opportunity and Equal Pay for Work of Equal Value ('Comparable Worth')

The persistent earnings gap between men and women in paid employment is due to a complex mix of factors, but the two most important immediate causes are:

(a) gender differences in industrial and occupational workforce distributions, with women clustered in lower paid occupations; and

(b) the clustering of women at the lower levels of each occupation.

Both these trends reflect differences in the treatment of the sexes, first in the education system and later in the workplace. That is, they are in part discriminatory.

Though attempts are frequently made to explain away both these on human capital grounds, for example, the lack among women of suitable vocational training, there is evidence that

human capital theory itself can be applied in a discriminatory way. It is correct, as human capital theory claims, that improved educational opportunities should enhance women's earning capacity, but experience and research in New Zealand and elsewhere indicate that the most effective methods for closing the earnings gap are legislation enforcing the equal pay for work of equal value principle and affirmative action policies.

In its submission, the Human Rights Commission concludes that only a strong affirmative action policy will lead to true equality of opportunity in employment. This 'does not require a departure from the merit principle [but]a closer scrutiny of selection and assessment procedures to ensure the merit principle is better implemented'. In its submission, the Human Rights Commission also lists the benefits of equal opportunity to both employers and employees.

Part-time Work Opportunities

Part-time work is defined as anything less than full-time paid employment. As with the definition of full-time work, there have been variations over time (as in the Department of Statistics five-yearly Census change of definition in 1986) and there are differences between data-collecting agencies (for example, between the Department of Statistics and the Department of Labour). In the Household Labour Force Survey and in the 1986 Census, the definition of part-time work is employment for less than 30 hours per week.

Part-time work is the solution most commonly sought by women who are faced with the need both to earn income and to provide care. Between 1960 and 1979 the part-time workforce increased by 325 percent (Belich 1985:28), but demand has outstripped supply. There is little information about pay and conditions, but it is clear that most part-time work is concentrated in low-pay, low-status, secondary sector occupations. As Clark (1986) points out, there is no good reason for this. It not only disadvantages women, but also prevents the efficient use of their labour power.

It is feasible for part-time workers to be employed under the same conditions and with the same safeguards as full-time workers, across a far wider range of occupations than at present. Belich (1985) found few limits to the viability of part-time work in her

public service study, and part-timers were seen as having increased the efficiency and output of their area. Administrative difficulties could be avoided by planning ahead. She notes (1985:81):

> It is the definition of a 'job' as being one which takes a 40-hour week that puts part-time work outside the norm and outside the protection and opportunities that full-time work provides.

An important issue is whether part-time workers should also be eligible, on a pro-rata basis, for the same benefits, in particular the unemployment benefit (see 'Individual Entitlement' in sub-section 3.12, below). Part-time wages are not 'pin-money', which can easily be done without if the job is lost.

However, even when much better part-time opportunities are made available, these are often, unfortunately, a cause of women's permanent secondary status on the labour market. Women become trapped in 'part-time' jobs, and 'full-time' paid employment remains the normal pattern for men. Unless men do more part-time work, or full-time employment has more flexibility (for example, in terms of parental leave), men will not be in a position to take on a greater share of unpaid work. This is why women in some European countries have advocated fewer full-time working hours for everyone (that is, a shorter working week).

Assuming a continuing and probably increasing shortage of full-time paid work, improved part-time work opportunities increasingly make both social and economic sense. It is worth pointing out that:

(a) many businesses and government departments already employ large numbers of highly paid 'part-time' workers, whenever they make use of professional services as required (for example, specialist medical personnel in hospitals); and

(b) part-time workers are generally viewed as more productive, since a higher proportion of their work-time is spent 'on-task'. The Population Monitoring Group (1986) notes that there are indications of an increase in labour productivity accompanying replacement of full-time by part-time workers.

It is not reasonable to suppose, given current levels of income need, that two people even in relatively well-paid part-time work could sustain a household containing dependants. One person certainly cannot do so. But with a flexible income maintenance policy,

which recognised the demands and costs of caring work, this could be possible.

Conditions of Employment

At one time the labour market had regard to unpaid caring responsibilities by requiring that the male wage rate was set at a level believed to be sufficient to support a man, woman and three children. In reality, the same rate was paid to all men regardless of their family situation, whereas all women were paid the lower female rate.

Today, there is some recognition that there should be no presumption that women are normally financially dependent on a male breadwinner. Equal pay legislation has meant limited acknowledgement of the need for women to be seen as earners in their own right.

Having removed from the wage system formal responsibility for the financial support of dependants, it does not follow that the labour market should not in other ways provide for caring. Because, as we have established, unpaid work (particularly work relating to the care of dependants) is vital to the wellbeing of society as a whole, the labour market has a responsibility to provide certain conditions of employment.

The critical provisions include parental leave for childbirth and child care, which involve leave from the labour force for a continuous period of time, and domestic leave for men and women. These are dealt with more fully by the Commission in the papers on Work.

3.12 Income Maintenance

Inconsistent Benefit Policies

Women frequently suggest some form of 'carer's wage' to remove the poverty and dependence of primary household carers. The Domestic Purposes Benefit (DPB) is in effect a carer's wage, which is why it arouses antagonism among married women who are doing similar caring work 'for nothing'. Horsfield (1988, forthcoming) sums up:

> Under some circumstances the social welfare system pays women to act as caregivers in their homes; under others it does not.

Women who receive a benefit or share in a husband's benefit are paid at different rates according to whether they are married or not, how old they are, and on what grounds they are assisted. Relating a benefit not to private household caring per se, but to the fact that the carer is thereby kept out of, or has to restrict, waged work would be more consistent.

Joint Income Testing

The joint income tests with respect to benefit eligibility, applied to determine eligibility for family support and guaranteed minimum family income, work against the interests of almost all women with children who wish to take on paid employment. Most social welfare benefits are subject to a 'joint' (that is, spouse) income test. Many women thus face effective marginal tax rates which are extremely high.

Individual Entitlement

For women the key equity issue in relation to both the taxation and benefit systems is individual assessment and entitlement. In order to be affordable, and at the same time to recognise the principles of individual entitlement and horizontal equity, it would be appropriate to assume equal shares in combined income as is required under the Matrimonial Property Act (1976). The subject of individual entitlement is developed further in the papers on *Income Maintenance and Taxation* in Volume III.

An income support allowance in some form, paid direct to the primary carer, would compensate at least in part for the foregone income costs imposed by the need to provide care for dependants. It would be, in effect, a form of unemployment benefit. This proposal is also developed further in the Commission's papers on *Income Maintenance and Taxation* in Volume III.

Such an allowance should be combined with comprehensive labour market policies, education and retraining opportunities and, above all, with flexible, affordable replacement care. Currently supply of such care lags far behind demand. Unless satisfactory replacement care, short-term and long-term, is available to all carers, women will continue to have little real choice of work undertaken and will continue to struggle to combine waged and unwaged work.

3.13 Education and Training

A necessary component of an active labour market policy is provision for education and training. Women have not enjoyed equal educational opportunity or attained the same level of post-school qualification as men. This has been a continuing problem, and has direct consequences for women's ability to find employment and to earn an adequate income.

Two groups of women must be considered with regard to education and training. These are (a) young women who have not yet entered the paid workforce, or who are seeking to enter it; and (b) women who may have already spent some time in the paid workforce, and may have dependants.

Fairness for Young Women in Education

The papers prepared for the Royal Commission on Social Policy by the New Zealand Council for Educational Research (NZCER) detail the extent to which young women are disadvantaged in the education system:

> . . . research shows clearly that the New Zealand education system does not offer the majority of young girls a fair chance to develop their abilities. It is not equipping them to contribute effectively to the information-based society into which New Zealand is evolving, and hence to look forward to a future in which they can expect to remain independent of any income or family support provided by the social welfare system.
>
> (New Zealand Council for Educational Research, Initial Report to the Royal Commission on Social Policy, October 1987).

Young women, and particularly young Maori women, are the largest disadvantaged group. In the case of non-Maori females in particular, their educational attainment at lower levels (for example, undergraduate level at university) is often superior to that of their male counterparts, but they do not proceed to higher degrees and to teaching positions. This is the result of both women's low aspirations and discriminatory attitudes and practices in the institutions.

There is now enough knowledge available, both within New Zealand and overseas, to enable a concerted effort to be made to eliminate discrimination on grounds of sex in all areas. Inequality in education occurs in sex-stereotyping from early childhood through to beyond secondary school in teacher-pupil interactions,

play equipment and physical education programmes, curriculum options and subject choices, teaching resources, and careers guidance. In addition, girls lack role models of women in senior administrative and other decision-making positions.

The Department of Education has frequently stated its opposition to sexism in education and some action has been taken, but this issue does not appear to have a high priority despite the size of the disadvantaged group. The NZCER report (1987:11) states that equal opportunity initiatives have led to only limited changes and have affected only a minority of women.

The Human Rights Commission, having noted the lack of progress to date, is now calling for policies which not only address sexism in education, but require affirmative action in all educational institutions. Without such policies, progress will be extremely slow.

On the one hand, educationists claim that labour market policies and practices are the problem; on the other hand, employers say the education system is to blame. The Human Rights Commission points out that *both* aspects require attention.

Training Opportunities for Older Women

Many women who are studying at tertiary institutions are older women. As at 1 July 1985, 42 percent of all female university students were over the age of 25. Women are more likely than men to be enrolled as part-time or extra-mural students.

Research shows that many more women are prohibited from studying or training because of the costs and because of their child care responsibilities. Further education, like paid work, has to be accommodated around women's unpaid caring work. If women are to benefit from training for employment, the timetabling of courses must take account of women's responsibilities and those responsibilities must be shared more equally with men. All training establishments should provide childcare facilities. Discussions with ACCESS training providers revealed that at present the cost and lack of access to childcare is a factor limiting women's participation in ACCESS.

Women also need encouragement and support while undertaking training, especially when training in non-traditional areas. Many training opportunities (for example, ACCESS) are not

designed to attract women into non-traditional areas, but to provide the training opportunities sought. In this situation, women continue to seek training in areas of traditional female employment.

As part of a strategy to achieve equality for women in education and training, there must be income support for women who are engaged in training programmes. It needs to be remembered that women cannot be assumed to receive financial support from a male partner. Also, study and training cost money. For all these reasons, training allowances must be provided, particularly for women. Women's entitlement to assistance should not be determined by joint income testing.

Women's education and training for employment must be part of an integrated package which includes changes to employment conditions in the paid workforce.

Where women have been able to undertake training, they are still disadvantaged by employers' reluctance to appoint women in non-traditional jobs. Employers often refuse to hire women on the grounds that women do not have experience, yet women cannot get experience other than when hired. Discrimination against Maori and Pacific Island women is particularly common. Incentives are therefore needed for employers to take on women. In the public sector there can be targets set for the employment of women. In the private sector subsidies are required.

In its submissions to the Royal Commission on Social Policy, the Vocational Training Council highlighted the nature of female unemployment as an important consideration in implementing training programmes. This is because unemployment is often found in highly segregated female occupations which tend to shed jobs in periods of recession, and through technological change. In addition, women are concentrated in part-time work which has limited opportunity for skill development and in occupations which offer few training opportunities.

Women's experiences in education and training are discussed more fully in the Commission's work on Education.

3.14 Child Care

The issue of child care outside the home has received increasing attention as a result of the increasing labour force participation of

women. At the same time, it must be remembered that such care is relevant not only to women in the paid workforce. There are many different situations where child care is important. It is often necessary, for example, when the male parent is working and there is no female parent through death or illness, or when the female parent has certain physical disabilities. At other times the parent who might otherwise provide child care may be engaged in full-time education or in unpaid community work.

Demographic, social and economic trends mean that mothers, the traditional caregivers, are today less likely to call on other family members for help with child care.

The available data indicates that most women arrange their labour force participation in order to be able to care for their own children. Women who have preschoolers and also have paid work tend to work shorter hours than other women in paid employment. Women may take up shift work, do paid work at home (outwork), or take their children with them to work. Generally they rely on their husband (when they have one) to care for children if they are working shifts. For women who work rotating shifts, there can be particular problems with child care. Many women with older children face problems with care arrangements, especially if their hours of paid work do not coincide with schools hours or holidays.

Demand for Child Care Services

There is, as with other areas that are critical to women's lives, a dearth of information about how the care of young children is currently organised, and about how satisfactory it is for everyone involved. What *is* known is that the number of children requiring care outside the household, and the range of types of care required, are far greater than the number or range of childcare places and services at present provided by either the state or the market.

The summary by Horsfield (1988, forthcoming) of studies of the use of child care in New Zealand shows that there are two major categories of demand. First, there is demand for regular care while the mother works at another job. Second, there is demand for irregular short-term, emergency or casual care. In addition, it needs to be acknowledged that different care is needed depending on the age of the child(ren)—that is, whether they are preschool or school age. In her investigation of child care, Horsfield includes a

brief discussion of casual or emergency care needs. She points out that women may wish to use special daytime care for a wide variety of reasons:

> They may wish to shop alone, pursue a leisure activity or attend appointments alone. Few shops, offices or recreational centres keep toys to amuse children while the mother waits or attends to her business and virtually none provide supervised care for preschoolers. Others may need a break if they are ill, or time to sleep during the day.

The market has supplied more child care services as the need has grown, but although the wages of child care workers are extremely low (which is another equity issue for women), few parents have enough income at their disposal to buy child care in the market place, nor is the care flexible enough to meet varying needs.

Provision of Child Care

Tax deductibility has been advocated as a method for meeting child care costs. It is argued that child care is a legitimate cost for working parents and like other employment-related expenses should be tax-deductible. Recognition, or more accurately, non-recognition by the taxation system of the costs of child care is a major anomaly, and one that has been commented on in submissions. The Wellington Women Lawyers Association, for example, argues that case law decisions which deem child care payments to be a private expense rather than a legitimate business expense are illogical and arbitrary.

If there is a deduction, it is argued, then it would be possible for parents at all income levels to buy private home-based care. Some see this form of care as the least expensive option, and one that can be fairly readily implemented.

Opponents of this form of assistance point out that revenue foregone in tax deductibility schemes can be regarded by the state as indirect expenditure, and the state may then withdraw any further contribution. In addition, the encouragement of private care means that it is difficult to establish and monitor standards. Tax deductions are also regressive in their effect, and there are potential administrative costs.

Instead of tax deductibility for child care costs it is possible to provide a tax rebate for those with child care expenses. This can overcome the regressive aspects of tax deductibility regimes, but is still available only to people earning an income.

Those who argue for taxation-based strategies highlight the need for consumers of child care to choose what is for them the most suitable form of care. There is often an assumption that publicly provided care is unresponsive to different needs. As with every area of social service provision, it is possible to involve clients in the planning of services and to develop a range of services to meet the variety of needs. Already, early childhood services in New Zealand offer a significant variety of choices to families. The critical issue is, in fact, not the diversity but the *amount* of child care available. The supply is far from sufficient for the level of need.

The current piecemeal approach to the provision of early childhood care and education gives rise to funding anomalies between full-time and part-time early childhood services. Helen Cook (1985:27) has highlighted the irrationality of the historical and present pattern of funding:

> The reality is that the fees from parents can never be sufficient to provide the high standards of care that our children deserve. We do not expect parents to fund the kindergarten service, so kindergartens can provide both caring and education, and what women do while their child is in kindergarten is seen as irrelevant.

In addition to recognising the diversity of people's child care needs, it is necessary, and possible, to ensure that care is flexible, available, affordable, and of good quality. Equally important, there needs to be appropriate parental leave provisions and supportive attitudes in the workplace to those with child care responsibilities.

Child Care as Social Responsibilities

Many submissions have pointed out that children are a social good and that child care should be seen as a social responsibility. Child care outside the home is an important support for family life. In addition, submissions and research data have noted the importance of child care services to equal opportunities for women, as well as the benefits for women and men of shared parenting and participation in community activities and in the paid labour force.

The falling fertility rates of recent years suggest that women feel forced by the difficulties of combining waged and unwaged work—and, in particular, difficulties over child care—either to limit family size or to have no children. Employers generally do not regard a response to such trends as being within their sphere of

responsibility. Only the state, as represented by social policy makers, is likely to consider the important long-term implications of such decision-making by women.

There are other wide-ranging costs arising from inadequate public concern about, and provision of child care. They include the economic dependence of women, either on a male partner or on the state. There may be family poverty where women cannot earn an income, or where child care costs have to be met in full by the user. Other costs include stress for women who as the primary caregiver may not be able to take necessary breaks from her care responsibilities. There may be low quality child care provided in the market place, but even then not for all who need it. Employers lose trained and experienced female employees. There are, as the Accident Compensation Corporation has pointed out, accidents involving children who are unsupervised when their parents are working. These are just some of the costs.

If social policy is to enhance women's wellbeing, and indeed the wellbeing of children and of families, the availability of a diverse range of flexible, good quality, affordable child care services is essential. It would be wrong to suggest, by including a discussion of child care in the Commission's consideration of Women and Social Policy, that child care will only benefit women. All the costs of child care in terms of disruption to paid employment and in terms of stress for the primary carer are experienced by men who have sole responsibility for child care (because of separation from or death of a spouse). Indeed, men's ability to share the custody of children in cases of separation of the parents will be enhanced.

The issue of the most appropriate form of funding for early childhood services (including child care) is dealt with further in the Commission's work on Funding.

3.15 Housing[4]

A discussion of women's housing status and experience of housing policy has been included in this section on women's economic wellbeing because housing is clearly an aspect of one's economic position. A person's income and employment are major factors in determining where he or she lives, the type of housing tenure and

[4]This section summarises the main points from a paper on *Women and Housing*, prepared for the Commission by Dr Sophie Watson and published in Volume III.

the standard of accommodation. Home ownership brings with it certain financial responsibilities but also brings with it a number of advantages, such as access to credit. It is also the major source of capital gain for many New Zealanders.

It is appropriate to incorporate this sub-section at this point in the discussion of women and social policy, before moving on to the following section on women's personal wellbeing because housing also provides a clear illustration of the links between the (somewhat arbitrarily divided) areas of personal and economic wellbeing. Research has revealed a close connection between housing and health status, and educational attainment. These in turn are linked with unemployment and income inequalities.

The purpose of this sub-section is not to provide detailed recommendations about housing policy. This will be taken up in the Commission's work on Housing and Funding. Instead, the purpose is to stress the need for policy makers to give specific attention to the particular needs of women.

As with the discussion about other areas of women's wellbeing, this outline of women's experience of housing will highlight the way in which women frequently have different needs and experiences from men. Among women, too, there are different needs. This sub-section on housing provides some information about those differences and in doing so argues for the involvement of women in decision-making and policy development.

Women's housing needs differ in certain important respects from those of men. In particular, women's housing status and needs are closely linked to the following demographic processes:

- increased longevity
- marriage dissolution and remarriage
- increasing variation in household form.

For a number of reasons associated with these factors, more women are seeking to buy or rent housing in their own right. Yet, gender has an influence on housing status. As noted earlier, women's economic position is reflected in their housing status.

Housing mobility is also severely constrained where there is a need to provide children with adequate accommodation, or go on caring for others such as elderly parents. The only affordable housing, to buy or to rent, may be:

- remote from employment opportunities or childcare provision;

– or poor quality, leading to higher maintenance and running costs.

Their lower incomes mean that women are more likely to experience homelessness than men.

Women and Homelessness

There has been public debate about an adequate definition of homelessness and this is reflected in submissions to the Commission. The true extent of homelessness and housing need is not shown in statistics, especially with regard to women. Many women remain in unsatisfactory (often violent) domestic situations because of the difficulty of finding suitable and affordable alternative housing for themselves and their children.

Women's Involvement in Housing Policy

Although they are mainly responsible for domestic work and child care in the home, women have had little input into house design or town planning.

Even apparently adequate housing can have many defects such as thin walls, cramped, badly designed work and storage areas, and no safe play area for children.

The common separation of housing from centres of industry and employment, combined with transport patterns based round rush-hour flows, and inadequate community facilities, act to reinforce the difficulties women have in participating in the labour market and in the wider society.

Though a quarter of all homes are rented, the overall structure of housing provision and finance in New Zealand favours home ownership, with a focus on the Pakeha, male-headed, two-child nuclear family as the norm. This focus disadvantages all others in housing access, and they are thus *marginalised* in the housing market. Women are seriously affected by this bias.

Women who rent in the private sector—over half (54 percent) of all female tenant householders—are concentrated at the lower end of the market, with greater insecurity of tenure and lower value for money.

Discrimination

Discrimination against women, married, formerly married or single, also affects their access to housing, to buy or to rent.

Discrimination by financial institutions means that difficulties in obtaining mortgage finance persist, despite stated official policies, even where women are objectively in a satisfactory financial position.

Private sector landlords may discriminate against solo mothers, especially Maori and Pacific Island mothers. Harassment, sometimes sexual, and intimidation are also reported by female tenants.

The public rental sector, whether state or council-controlled, as the main provider of low-cost rental housing, is of crucial importance to women: 42 percent of all female tenant householders rent from a public sector landlord. Despite some criticisms of monocultural and partriarchal policies and practices, it has strong support from women.

The housing problems facing particular groups of women are outlined below.

Formerly Married Solo Mothers

There are a number of factors which bring about housing difficulties for this group of women. The 'clean break' principle established in the Family Proceedings Act (1980) is leading to a shorter period of occupation for the spouse remaining in the marital home after marriage breakdown. Where half the proceeds from the sale of the home comes to enough for a deposit on another house, the woman's income, whether from wages, maintenance, or the Domestic Purposes Benefit, is frequently too low to meet mortgage repayments on a private sector loan. Formerly married women may also have no savings and credit history in their own name.

The Housing Corporation is therefore a very important source of finance for formerly married women, as it is for women in general. However, there is insufficient recognition in Housing Corporation policies of the position of women who end up with a sizeable sum of money, but a low income and children to support. Because of the lack of involvement of women in policy development, initiatives taken by the Housing Corporation to assist formerly married women have not had the intended outcome.

Consequently, it may seem as if there is a lack of demand for assistance. For example, partly as a result of inadequate publicity, the 1986–87 budget for second chance/refinance loans was underspent, and, as a result, $4 million was cut from the budgeted funds in 1987–88.

The low incomes earned by women and the lack of availability of low-cost private sector rental accommodation, mean that private rental housing is rarely a viable option for any female solo parent. State rental housing is therefore necessary for those unable to buy.

However, there are a number of constraints upon women's access to state rental housing. These include the following:

- an applicant may be ineligible through having had an interest in a house within the last five years:
- long waiting lists leave women and children facing homelessness for lengthy periods.

Rural women are particularly vulnerable. Difficulties arise because the house is an integral part of the farm or, in the case of farm workers' spouses, is an integral part of the job.

Women leaving violent relationships are also vulnerable. If the couple were joint Corporation tenants and damage has been done by the husband, the woman may be liable for any outstanding costs, because she is easier to find. If she had to leave a Corporation tenancy she is unlikely to be rehoused or transferred in the short term, especially where the husband remains in the tenancy.

To sum up, many formerly married women find themselves trapped in a 'no-win' situation, unable to obtain or service a loan to buy out their ex-husband, or to repurchase, yet not considered to be in desperate enough need to get a state tenancy. For those eventually forced to rent privately, any lump sum from the sale of the home can be quickly eaten up, leaving the woman and children in insecure accommodation with little prospect of improvement.

Single Women

Single women who have not married are generally excluded from state rental housing. Not only do single women (like women of any marital status) have generally lower incomes than men, but they are also disadvantaged by housing purchase schemes and in access to private sector loan finance.

Older Women

The range of housing options for older women is wider than for other women, but some, such as retirement villages, are available only to those with substantial resources. Many older women have had little access to independent employment and income and need support, information and assistance in making housing decisions—including carrying out repairs and maintenance.

Again, Housing Corporation schemes, such as Homeswap, Home Maintenance loans, relocatable granny flats and state pensioner housing, are of crucial importance to this group of women. The cost and insecurity of private sector rental accommodation make it the least viable option for them.

Women with Disabilities

As well as assuming one family form, New Zealand housing generally assumes residents will be able-bodied. Disabled women, including elderly women, can rarely meet their housing needs unaided and require a range of forms of assistance, from loans for alterations to specially designed housing.

While inadequate housing affects the quality of life, including health, for all women, it has a particularly severe impact on disabled women with limited mobility.

Lesbians

Lesbians, alone or in different forms of partnership, share the disadvantage with regard to accommodation experienced by single women, and documented in the recent Housing Corporation report *Women's Views on Housing* (1987). In seeking mortgage finance, uncoupled people, whatever their sexual orientation, have often been disadvantaged in trying to buy a home. Lesbians and gay men in couples trying to buy a house together face problems in obtaining finance because there is an expectation on the part of the lender that the clients will split up, leading to problems with the division or refinancing of the assets.

The increasing awareness of the diversity of household forms has been a positive development. There is, however, a need for housing policy to recognise this diversity and to abandon policies which marginalise female-headed households. Where housing and

other policies are neutral to family form, there is greater opportunity for lesbians, either as single women or in couples, and for other women, to obtain adequate housing.

Maori Women

In general, Maori women face the same housing problems as Pakeha women, but these are compounded by:

- a generally worse economic position;
- housing and policies based on monocultural norms;
- direct racial discrimination in the private rental sector.

Until 1981 households headed by Maori women were the fastest growing type of household. Data on Maori women and housing is scanty, but it is clear that Maori women are badly off in relation both to Pakeha women and to Maori men. In 1981, only 39 percent of female Maori householders owned their homes.

Maori women are faced with increased housing needs at a stage when they have fewer resources. As the *Statistical Profile of Women in New Zealand* in Volume III shows, Maori women tend to bear children at a younger age than Pakeha women, and are more likely to be lone parents. Nearly twice as many Maori as Pakeha female lone parents are classed as 'never married'. Those formerly in de facto relationships face added problems in obtaining a share of any assets including housing.

Overcrowding characterises 8–10 times more Maori than non-Maori households, and the standard of Maori housing is generally lower, in both urban and rural areas. However, when physically better housing is provided, usually by the state, its location may mean that isolation and further breakdown in whanau (extended family) and hapu (tribal) structures may result.

Maori women consider that the greatest housing issue facing Maori women is their fading or non-existent hopes of ever owning their own home. They have supported the concept of a national deposit scheme. The details of this policy direction are discussed more fully in the Commission's work on Housing.

Pacific Island Women

Pacific Island women have the lowest income levels of any group, despite having the highest levels of full-time labour force participation. To the extent that inadequate housing is linked to low

income, Pacific Island women's housing problems are similar to those of Maori women. Both groups are limited in their ability to own or rent housing. In addition, Pacific Island women experience discrimination on the basis of ethnicity in a similar way to Maori women. Where the women have children, there are likely to be more children in a Pacific Island women's household than in Pakeha women's households and the presence of children is often a source of discrimination by private sector landlords. Both public and private sector housing has generally not been designed to meet the needs of households composed of members other than those found in the Pakeha nuclear family.

Finally, because of employment opportunities (for their male partners and themselves), Pacific Island women are more likely to be concentrated in urban areas. This is where homelessness and/or expensive and inadequate housing is often a more acute problem.

Conclusion

There is clear evidence of the shortcomings of existing housing policy, and of the negative impacts on women's housing status of other forms of disadvantage (particularly inequality in employment and income). If housing policies are to be effective, efficient and equitable for women, there must be active involvement of women in the design and implementation of policy. The Housing Corporation's recent efforts to collect submissions from women about their views on housing constitute an important preliminary action, which must now be built on. In addition, submissions from women to the Commission have emphasised the importance of active state involvement in the provision of housing. This is because the housing needs experienced by women are not adequately addressed by the market nor met by the supply of housing in the private sector.

4 Women's Personal Wellbeing

4.1 Introduction

The Royal Commission on Social Policy is charged with, among other things, the responsibility of looking at the requirements for 'dignity and self-determination for individuals, families and communities, . . . [and] genuine opportunity for all people of whatever age, race, gender, social and economic position or abilities to develop their own potential.'

A significant factor in determining the extent to which New Zealanders experience dignity and self-determination and genuine opportunity to develop their own potential is their sense of personal wellbeing. There are both physical and psychological aspects of this sense of wellbeing. Submissions to the Royal Commission on Social Policy have expressed numerous concerns which fall into one of three major categories: voice, choice, and safe prospect. Clearly, self-determination depends on people being able to express themselves and their needs, to make genuine choices and to experience safety and security. Autonomy and a reasonable control over what happens to them are deeply important.

Submissions from women have emphasised that issues relating to women's health, physical safety and sexual identity are crucial to social policy measures that are designed to bring about greater fairness and justice.

This Section considers three major aspects of women's personal wellbeing—health, sexuality and male violence against women—and the implications of these for social policy.

4.2 Health

Introduction

Women are the major providers, both paid and unpaid, of health care. If social policy is to be both effective and efficient, women must be seen as active partners in the supply of health services and not as passive consumers. As with other areas of policy, the groups that are directly affected by particular policies must be participants in the development of those policies.

The Royal Commission on Social Policy welcomes recent positive moves to examine health issues from a woman's perspective and to involve women in policy, planning and service decision-making. These include the Women's Health Service Development Groups that have been established by some Hospital and Area Health Boards, the provision of funding for Well Women's Clinics, the report of the Women's Health Committee of the Board of Health, initiatives taken by Maori women, and the provision of funding through CHIFS (Community Health Initiatives Funding Scheme)—funds which have been drawn on overwhelmingly by women's health groups and activities.

Some Facts

- It is predominantly women who take care of dependants (young, old, disabled) in our society.
- The majority of paid health care workers are women: 52,107 women; 17,514 men at the 1981 Census.
- In 1983, 95.6 percent of all nurses were women, but while 5.6 percent of male nurses work as lecturers, only 1.8 percent of female nurses are lecturers.
- In 1985, 37 percent of medical school graduates were women.
- In 1986, 1,196 (29.8 percent) of New Zealand's 5,747 doctors were women (New Zealand Medical Workforce Statistics, 1986).
- Women between the ages of 15 and 44 have a higher rate of hospitalisation than men, but this is mostly related to obstetric and gynaecological conditions.
- Older and younger women are hospitalised at lower rates than men.

- The major reason for women's consultations with General Practitioners is matters related to reproduction, particularly ante-natal care and contraception.
- Women's rates of disability are higher than those of men. Because the incidence of disability increases with age, older women make up a large percentage of those with disabilities.
- In 1983 the major reason for women's first admissions were neurotic depression, alcohol dependence or abuse, and stress and adjustment reactions.[5]

Gender and Health Status

It has been argued by some (for example, the Treasury, 1987:147) that the health of individuals is not within the control or effective influence of the state because it is largely a matter of individual lifestyle choices. In fact, this is not the case.

Health status is determined by several factors including age, ethnicity, gender, education, and income. These are generally not freely chosen, although people with access to better education and better incomes may have a greater range of choices about adequate food, preventative medical care, exercise, housing and so on. The parameters of choice are also established by environmental factors, over which individuals do not have control. We cannot individually remove carcinogens and pollutants from the environment.

Human beings are not isolated individuals. Their physical and psychological health is to a large extent influenced by their socio-economic status and their physical environment.

Gender is one influence on health status. In the case of Maori women, gender and race combine to determine health status. Statistics show clearly the poor health of Maori women. These women have the highest death rate in the world for lung cancer, cancer of the lower intestine and heart disease. Women, as a result of their caregiving work and their child-bearing role have particular needs for health services which differ from men's. Also, women have longer life expectancy than men and make up a majority of those aged 65 and over. Because old age is associated with higher demand for health care, older women are frequent users of health

[5]These statistics and others that appear in this section are drawn from the statistical overview prepared by Bunnell (1986), and from a paper prepared for the Commission by Phillida Bunkle, entitled *Why Health is Such an Important issue for Women.*

services. Accordingly, access to appropriate health care is vital to women's personal and social wellbeing at all ages.

Women as Unpaid Providers of Health Care

Women are typically the first to be told when someone in the household doesn't feel well. Because it is predominantly women who take care of dependants in our society (the young, the old and those with disabilities), women often are responsible for the health care needs of others in their household. Even usually able-bodied adults can become 'dependants' when they are ill.

In addition, women often care for others beyond their immediate household, for example, elderly or disabled neighbours, friends or relatives. They also do voluntary work which involves assisting those with health care needs (such as helping with meals-on-wheels).

Because hospital-based care is obviously expensive, there has been political support for moving long-term care of chronically ill or disabled people into 'community care' as well as reducing the duration of short-stay care (such as after childbirth). In practice, 'community care', where it exists at present, is usually family care, provided mainly by women. To date there has been no significant commitment of resources for the support of those who are expected to do caring work.

Women as Paid Health Care Workers

The overwhelming majority of paid health care workers are women. Health care is a very important area of employment for women. Traditionally nursing and teaching have been the main opportunities for professional employment for females. These were considered appropriate areas of employment for women because they were an extension of their unpaid caring work—particularly their work rearing children.

There is a clear segregation of male and female workers into high paid and low paid positions respectively: high paid men have decision-making and resource-allocation responsibility. Women's involvement in paid health care work is typical of their experience of waged work in general, as outlined earlier in this paper.

Health Status—Hospitalisation

The leading cause of hospitalisation for both men and women is accident and injury, although more men than women die of accidents and injuries: 7.8 percent of non-Maori men compared with 4.4 percent of non-Maori women (Bunnell, 1987:9–10). For men accidents account for more potential years of life lost than any other cause.

Men are more accident prone, especially in early adulthood. This is evidenced in the statistics relating to young men in motor vehicle accidents, but is also a reflection of men's exposure to danger in the workplace, as well as risk-taking activity (for example, in recreation) and a high level of interpersonal violence.

Women's genito-urinary tract is less accessible than men's. A large part of their hospitalisation rate is accounted for by factors associated with reproduction. If reproduction and genito-urinary system disease are discounted, women's hospitalisation rate drops significantly.

Primary Health Care

More women than men visit General Practitioners, but the major reason for visits is for consultation about matters associated with reproduction, particularly ante-natal care and contraception. In fact, in one study, nearly 25 percent of all consultations by women under 50 years of age were for no other reason. These consultations are generally not for illness but are associated with good health. For men, the highest cause was once again injury. In submissions from women, health care was a major concern. In particular, women were concerned about the cost of care and about misleading advice received from the medical profession.

The Health Status of Elderly Women

Research has shown that health is the single most important contributor to the quality of life for elderly women. In a study of Canadian women, Himmelfarb (1984, cited in Gee and Kimball, 1987:40) found that 'physical health status was the best predictor of overall wellbeing'.

Some particular economic and social issues influence the health of older women. Because women have a greater life expectancy

than men and therefore outlive their husbands, they are more likely to live alone and, in very old age, to be institutionalised. As has been noted, women's incomes are generally lower than men's and frequently women are financially dependent on a male partner. This means that in old age women are especially likely to be economically disadvantaged.

With the ageing of the population it is fairly certain that demand for health care will increase, because of the increased use of health services by the elderly. At the same time there will be a particularly high level of demand for care by women, because of their greater longevity. This may be alleviated by an emphasis on preventative medicine, but there is still a strong likelihood that greater longevity means a greater chance of living to a disabled old age (particularly given the high incidence among females of illnesses such as osteoporosis).

Women with Disabilities

Women with disabilities, who generally have frequent, long-term contact with health care professionals, find that disability is considered to be illness and therefore viewed negatively. The quality and appropriateness of health care that women with disabilities receive is thus limited. Women with physical disabilities may be treated as if they have intellectual disabilities. In relation to their reproductive rights, these women are particularly vulnerable; for them there is a general lack of adequate information about their reproductive health.

Women's Physical and Mental Health

Forty-three percent of all occupied beds in public hospitals are occupied by patients with mental illness. Rates of admission and readmission to psychiatric institutions and mental hospitals are similar for women and men. Maori women in 1983 were admitted at a somewhat greater rate than non-Maori women and were readmitted at a substantially higher rate. However, it should be noted that hospital admission and readmission rates are not a good measure of the prevalence of psychiatric illness, let alone poor mental health.

There are strong arguments to support the claim that women's mental health is influenced by the stresses which accompany their

social role and their economic position. For example, women's lack of opportunity to develop their full potential because of the burden of their caring responsibilities and their disadvantage in the labour market lead to physical and psychiatric ill-health.

The expectation that women will conform to a certain body image leads to a high prevalence of eating disorders. Women, and particularly Maori and young women, have higher rates of smoking than men. Again, there are strong links between women's tobacco use and their social role.

Ironically, women's social role, particularly their caring responsibilities, often means that they are not able to receive the health care that they need. It seems that women often opt to become outpatients, rather than inpatients, of mental hospitals because their domestic responsibilities mean they cannot enter as inpatients.

Violence

Male violence against women needs to be highlighted as a significant threat to women's physical and psychological health and well-being. Sexual abuse, for example, has been found to be a factor in many apparently unconnected problems, particularly in the cycle of low self-esteem and depression.

The issue of male violence against women will be discussed further in sub-section 4.4.

The 'Sickness Model'

It has been noted above that the health care system relies heavily on women's work, both paid and unpaid. Often, however, women do not receive the health education and care that they need. A frequent concern among women (and, indeed, many men) is that the delivery of health services is based on a sickness model. The effect of this is to diagnose and treat as problems of ill-health many matters (for example, pregnancy and childbirth) which are part of normal health.

For most women, their first independent visit to a doctor is for contraception. A large number of women are medicated for most of their adult lives for the purposes of controlling their fertility. The healthy woman's first visit to hospital is often for childbirth.

Many women are critical of widespread, routine medical intervention in childbirth. Not only is a medical response often unnecessary; it may often be damaging.

Many submissions were received from individuals and groups of women arguing for proper recognition of and support for the home birth movement. This is clearly an area where a lack of resources means that the wellbeing of mothers (and of the other family members) is often diminished. Midwives have inadequate training opportunities, low status and poor remuneration. All these things are a product of an overemphasis on a medical approach to childbirth. There will always be situations where hospitalised childbirth is necessary and/or desirable. However, women are deeply concerned about their lack of autonomy as a result of the nature of the involvement of the medical profession in childbirth.

Not only do home births generally enhance the wellbeing of women, but they may be more cost-effective. At present, home births are particularly inexpensive because of the low pay of domiciliary midwives, but even with more adequate funding of midwives and home help services, it is likely that home births will be a more efficient use of resources.

As a corollary to the emphasis on wellness and demedicalisation, women recognise the importance of preventive health care. In particular, this requires screening (for breast cancer, cervical cancer, chlamydia, osteoporosis and so on) which is widely available, accessible, and affordable.

Maori Women

All the issues that have been outlined in this paper are compounded for Maori women. In many instances, the statistics relating to Maori women's health, and Maori health in general, resemble those of 'third world' populations. It is worth noting that in the past, New Zealand's good reputation in public health rested on statistics which excluded the Maori population (Bunkle, 1987).

Maori women have the highest death rates of any population in the world for lung cancer, cancer of the lower intestine and heart disease. Maori women have three times the cervical cancer rate of Pakeha women. Because cervical cancer is linked with sexual activity, and sometimes regarded as evidence of promiscuity, women (both Maori and Pakeha) are often reluctant to seek medical treatment. At the same time, routine screening is not always provided

by the medical profession. Where routine smear testing occurs, it may be declined by Maori women because the service is culturally insensitive. A crucial factor is the context in which smear testing is done, and who does it.

Maori women's health status is intimately linked to their status as a people and their connection with the land (Papatuanuku). Indeed, Maori women see themselves as Papatuanuku. They are the 'wharetangata'—the first environment of the human being. The destruction of the physical environment through the introduction of poisons and pests (including animals, fish and human immigrants) is regarded as profoundly harmful to the health of the people. In particular, the disposal of waste into waterways is offensive and dangerous to health. Instead, such waste should be returned to the land. The Maori world view maintains that Papatuanuku, the earth, as well as being a life-giving force, is also a natural purifying and cleansing agent.

The ill-health of Maori women is that of a dispossessed people—that is, a response to a situation, an *effect* of cultural oppression and economic disadvantage. At the same time, ill-health is also part of a cycle that traps people in poverty and transmits disadvantage to the next generation. In this way it is a *cause* of on-going deprivation.

Summary

While the health care needs of Maori women require specific, culturally appropriate solutions, the underlying concerns of Maori and non-Maori women in terms of health care are the same, namely, the need for control so that adequate care is provided. A common theme is the need for women to have access to reliable information about their bodies and about health in general. Information is empowering, and allows women to make knowledgeable decisions about their health care needs and the needs of those for whom they care.

Maori women speak of the need to respect the rights of the Maori people guaranteed under the Treaty of Waitangi. The poor economic position of Maori people, and the monoculturalism of Pakeha society are key factors in determining Maori health status.

Maori women have been highly active in promoting and implementing a number of changes to improve the health status of their people, particularly through the establishment of marae-based

health clinics and health workers, education about traditional healing practices, advocating a holistic approach to health care, and through researching the health needs of Maori women (see, for example, Murchie, 1984).

4.3 Sexuality

Sexuality is a critical aspect of women's lives. Heterosexual activity has far greater consequences for women than for men, because women's biology means that they are the ones who bear children.

Many submissions, expecially from women and women's groups, expressed concern about some aspects of sexuality, especially with regard to girls and young women—for example, New Zealand's high rate of teenage pregnancy. There was less concern expressed about young men's sexuality.

The historical record since European settlement shows that women have had great difficulty obtaining the knowledge, means and power necessary to take charge of their sexuality and fertility.

Though more reliable contraception is now available, one result has been increased pressure on women to become sexually available. But sexual availability is not the same as sexual autonomy. Particularly in the present time and in the future when there is a great threat to the health of men and women from AIDS, education about sexuality and encouragement of self-determination for women in matters relating to sexuality and fertility will need to be a major priority in health and education policy development. As educators and medical researchers have already emphasised, AIDS is not a disease that afflicts only homosexual men. All people, including heterosexual women and lesbians, may be exposed to the virus. Reliable information, an awareness about 'safe sex' practices, and responsibility in sexual relationships, rather than ignorance, prejudice or fear, will ensure that the threat of AIDS is minimalised.

Young Women and Sexuality

Sexuality can be seen as having three inter-related parts:

- reproductive function;
- erotic response; and
- gender role.

Alison Gray's (1987) research on teenagers shows that today, the process of 'becoming sexual' involves acquiring some information about reproduction, but very little about erotic response or about the important psychological or emotional aspects of sexuality. Information about these aspects of sexuality is most often gleaned in a most unreliable form from peers and the media.

Such ignorance leads to powerlessness and, for young women in particular, this has drastic consequences.

Gray found that teenage girls believe that gender roles have changed for women in public life, but they fail to relate these claimed changes to other aspects of sexuality. They make no connection between such changes and the unequal treatment they get at home or their relationships with boys. Traditional messages about gender roles still emphasise passivity as appropriate feminine behaviour, and many girls therefore have difficulty asserting themselves in relationships with boys. It seems unlikely that contraceptive education alone, unaccompanied by education about emotions, gender roles, and male-female relations, will substantially alter teenage behaviour.

Unless young women (and young men) receive accurate, timely information about all three areas of sexuality, they cannot begin to take charge of their lives.

There are various explanations of how human sexuality is shaped. One explanation sees many aspects of sexuality and sexual behaviour as influenced predominantly by social meanings and values. According to this view, women's lack of economic power and control, combined with the assumption that women will do unpaid domestic and caring work, is linked with their lack of autonomy in sexual relations.

Thus, sexuality, economic survival and social acceptability are seen as closely intertwined for women. This leads to the conclusion that they have little real choice in, or control over, sexual relations. Yet, they have traditionally been held responsible for controlling men's sexual behaviour as well as their own.

4.4 Violence Against Women

Introduction

Most violent crime is committed by men, especially the most serious categories, and men are more likely to be the victims of 'street' crime. The Department of Justice (1986:19) in its submission to the Ministerial Committee of Inquiry into Violence wrote:

> There can be little question that physical violence is predominantly a male phenomenon, and particularly in the most serious categories of violence. This is illustrated by the fact that of the 183 people sentenced in the High Court for murder or manslaughter in the period 1980–1984, only 15 (8 percent) were females. It is a commonplace that male socialisation is much more conducive to the development of aggressive behaviour than is female socialisation.

However, there are some forms of violent assault that a high proportion of women experience, namely, wife-battering and rape. In addition, the sexual abuse of children is overwhelmingly a male crime and the victims are overwhelmingly girls. Statistics relating to the incidence of these crimes are widely recognised as being unreliable, partly because only a minority of cases are reported to the police. It is, therefore, not clear to what extent these crimes have in fact increased in recent years, as opposed to being more frequently reported.

Domestic Violence

The consensus of researchers into domestic violence is that police, hospital and refuge statistics are only the tip of the iceberg. There is a strongly held belief that the family is private and that what goes on within it, particularly between the *adult* partners, is beyond public scrutiny. In addition, traditional beliefs have presumed the man's authority over his wife (and children). It is for this reason, that until very recently, marital rape was not considered a possibility, let alone a crime.

Women in all social classes experience domestic violence. However, the woman who goes to a refuge is likely to be from one of the lower socio-economic groups, because it is these women who have fewest resources of their own. Women from wealthier households tend to have greater access to resources with which to provide for themselves if they leave their partner. At the same time, it is also possible that women from higher socio-economic groups

may remain in their violent domestic situation because of the fear of social embarrassment and because they have more to lose in terms of material standard of living and status.

In a major study of women who used refuges (Synergy Applied Research, 1983, *A Socio-Economic Assessment of Women's Refuges*), it was found that *physical violence at home and at school* legitimates violence as the main means to express anger and to modify others' behaviour.

Sex-stereotyped behaviour is a powerful influence on the incidence of domestic violence. Boys learn that aggression is acceptable, manly behaviour, while girls learn that submissiveness is normal and appropriate female behaviour. In sexual relationships, men are the ones who are expected to show initiative, whereas women are expected to be passive and often to deny interest.

The *isolation of the nuclear family* has been identified as a factor in domestic violence. Both the mobility associated with today's nuclear family households (which removes family members from kin networks) and the attitude, referred to above, that the family is private, produce a situation where stress is not alleviated and where violence is not challenged. In addition, the economic powerlessness of women, their lack of alternative income and shelter, keep women in violent situations.

It should be recognised that although wife-battering may increase where unemployment is high or there are mass lay-offs, it is not the stress of unemployment so much as the inability to deal with stress except through violence that is the problem.

Finally, research shows that alcohol is a *facilitator*, rather than a *cause* of violence. Often becoming drunk is an excuse and a justification of violence.

Sexual Abuse of Children

Though estimates of sexual abuse vary, there is a growing awareness and concern, both in New Zealand and in similar countries overseas, about the high incidence of sexual abuse. As many as 1 in 4 females is molested before the age of 18. In New Zealand, research by Miriam Saphira (1985) shows that 89 percent of sexually abused females are molested by someone known to them, nearly half by relatives, and nearly a quarter by a father or stepfather. This tallies with overseas findings. The abuse takes place mainly in the girl's home (42.5 percent) or another home (23.8

percent). In nearly half the cases the abuse is repeated and in a quarter of cases continues for two years or more. More than one girl in the family may be abused.

Only 1 in 3 abused children tells anybody. They tend to believe that they must have been at fault in some way. Because the child is dependent on the abuser there are problems with revealing the offence that is taking place. Often when children tell of sexual abuse, they are disbelieved. The disparity of power between the abuser and abused has generally not been appreciated by the police and law courts.

Rape

Data about rape in New Zealand comes mainly from the Department of Justice Rape Study (1983) which led to reform of the rape laws. New Zealand surveys suggest a reporting rate for rape of approximately 1 in 5 (not including incest or father-daughter rape). The chance of a rapist being first apprehended and then convicted was estimated by Young (1983:14) to be as low as 4 percent.

The main reasons for not reporting rape centre around fear of people's reactions, social stigma, feeling guilty, embarrassed or ashamed, fear or uncertainty of the police response, and fear of the legal process.

The reporting rate has risen, but not markedly, since the legislation on rape was altered in 1984. Law reform alone is unlikely to have much effect.

Pornography and Violence

Education about male and female sexuality and about gender roles in general is clearly required in order to change ideas about the acceptability of male aggression against women. In addition to education, or as part of the educative process, there is a need to address the dominant images of women and men, girls and boys, that prevail in all forms of media—advertising, films, videos, and print. This Commission acknowledges the establishment of the Committee of Inquiry into Pornography, and looks upon this Inquiry as an opportunity to critique sexist imagery and all forms of sex-stereotyping in the media. At the same time, it should be noted that an exclusive focus on sexually explicit material will not

achieve the necessary transformation of media treatment of women.

Submissions to this Commission revealed widespread concern about pornographic images, especially those linking sexuality and violence. In fact, images that misrepresent male and female sexuality, and encourage male aggression, are found in a vast array of materials.

Violence and Women's Economic Position

It would be wrong to believe that even thoroughly wholesome and accurate images of male and female sexuality would be sufficient to end male violence against women. The reason why this is so is that violence against women is just one aspect of women's general dependence in a society where men have greater power, wealth and status. The source of men's advantage is in the labour market where they enjoy better working conditions and remuneration, and where they are less hampered than women by the demands of unpaid caring work.

Research, such as that by Kalmuss and Strauss (1982), confirms that women's economic position is influential in the incidence of male violence against women. In particular, being financially dependent on a male partner puts women at risk of violence because they cannot remove themselves from an unsatisfactory relationship. Male violence will continue while women are trained primarily in a subordinate, servicing role and men are trained to treat them accordingly.

5 Women With Disabilities

5.1 Introduction

The experience of women as people with disabilities and as caregivers of people with disabilities is something that highlights differences between men and women and the particular disadvantage that characterises women's position. For this reason, this section on Women with Disabilities is included in the paper on Women and Social Policy.

In the course of preparing this paper, a consultation was held with a group of women who either had some form of disability or had full-time responsibility for a child with a disability. Understandably, the group was not representative of all forms of disability, nor of caregivers. In particular, the group did not include any older women with disabilities (that is, 60 years and over). Women who participated in the consultation were not 'sick' disabled. That is, they were fit and able to define their own need for care. They were relatively mobile (albeit with a degree of assistance) and in general were active in public life. Most were engaged in paid employment or voluntary work. For these women and for many like them, there is a strong desire to be regarded as women, that is, as adult female persons, with accompanying dignity and status, rather than as disabled dependants.

Different forms of disability have different degrees of dependence. For example, a mother who is caring for a schizophrenic adult child has responsibility for someone who at times will have a serious handicap, but who at other times will be quite independent.

This section is not intended to form a comprehensive examination of disability. That will be the substance of other papers published in Volume III.

As mentioned, the purpose of incorporating this material on women with disabilities is to further highlight the specific disadvantage that women experience *as a result of their gender,* so as to emphasise that people with disabilities cannot be considered as a homogeneous group, and that the demands for care of dependants have particular impacts on women. In addition, the purpose of the section is identify the way the experience of women with disabilities differs from that of able-bodied women, in order that social policies designed to promote equality for women do not ignore the needs of this significant section of the female population.

5.2 Data on Disability

Unfortunately, there is little statistical material on women with disabilities. The best general source is an occasional paper by Avery Jack (1982) for the Department of Health. Jack discusses findings from a sample of 668 physically disabled women identified in the course of a survey in the Wellington Hospital Board area.

There are more women with disabilities than men, and women's disabilities are more likely to be the result of illness or disease than of accident. Some forms of disability are overwhelmingly concentrated in the female population, for example, repetitive strain injury (RSI) and certain ageing process diseases which lead to disability (such as osteoporosis).

Looking at age and sex specific rates of physical disability only, women predominate. Jack's 1982 estimate for the whole population was 77,800 women compared with 51,100 men. There is a steady increase in disability as age increases. Because women comprise two-thirds of the elderly population, the incidence of disability among women is high. Women between 60 and 80 are 'very likely to become handicapped' (Jack, 1982:8) and over 80 they have a 60 percent chance of being disabled. Given demographic trends, the numbers of disabled women can be expected to continue to increase.

Women are twice as likely as men to be 'severely handicapped'. Illness or disease is by far the most common cause of disability. 59.3 percent of disability among women is caused by these factors. Only about 15 percent of women sustain disability through an

accident. In the working age group (15–64 years) women are significantly less likely to be disabled as the result of an accident than men (16 percent of females compared to 28 percent of males).

The enormous disparity in provision for illness-related and accident-related disability systematically disadvantages women, as Gidlow and Rockel (1986) have pointed out. People with long-term illness-related disability receive much less income support than those with accident-related disabilities who are frequently eligible for earnings-related accident compensation. This is addressed further in the Commission's work on accident compensation.

Impaired mobility is the most frequent type of disability for women, compared with sensory impairment for men. Mobility disablement may not always be visible. This is true of, for example, arthritis—the most common disabling condition for women—and this leads to further difficulties in public. (Some forms of disability may also be invisible, for example, deafness, epilepsy and some forms of intellectual handicap.)

While impaired mobility affects more women, they are the ones who have less access to transport. Only 57 percent of women with disabilities other than deafness had a car in their household, and many found buses difficult or impossible to use, despite needing to use public transport more frequently than men (for example, because they live alone or are responsible for shopping). Mobility disablement also causes formidable problems for women in the home who have housekeeping responsibilities and who are wanting to remain in an independent living situation.

Women with disabilities live mainly in private households in the community but more women than men live alone. Nearly two-thirds of women with disabilities under 65 lived in a couple or couple and children household. For various reasons, which will become clear, there are for women both advantages and disadvantages in living in private (usually family-based) households. For example, a good institution may provide more independence than living with parents.

Men with disabilities are more likely than women with disabilities to be with spouses; fewer men live alone or in institutions. Forty-one percent of women aged 65–74 lived alone, and 40 percent lived with their husbands. Only eight percent of women aged 75 and over lived with their husbands, while 27 percent lived alone, and nearly a third were in some form of institution. Ninety-

seven percent of disabled women under 75 years lived in private households in the community.

5.3 The Double Disadvantage

The combination of being disabled and being a woman results in a 'double disadvantage'. But the ways in which this operates are complex.

'Neuter Gender'

On the one hand, women with disabilities feel that the community treats them as if they have forfeited their right to be considered 'female'. The importance of physical attractiveness and marriage for women in our society often leads to a loss of self-esteem for women with disabilities, and contributes to their invisibility. Those who are disabled before reaching adulthood are not expected to marry or become mothers; indeed, they may be actively discouraged from doing so or simply denied the opportunity. Women with disabilities who were participating in a consultation at the Ministry of Women's Affairs in 1987 spoke of the way in which coerced or forced sterilisation was a reality of their lives.

Sterilisation may be used as a contraceptive or to prevent menstruation, in order to simplify care requirements. Those women with disabilities who were involved in the consultations undertaken by the Commission and the Ministry of Women's Affairs felt strongly that they are not given enough information or opportunities to make informed choices about sexuality, contraception or motherhood; instead the 'experts' make the decisions for them. In this way their situation is an intensified version of the lack of self-determination about their reproductive health and sexuality that concerns able-bodied women.

However, the fact that society in general may see women with disabilities as 'neuter' does not protect them from sexual assault or other forms of male violence. Women with disabilities have taken part in consultations with the Ministry of Women's Affairs and with the Royal Commission on Social Policy. They have pointed out that 'where there is disability, there is violence'. Women with disabilities are all too frequently seen by men as 'easy prey', due to their heightened level of enforced dependence. The usual means of

assistance for able-bodied women may be inaccessible; for example, women's refuges are not generally equipped to cope with disability. This is partly a result of able-bodied women not acknowledging that women with disabilities are living in sexual relationships or are capable of sexual activity.

Intensified Disadvantage

Women with disabilities experience the same gender-based social and economic disadvantage to which able-bodied women are exposed, but there are often subtle and not-so-subtle differences in the way disadvantage is experienced through the additional influence of disability. Likewise, disability is different because of the influence of gender.

A main feature of the traditional approach in social policy in relation to people with disabilities has been the 'rehabilitation' process. This means different things for women and men. Rehabilitation for women involves less emphasis on encouraging their independence through paid work. This is clearly an extension of traditional attitudes to women's paid employment. Frequently, women's paid work is seen as simply an 'extra', to be fitted around their domestic responsibilities and not essential for household income. It is assumed that women will receive financial support from a male partner.

Women consequently find it difficult to (a) be considered seriously as potential paid workers, and (b) obtain work commensurate with their ability, especially their intellectual ability. They have been discouraged from obtaining educational qualifications and shunted toward 'soft options' which give limited scope for future career planning. Neale (1984:32), pointing out how marked this effect is for disabled girls, notes that secondary school staff had a much greater influence on the choice of subjects for disabled than for non-disabled students:

> Disabled girls were also the group with the expectation of the least time at secondary school. This, in combination with their subject choices, makes them the most disadvantaged group as far as opportunities for further education and variety of career options are concerned.

Jack estimates the rate of unemployment among Wellington women with disabilities to have been 44 percent in 1978. This is confirmed by Shipley (1982) in her study of Palmerston North women. Only 33 percent of married women with disabilities were employed, compared with 44 percent of all married women.

Women with disabilities who were separated, divorced or widowed were less than half as likely to be employed as all women in those groups. Part-time work opportunities are even more important to disabled than able-bodied women, since part-time work is the most many can manage.

5.4 Income

Whereas 54 percent of the women in Jack's survey received an income of less than half the average female wage, only 26 percent of the disabled men had less than half the average male wage. The woman's age or marital status, not her disability, was the main determinant of any benefit received. The joint income means test excludes virtually all married women from the invalidity benefit. Disability and other allowances cease on marriage, presumably on the assumption that the husband will provide. For example, the blind pension is not available to blind women who are married.

The extra costs of disability do not cease on marriage. A woman who becomes disabled after marriage may lose earned income, and her husband's income may also be reduced by her need for care and the extra expense. A quarter of the women under 65 reported at least one major expense (usually related to remaining in their own homes), half had ongoing expenses, and a fifth had both. Elderly women faced similar costs. These expenses were usually superimposed on an already limited income.

For women with disabilities, then, the lack of financial independence common to women in general is compounded by (a) even more restricted earning opportunities, and (b) the dependence and extra costs imposed by disability. Some of this dependence may be an inevitable part of life as a disabled person, male or female; but it is unnecessarily increased by inflexible and inadequate provision for women as people in their own right, and by the effects of gender-based assumptions about their needs, wants and capacities. Frequently, women with disabilities are ineligible for a benefit.

5.5 Public Attitudes

Since European settlement, the pioneering tradition has served to impose strong social constraints against acknowledging the need for help, even in cases of extreme need. 'If you're unfortunate

enough to be disabled, tough' was how one woman summed up this attitude. People with disabilities therefore feel guilty about making demands on others or on the state, and women have told the Commission that they feel particularly guilty, especially if they feel they are unable to fulfil their expected feminine roles or meet the expectations of others, for example in parenting. The current emphasis on individual self-reliance and the operation of free market competition as the main way to ensure social wellbeing can only reinforce this guilt and the negative public attitudes which feed it.

5.6 Women as Caregivers

Those who care for the disabled in the home are overwhelmingly women. Although a significant number of men are caregivers, the characteristics of men who are caregivers are different from those of women who are caregivers.

Men typically care for a wife with a disability, rather than for a child or elderly family member. Submissions, as well as the data collected by Jack and Neale (1987), revealed that women care for children, elderly relatives, and non-family members, as well as for their dependent spouse. For example, many more daughters and daughters-in-law than sons and sons-in-law cared for dependants. Where men are caregivers, it is most likely that they are retired. Their caring responsibilities tend not to interfere with their labour force participation. For women, on the other hand, caring work occurs at all stages of their adult life and frequently disrupts and/or limits their participation in the paid workforce.

Disabled children place enormous demands on the caregiver, and the usual female lifecycle stage of moving into post-parenting freedom (the 'empty nest') often does not occur. Many mothers are extremely reluctant to place their child in an institution, especially when they have cared for him or her until adolescence.

One tenth of the women with disabilities in Jack's study were caring for children; half had difficulties with physical care, while two-thirds had difficulties with playing or sharing other activities with their children. It was this latter problem which worried mothers the most.

Where the caregiver is not a spouse, most caregivers of women with disabilities are women. Partly because women live longer

than men, elderly women with disabilities are much less likely to have a husband to help them than men are to have a wife.

Regardless of age, over 80 percent of women with disabilities in Jack's study normally took responsibility for all the traditionally female household chores, compared with around 25 percent of men under 65 and a third of men over 65. Over 90 percent of the women had difficulty with at least one chore. Worry about keeping up with the work and with their own standards was widespread, as Jack (1982:19) indicates:

> Housework is regarded as unskilled work that anyone can do, so when a woman cannot even do that she feels a complete failure.

Many women go to considerable lengths to go on coping alone or with minimal help, despite their disability.

Yet 76 percent of the women, but only 65 percent of the men, acknowledged some dependence on others. Among those under 40, 86 percent of the women, compared with 46 percent of the men, acknowledged some dependence. In fact, a great part of the difference between men and women in perceived dependence can be attributed to different expectations about responsibility for domestic work.

Men 'take for granted assistance which women . . . see as indicating a loss of independence' (Jack 1982:22). Because men have never undertaken a range of maintenance tasks (cooking, laundry, house-cleaning, etc) they do not consider it to be a loss of independence when they themselves cannot do these things due to disability. Women, however, feel an acute sense of dependence when they cannot do such things.

In their 1986 study of 24 couples where one partner was disabled, Gidlow and Rockel found an expectation on the part of both the helping agencies and the couple that caring for a disabled partner was simply part of the wife's role. For example, a woman married to a tetraplegic husband had her caring allowance cut completely once he had obtained a modified car and wheelchair hoist, on the grounds that he was now 'independent' and she was merely providing the usual wifely services. On the other hand, there was no expectation that a husband would care for a disabled wife, and a wide range of support services was available to enable him to continue his life pattern virtually unchanged. One severely disabled wife's elderly mother, rather than her husband, was expected to fill any gaps in service provision.

5.7 Caring for Children with Disabilities

Chetwynd, Calvert and Boss (1985) undertook a study of mothers caring for intellectually handicapped children which highlighted concerns common to all those caring for young people with disabilities.

One major issue was the social isolation of the carer. This occurs because of the demands of caring for a handicapped child, who requires constant care; because of the isolation of the child from normal social activities (even such things as playing independently with other children); and because of the financial restrictions imposed by caring work: the women generally have low incomes and cannot afford to go out even if alternative care can be found for the child and even if they are not already physically exhausted from the caring work. Also, the women are often reluctant to go out to public places with their handicapped child because of the reactions of other people.

The social isolation of both mother and child can get worse as the child gets older. Often intellectually handicapped children do not interact socially with other non-handicapped children. This is especially true as the children grow older and the non-handicapped children outgrow the handicapped child in terms of maturity and develop other interests. As Chetwynd et al (1985:13) observe:

> The fact that many handicapped children do not interact socially with other non-handicapped children affects both the child and mother. It restricts the development of social and communication skills, while contributing to the child's level of dependence. In turn, this increases the burden on the mother.

The social isolation of the mother was increased when her other children (where there were others) grew up and left home. Often, these siblings of the handicapped child were an important source of companionship and support for mothers.

Women frequently expressed dissatisfaction with helping agencies—in the case of intellectually handicapped children, usually the medical profession and the Department of Social Welfare. They were concerned about the lack of information they received about their child's handicap and about the attitudes of professionals towards the child and the mother. Generally, it was felt that information and assistance was not given as freely as it could and should be given.

As they themselves grew older, women felt anxious about their ability to cope with a dependent adult daughter or son who also was no longer young. Usually the mother has struggled to care for the handicapped person at home and eventually has to consider institutional care. Long-term institutional care is often the only viable alternative when the parent is no longer able to provide full-time care.

Another concern for mothers of handicapped children is the future employment prospects of the handicapped person. For those with severe handicaps, the likelihood of employment in sheltered workshops is small, and the mothers may be required to occupy them at home. For other handicapped people there is often a period of being on a waiting list before they gain a place in a workshop.

5.8 Access to Information

As Chetwynd et al (1985) point out, this is a critical issue for those caring for the disabled, but it is also critical for those with disabilities. A new study on the health-related experiences of women with disabilities (Ministry of Women's Affairs, 1987) highlights it as a central problem. The majority of the women interviewed felt that they were given inadequate information about their disability, related issues such as reproductive health, or the services available to them, and were frustrated and angry about the treatment they had received in their efforts to obtain more information. They had in fact often had to supply ignorant health professionals with information they had gathered themselves.

5.9 The Need for Participation in Policy-making

In terms of social policy, the clear priority in order to generate equity and efficiency of provision is to recognise the diversity of need and to be aware, and critical, of traditional assumptions based on gender. The most effective way to achieve this awareness is to involve the 'subjects' of policy in the development of it.

When some measure of assistance is provided, it is in a form which is decided and controlled by others, frequently men. As

often happens in situations affecting able-bodied women, the experience of women with disabilities is ignored when programmes and policies are being developed. There is a strong consensus among women with disabilities that their needs are not well understood and that conventional beliefs about gender roles dominate the thinking of both those delivering services in helping agencies and those working in policy development.

5.10 Summary

The research data and the experiences of women with disabilities that have been described to the Commission reveal that the same themes that have emerged for social policy consideration for women in general are reflected in the needs of women with disabilities. However, these themes are even more stark. The main issues are those of financial independence and the expectation that women will perform caring work without any need for support.

As Section 4, Women's Economic Wellbeing, illustrated, women's secondary status in the labour market is a cause of and an effect of their assumed financial dependence on a male. Large numbers of women with disabilities do not have a male partner, especially those in the older age groups. It must be recognised that women's social wellbeing is closely linked with their capacity to be financially independent. However, the need for women with disabilities to obtain paid employment is given less attention than the need of men with disabilities to be placed in paid employment. At the same time, married women with disabilities are also denied income through a benefit because of the expectation that a male will support them.

Even where women with disabilities do have a male partner, generally his involvement in caregiving is limited. Many household tasks are not done by men because they are seen as 'women's work', and men are not expected to give up working full-time to provide care.

Caregivers, then, are predominantly female. Their caring work is often without remuneration. And, of further concern, their caregiving work is without relief. Thus women who are caregivers frequently forego earnings and subsequently experience financial hardship. They also experience social isolation and physical

exhaustion. The unsatisfactory conditions of caring work was raised in Section 4, Women's Economic Wellbeing.

For women with disabilities, and those who care for them, to experience genuine opportunity to develop their full potential and to have access to social wellbeing, social policy must involve the same labour market policies, education and training, and other strategies that have been detailed in Section 4. In addition, there must be a commitment to 'disability awareness' as a strategy for increasing public understanding about the situation and needs of women and men with disabilities.

6 Lesbians

6.1 Introduction

Through direct and indirect discrimination, lesbians are often constrained in their ability to develop their full potential and to enjoy social and economic wellbeing. Such constraints are additional to those imposed by gender.

A number of submissions were received from lesbians and from others concerned about the position of lesbians. Without denying the relative privilege of heterosexual women in comparison to lesbians, it is clear that discrimination against lesbians contributes to the lack of personal wellbeing of all women. This is because such discrimination limits the autonomy of all women in sexual and other relationships.

As submissions have pointed out, discrimination on the grounds of sexual orientation often incurs physical and psychological ill-health. If social policy is to promote fairness, the dignity of individuals, and self-determination for all members of society, the disadvantage experienced by lesbians must be overcome.

6.2 Sexual Orientation

Sexual orientation is defined as the heterosexual, homosexual or bisexual affectional preference of a person. Lesbianism is a particular expression of sexual orientation and preference. Like other people, lesbians may be celibate or they may be sexually active. If they are sexually active, they may be in a long-term relationship, or they may not. Lesbianism is a positive choice among a plurality of forms of sexual practice and preference. It is deeply important to lesbians, as it is to all people, to be accepted by their friends, families, relatives, and colleagues.

Lesbians experience a unique form of disadvantage because, unlike race, gender, and most forms of disability, lesbianism can be

concealed. This means that lesbianism is often invisible and misunderstood. For lesbians there is a great deal of personal stress if they have to conceal their sexual identity, and/or if they are assumed to be heterosexual.

While heterosexual women are in disadvantaged economic position, they do not experience discrimination on the specific grounds of sexual orientation, for example, in employment, housing, and access to goods and services, which lesbians often encounter. Lesbians are particularly disadvantaged by the framework of social and economic policies based on definitions of women in terms of their sexual and financial partnerships with men.

Increasingly, women in heterosexual partnerships are seeking financial independence. Policies which recognise the importance of economic equality, including financial independence, for women in general will benefit lesbians. At the same time, specific measures are necessary in order to guarantee fairness and personal and social wellbeing for lesbians.

6.3 Freedom from Discrimination

In the same way that discrimination on the grounds of sex has been made illegal, as a step towards improving women's status, so too discrimination on the grounds of sexual orientation should be made illegal.

While the limitations of legislative change have been noted, amendments to the Human Rights Commission Act to include sexual orientation in the list of grounds on which it is illegal to discriminate are clearly important for the personal and social wellbeing of women and men.

For the purposes of social policy, it is important to move beyond a focus on lesbianism as sexual activity and to identify areas of social policy where attention should be focused in order to guarantee that fairness is experienced by all women, including lesbians. This form of sexual orientation is, in a range of areas, a source of discrimination in relation to access to public goods, and to social and personal wellbeing. But discrimination is also experienced by women *alleged* to be lesbian, and by bisexual women. Accusations of being a lesbian are generally accompanied by hostility toward, and discriminatory treatment of, the alleged lesbian.

As with women with disabilities, there is a notable dearth of material documenting discrimination against lesbians. Lesbian and gay groups point out that it is particularly difficult to produce clear evidence of discrimination. There are obvious reasons for this. Since there is at present no protection against such discrimination, there is therefore no means of successfully challenging it. Rather than being acted on, a complaint is likely to lead to further harassment. In its submission on the Homosexual Law Reform Bill, the Lesbian and Gay Rights Resource Centre said:

> This is particularly true in the area of discrimination in employment, where a job may be put at risk if a complaint is made. The situation is very similar to and may encompass the situation of sexual harassment of women by men in the workplace . . .

6.4 Child Custody

Child custody is an area in which lesbians experience significant injustice. The court, which is required by law to make the custody arrangements with the best interests of the children foremost in mind, often deems lesbian mothers to be unsuitable providers of care. In her book *Amazon Mothers* (1984), Miriam Saphira documents the problems that lesbian mothers have faced in New Zealand. The purpose of the book in part was to provide information to the family courts about lesbian mothers.

Lesbian mothers in custody cases indicate that they are on trial for being lesbian rather than for their ability as a caregiver. In fact, there is no research evidence to support the belief that lesbian mothers are not competent. Many lesbians wish to have children, and will engage in heterosexual activity for this reason. Other lesbians are women who recognised their lesbianism later in life, often after living for many years in heterosexual relationships and having children.

6.5 Partner's Rights

One frequent concern that was raised in submissions was the status of the partners of lesbians, particularly in situations of illness and death. The lack of equality for lesbians under current social policy arrangements is particularly painful when lesbians in long-term

relationships are not accorded the same rights as people in heterosexual relationships.

Many recommendations for achieving more equitable treatment of lesbian relationships were given in submissions. These include recognition of the rights of lesbians in funeral and burial arrangements and property settlement when their partner dies; recognition of the relationships of terminally-ill lesbians and the need for their partners to have the same access to a lesbian patient as is allowed to a heterosexual patient's spouse or to the patient's biological family; the same rights as heterosexual couples under immigration provisions; and the opportunity for lesbians to use sick leave to care for partners if they are ill.

6.6 Visibility and Education

> Lesbians are women of all types, of all races, jobs, positions in the community, of all beliefs, of all religions, of all interests—daughters, sisters, mothers, friends, workmates. (Submission 3329)

For lesbians, the barriers to public recognition and acceptance of their sexuality are a compounding factor in their inequitable access as women to social goods (such as appropriate health care, physical safety, employment and housing) and a source of psychological distress.

The widespread assumption of universal heterosexuality misrepresents the reality of a sizeable section of New Zealand's population, namely that of lesbians and gay men. The consequence of such an assumption is that social policy measures do not address the needs of those who are not heterosexual, and indeed social policy often militates against their wellbeing. Many of the experiences of disadvantage are shared similarly by lesbians and gay men. However, in terms of visibility, the public awareness of lesbian sexuality is generally less than the awareness of male homosexuality.

Although sharing a common experience of oppression as a minority which does not share the dominant sexual orientation, lesbians are a diverse group, with different experiences according to age, class, geographical location, ethnic background and occupation. Stereotypes are entirely inappropriate and unreliable. As has been discussed above, sex education should include information about the diversity of sexual orientation.

The need for public education about all aspects and expressions of sexuality is a key element in the enhancement of personal well-being, in much the same way as people with disabilities have spoken of the importance of disability awareness.

With greater visibility, there is often new hostility, but there will also be a potentially greater acceptance because much hostility is based on fear and misconception.

6.7 Summary

The position of lesbians, as we noted at the beginning, brings out the facts of the general experience of women in full relief. At the same time, lesbians have a unique form of disadvantage because social policies in the past and at the present time do not recognise a diversity of relationships.

The key concern that has emerged out of the general discussion of women's personal wellbeing is the need for women to have genuine autonomy and self-determination—that is, the ability for women to make decisions about their own behaviour. This is of central relevance to the ability of lesbians to develop their full potential and to have access to social wellbeing.

Lesbians have pointed out that the myths about lesbianism must be challenged. Accurate information and greater visibility must be encouraged. Finally, existing instruments of discrimination (particularly legal provisions) must be transformed, so that sexual orientation is no longer a ground for discrimination. In this way, institutional arrangements and individuals in their own interactions will assist the wellbeing of lesbians.

7 Summary of Conclusions

Though submissions to the Commission have reflected the strong sense of powerlessness which women often experience, they have also conveyed the strength, resilience and versatility of women, and revealed their massive contribution in every area of New Zealand life.

The Commission has concluded that:

7.1 As a group, women are constrained from achieving the standards of a fair society by:

(a) the unequal share of responsibility they bear for one essential aspect of social wellbeing—that is, caring for those who are necessarily dependent on others;

(b) the consequences of that responsibility, particularly with regard to financial independence and self-determination.

The problems women have identified in their lives show that:

- there can be no neat separation of waged and unwaged work, or of 'men's work' and 'women's work';
- to improve women's position, all social and economic policies must recognise this;
- in particular, all policies must take account of family function, while remaining neutral to family form.

Policies based on these principles would promote a society where:

- waged work is no longer rigidly structured in ways which ignore unwaged work;
- unwaged work and those involved in it become publicly visible and the importance of unwaged work becomes clear to all; and
- women can make genuine choices which develop all their capabilities and enable them to meet their needs and the needs of those they care for.

7.2 Men must have the same choices and options available to them as would be available to women if such policies are put in place.

It is clear to the Commission that the position of women cannot significantly improve until reponsibility for caring work is shared more equally with men.

In addition, a great deal more attention must be paid by society as a whole to changing those patterns of male behaviour which are clearly harmful to women in particular and society in general. Women must not be held responsible for such behaviour nor for taking steps to change it.

7.3 Regardless of the details, appropriate social policy will not be put in place unless the women who will be affected are involved in making the decisions.

To promote women's full participation in society does not simply mean enabling women to work in the full-time labour force. Full participation means that women share equally with men in decision-making and other political processes, as well as in employment and in family and community life. Gender should not be the determining factor in whether one is involved in these important areas. Nor should those with unpaid work reponsibilities be effectively excluded from taking part.

Full participation requires more than simply removing any legal barriers. It must include:

(a) *An obligation to inform* The onus of providing information must lie with those who, in the first instance, generate it and control access to it. But as the glaring gaps in the available information about women's lives show, full and adequate information is itself dependent on women's involvement in the process of information gathering and dissemination.

(b) *Structures and processes which ensure the actual participation of women* This encompasses both initiatives such as affirmative action programmes, and attention to practical matters such as transport, relief for carers, and recognition of the real costs incurred, so that participation is not restricted to the well-off.

While the largest group to benefit from all these measures are women, various groups of men will also be advantaged.

Social policy in every field—from health, education and housing to justice, employment and taxation—must recognise the diversity of perspectives and experiences among women and between women and men. It must see women as active partners in the provision of social wellbeing, who must inform the design of policy

and resource allocation. This can only enhance the effectiveness and efficiency of social policy instruments.

7.4 The Commission is charged with investigating how existing government systems and policies assist or hinder the achievement of a fair society, and determining whether any hindrance results from inappropriate or conflicting objectives and inappropriate processes.

Significant improvements for women in the past would not have been achieved without active state involvement. The necessary changes outlined above require the continuation of state action on behalf of women.

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THE INTER-RELATIONSHIP OF ECONOMIC AND SOCIAL POLICY

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Part 1

1 Introduction

Why should we be concerned about the inter-relationship of economic and social policy?

The terms of reference of the Royal Commission require it to have regard to the standards of a fair society, including issues of dignity and self-determination; a standard of living sufficient to enable participation and a sense of belonging for all; genuine opportunity for all; a fair distribution of the wealth and resources of the nation; and acceptance and respect for different peoples and cultures. We are charged to have regard to the foundations of our society and economy as set out in the terms of reference. One of these is the continued operation of a mixed economy, with private, co-operative and public activity.

It is not possible to consider the standard of living in our society, or the distribution of wealth or of opportunity, without regard to the economy which generates wealth and income and influences the opportunities available to people of different cultures within our society. Similar points can be made about the other standards and foundations of the terms of reference. People are both economic and social beings; considerations of economic and social policy are closely interwoven in both their purpose and their effect on people and the communities in which they live. The fabric is seamless.

For these reasons consideration of inter-reaction of economic and social policy was an inherent part of the task we were given.

The submissions reinforced this judgment. A large number stressed the interdependence of social, cultural and economic development and pointed to the need for mechanisms to take this interdependence into account before policies were launched. A variety of perceptions emerged, not always wholly consistent with each other. Main themes were:

- that economic policy pre-empts social policy in shaping the kind of society we have or would like to see;

- that economic policy creates human casualties such that the need for social rescue is accentuated; this should be taken into account in policy design;
- that economic policy is now based on a view of the individual, his or her responsibilities, and efficient ways of achieving his or her objectives, such that the assumptions underlying social policy should be changed to match;
- that they are two sides of the same coin: an economic result is also a result for people living lives in society;
- that social policy cannot be abstracted from the economic costs and benefits it generates; economic policy cannot be abstracted from the social costs and benefits it generates.

All these points of view emerged in our discussions with people and in the submissions we received. Furthermore, we found it impossible to consider and analyse social policy without reference to the economic determinants of wellbeing in people's lives and to the policy which shapes that.

Economic and social policy interact in a number of theoretical and practical ways. The theory underlying the practice of economic and social policy is based on assumptions about, and analysis of, human behaviour. The same human material is the stuff of both. However, the nature of the assumptions and analysis can differ importantly depending on whether they are focused on economic or social policy purposes. The conceptual framework used is crucial. If it excludes certain categories of issue or problem, they cannot be dealt with in that analytical framework and risk being lost from sight when policy is designed.

An appropriate conceptual framework is not enough, however. The empirical context is also immensely important. Evidence of the way economic and social policy interact in practice is essential in order to analyse and design better policy in the future.

Practical examples of interaction are all around. For instance, a disinflationary economic strategy depresses the level of activity in the economy, creating unemployment as one effect. This then triggers entitlement for unemployment benefit: a social policy. Unemployment benefits for large numbers of people give rise to substantial fiscal costs which in turn have economic consequences, including some which tend to counter the disinflationary stance. (Unemployment benefit acts as an automatic stabiliser). There are of course other costs, both economic and social, associated with unemployment; and there will be economic and social benefits in

the long-term if the conditions for sustainable growth in output and in jobs are created.

It can also be argued that social policies have costs additional to fiscal costs. If they seriously undermine the incentive to work or save, if they create attitudes of dependency in the recipients and give rise to social stigma, then the economy and society are bearing costs potentially far more serious than those of fiscal burden.

Yet both economic and social policy aim to improve people's standard of wellbeing. What is the purpose of economic growth if it is not to enable people to enjoy a better standard of living and to give one to their children? What is the purpose of social policy if not to raise the chances of people attaining those same objectives? (These questions in themselves point to differences, depending on one's view of the domain of social policy. The terms of reference and other working papers indicate that the domain of social policy is wider than the ability to enjoy an improved standard of living for oneself and one's descendants).

This paper examines the extent to which there is or can be a theoretical analysis which permits all these things to be taken into account, the extent to which practical outcomes under the rubric of either economic or social policy affect the other social or economic dimension; and the extent to which such effects are significant, using a number of important examples. It then makes some recommendations regarding the future approach to policy and the necessary underpinnings of such an approach.

The paper is divided into Parts I, II and III.

Part I considers the theoretical ways in which economic and social policy are related. Within Part I, Section 2 discusses their overall objective, which is, in principle, the same: the promotion of human welfare or wellbeing. Section 3 explains that it is theoretically invalid to consider economic policy separately from distribution and hence social policy. Section 4 explores the significance of time in evaluating distributional and efficiency issues. Section 5 considers place, or location, as a significant dimension for both economic and social policy. Section 6 indicates that economic theory cannot deal adequately with individuals as social beings and briefly notes the contributions that other social science disciplines have made to the analysis of individual and social interaction. Finally, in Section 7, four alternative approaches which policy-makers could adopt are described and evaluated.

Part II explores the conflict in practice between intermediate targets and methods. Although the over-arching objective of both economic and social policy is in some sense the same, the operational policy objectives specified and methods of implementation chosen frequently conflict.

We also tend to use improvised measures after the event to deal with these problems. This paper argues that such a tendency results in a relative lack of success in attaining either economic or social objectives efficiently.

Part II also sets out the empirical and other significance of some of the inter-relationships. However, it does not attempt to present a full analysis of the inter-relationship for each example of policy chosen. Rather, the intention is to indicate why and how such an inter-relationship may matter. Section 9 contains summary statistics which help to show the empirical context in which policy inter-relationship must be sorted out. A matrix (Section 10) sets out the impacts of economic policy on social outcomes and of social policy on economic outcomes. We aim to be as complete as possible but the account is almost certainly not exhaustive.

We then pick out some key cells of the matrix in order to explore their empirical significance (Sections 11–17). Topics discussed here are macro-economic policy, structural reform, equal pay, Maori development, immigration, and the disincentive effects of unemployment benefits.

The numbers affected and the size of the effects involved are indicated where possible. The aim is to provide some empirical context of the kind needed before decisions can be made on the relative weights to be given to particular economic and social considerations in formulating any particular subset of policy.

Part III of the paper proposes a consciously integrated approach to policy instead of a fragmented approach, and identifies the necessary underpinnings for such an approach.

Two Annexes are attached. Annex A discusses efficiency in achieving socially valued outcomes. The Annex outlines the conditions in which a collective mechanism is required to achieve socially optimal outcomes, and then discusses the efficiency of alternative methods of reaching objectives, such as income transfers and direct provision.

An analysis of submissions and a bibliography are attached as Annex B.

2 The Objective of Economic and Social Policy: Economic and Social Wellbeing

2.1 *Introduction*

Both economic and social policy have, as their objective, the promotion of human welfare, or wellbeing. However, they typically pursue this objective in different ways, which leads us to distinguish between economic and social policy.

Some policies are economic and social at the same time. For instance, education can be seen as a social policy because of its cultural and social benefits; it is also an economic policy because it promotes investment, yielding higher earning power for the individual and a greater productive base for the economy.

It appears then that economic and social policy can point in the same direction. Alternatively, they can act as a constraint, the one on the other, as in the example given earlier of disinflationary economic policy and unemployment benefit. Yet both have as their goal the promotion of people's welfare. Why then should there be conflict in some cases, and not in others? What does it mean to say they both have the same objective?

What is meant by wellbeing and the methods used to pursue it differ, and often conflict, sometimes in extreme ways. The differences become apparent as soon as one attempts to define 'wellbeing' and give it some operational meaning for policy purposes. As it is not possible to pursue the overall objective directly, it is usually necessary to specify intermediate targets and policies. Conflicts often arise at this practical level. At a more fundamental conceptual level, however, there are difficulties with the meanings attached to the objective. These meanings are explored below.

2.2 *Social Wellbeing*

The Volume II paper on *Social Wellbeing* identifies 'improving social wellbeing' as the overall goal of social policy, where social wellbeing is a function of the level and distribution of socially valued states and resources.

According to this definition, economic policy, oriented to the objective of improving material prosperity, could be seen as

increasing the level of socially valued resources. However, a material standard of living is a necessary part of the wellbeing of individuals but is not sufficient, on its own, to ensure that a higher state of wellbeing is reached. A wide range of needs has to be met if social wellbeing is to be enhanced. In the hierarchy of social objectives, this range starts with the requirements of minimum income and satisfaction of physical needs; includes the ability to participate fully in society; and finally reaches the development of full personal potential.

On this basis, economic policy would be a subset of social policy: that part of it directed to achieving a higher standard of material welfare. Other kinds of policy would be needed to distribute that material welfare and to achieve the other, less tangible, aims of social policy: the ability to participate and develop potential, or the 'voice, choice and safe prospect' discussed in the paper on *Social Wellbeing*.[1]

Such a separation of aims, and successful assignment of separate policies directed at achieving them, is not really possible. This is because of the interdependence of economic and social policy. However, it is still reasonable to say that the attainment of a certain level of material wellbeing is important for a society and the achievement of its other objectives. In that sense economic and social policy are complementary means of achieving the same overarching goal, that of improving social wellbeing.

However, the importance placed on material wellbeing as opposed to other, non-material, goals varies enormously among individuals and cultures. Thus recognition that both are important for attaining the same overall goal does not yield any guidance as to what emphasis should actually be placed on either in practical policy-making.

2.3 *Economic Wellbeing*

What is economic wellbeing? Economic wellbeing or welfare is usually defined by a measure of national income such as Gross Domestic Product. That is, it is measured by the total output produced by the society or available to it. Improving wellbeing under this approach therefore requires production to be raised. Greater

[1]Three of the most common themes identified in submissions are the importance of people being able to voice their views, having freedom of choice, and the need for some degree of security and stability in people's lives.

efficiency is desirable because it enables more production to be generated at the same or lower cost, given a fixed amount of scarce resources and fixed technological possibilities. Economic policy should therefore be directed at enhancing efficiency and eliminating any waste of resources. This is the motivation behind recent policies of structural reform and corporatisation. (see Part II, section 13).

This definition of economic wellbeing as the target of economic policy is based on observation of what present-day economic policy-makers appear to be aiming at. Maximising GDP through efficiency improvement is not, however, the only way of specifying an economic policy objective. Nor does an increase in GDP necessarily represent an increase in efficiency of resource use. Environmentally damaging practices add to GDP: so do the procedures used to clean up the damage. A new office building which cannot be let is included in GDP even though the capacity is not used. It is therefore a measure to be used with caution. Further information will normally be required in order to assess whether an improvement in economic wellbeing has actually occurred.

Other questions that arise immediately from this kind of approach are: when and for whom is economic wellbeing to be maximised; and at what level of overall activity is efficiency being enhanced? (i.e is this a less than full employment equilibrium?) Is GDP an accurate measure in the sense that it counts all the relevant activity and output?

GDP is an inadequate measure of economic wellbeing because it omits unpaid work. This means that all output produced in the home or through voluntary work is excluded, although this kind of work produces a substantial volume of goods and services and is a large contribution to both economic and social wellbeing. These points are discussed in the papers on *Work* and on *Women and Social Policy* in this volume.

The questions outlined above have social as well as economic content. For the sake of illustration: it is possible to imagine a society in which productive activity was very efficient in the sense of the amount of output being generated per unit of input, but the majority of people were not involved in productive activity at all, and were not sharing in its benefits. Furthermore, some of the productive activity was not counted in the measure of output (such as work by women in the home and other voluntary services) so that

when investment decisions were made resources were not necessarily allocated to their most productive use. Prospects for the expansion of activity and output in the future were limited; alternatively, prospects for the future were bright, but the benefits to future generations were being achieved at high cost to present generations. Hence the achievement of efficiency in some of its production did not actually represent an efficient position for the economy and society as a whole.

Economic theory does try to grapple with questions and problems of this kind, and is not as simplistic as the initial definition of economic policy above may suggest. However, economic policy, as opposed to theory, can risk over-simplification in order to be operational in practice. The discussion which follows attempts to bring into the open the important qualifications which tend to be lost in the process of simplification for policy purposes and which are relevant to social policy concerns; as well as to the proper specification of economic policy.

The discussion is in one sense about the ways in which some economic theory can be ignored or misused in the design and implementation of policy. The process of thinking about economic and social issues commonly adopted by economic policy-makers demonstrates this over-simplification and has been responsible for its continuation. Economic policy-makers frequently follow this sequence:

- distinguish between 'allocative' and 'distributive' issues;
- define 'allocative' issues as about 'efficiency', which is given high priority;
- define 'distribution' issues as about 'equity', a separate area of concern (and an ambiguous word because it has a range of meanings);
- imply that efficiency and equity can (efficiently) be dealt with independently, by separate economic and social policies;
- focus economic policy on improving efficiency, without regard for the distribution before or after the policy change.

The following sections of Part I identify the theoretical flaws of this practice, and set out four alternative approaches to dealing with the inter-reactions of economic and social policy in the future.

3 Distribution

The definition of social wellbeing refers to the level and distribution of socially valued states and resources.

What is distribution and why does distribution matter?

Distribution is the way in which such states or resources are shared among members of the society. The term is often used with reference to cash income. However, it can refer to any material good or to non-material things such as opportunity or status. Clearly, output or material welfare is not the only socially valued good—or state—whose distribution we could consider. Rather than repeat the full range of possibilities every time, output or GDP is used to discuss distribution. However, output can be understood in a wider sense without undermining the logic.

An important question is the extent to which the distribution of material welfare does in fact bring with it the same distribution of non-material states: for instance, access to decision-making. It seems that this is more likely to be the case in the pakeha community than in Maori society, where there is a more complicated relation between material and non-material states and resources. Mana, for instance, is not necessarily associated with occupation, education or high income. It should be borne in mind, therefore, that distributive issues are complicated and cannot be fully represented by the example of output.

Later on, (sections 4 and 5), the question of distribution over time and in different places will be considered.

The reason the distribution matters is that without access to a material minimum, we die; and without a somewhat higher level of output available to each person, his or her ability to participate in the society and to achieve his or her potential will be severely limited or non-existent. These are not only economic and social considerations; they relate to more fundamental questions of justice and ethics, which are discussed in the paper on *Standards and Foundations for Social Policy,* by Maxine Barrett in Volume III. Distribution is important in three further ways.

First, the distribution shapes the nature of the society and helps to define the range of possibilities available to people. This is why the total distribution is relevant for social policy, not just the lower end of the distribution. We may feel different about a high level of GDP if it is very unequally distributed, compared to the way we feel if its benefits are more evenly distributed. We may even prefer

a lower level or rate of growth of GDP if that is the price to be paid for a fairer society (though it should not be assumed that this is always or necessarily the price to be paid—it is possible that both more fairness and more growth are available). This can only be a social or political choice: economics has nothing to offer as to which is superior.

However, we can note that an unequal distribution is likely to entail something about the ability of those with very little to change that distribution. Conversely, those with greater economic power are more able to ensure that their position is maintained. An unequal distribution is therefore likely to be self-reinforcing, because of the different degrees of economic power it confers.

Second, distribution may be relevant to our ability to achieve a higher level of GDP. An unequal distribution is often thought necessary for growth, because only the rich can afford to save; savings are essential for investment, which is essential for growth in the future. If distribution were more equal, we might all eat our seed-corn.

On the other hand, too great a degree of inequality could inhibit growth. This could be true because the productivity of a poor, ill-fed, unhealthy, badly educated work-force is low; and the lack of participation in the benefits of growth destroys the social cohesion necessary for co-operation in its production. A well-educated healthy population, able to participate fully in society and the choices made by society as a whole, may be a necessary condition for its economic welfare and growth.

In economies such as ours the first line of argument is not persuasive. Most income groups save, and there are many factors other than the income distribution which influence the level of savings, and how productively they are used. The second argument is likely to be more important when considering the implications of the distribution for growth.

Third, the amount and nature of the output generated is dependent on the initial distribution of resources. What is an efficient pattern of production for society will vary according to the endowments people start with and the preferences they have for particular kinds of goods and services. Endowments can be money or talent or any of a range of different kinds of assets such as land, or mining rights, or a good education. These assets give them earning power and purchasing power. This is probably the most crucial way in which distribution influences efficiency, because it is

impossible to separate one from the other: we cannot say anything about what it would be efficient for an economy to do without knowing about the distribution of resources or endowments. What it would be efficient to produce depends on what people want. The distribution of power and resources strongly influences how effectively people can register what they want.

Hence, distribution and efficiency are interdependent.

In general, there is an infinite number of efficient outcomes, relating to different initial distributions.

This means that a specific distribution is inherent in every efficiency position for a society. In striving for greater efficiency, given our initial distribution of resources, we are accepting that that initial distribution was a satisfactory starting point. If we prefer a different distribution, then we will reach a different pattern of production and a different definition of what is efficient for that economy—and thence a different final distribution. Economic theory has nothing to say about which efficient distribution is preferable.

This is a conclusion with important implications. It means that efficiency cannot be pursued first, and redistribution after, in any meaningful way. Economic theory tells us that economic cannot sensibly precede social policy: if it does, the social choice about distribution will already have been largely made by the following economic policy decisions: first, to proceed from the distribution existing at the starting position; and second, to accept the efficiency position which it generates before considering or attempting re-distribution.

Given that the distribution of resources generated from and by the economy is normally far more significant and influential than the small amount of redistribution achieved by social policy, the consistent pursuit of economic policy before social policy would imply a social choice to live, in the main, with the distribution entailed by the economic policy.

However, as noted above, a different efficiency position would have been generated by a different starting point, and there can be no presumption that one efficiency position would be superior to the other.

Some social judgement must therefore be made about the distribution which is preferred in order to determine what is 'efficient'. In simplifying, economic policy-makers have often ignored this

important point. This is one reason—others are discussed in sections 4, 5, and 6 below—why some mechanism for making and implementing a collective decision is needed.

The efficiency position reached also depends on the rules governing transactions in the society: the laws of contract, the way property rights are assigned and enforced, the way wage bargaining procedures are arranged, to name some of the more important. These will determine the ways people can use, trade, and benefit from their endowments of resources. However, a different specification of rules would also mean a different efficiency position was reached. For instance, if property rights cover the protection of a view, then the onus is on the property developer to offer compensation if a new building would block an existing view; if views were not legally protected, the owner who wanted to protect a view might have to offer compensation in order to prevent a property developer from spoiling it. The distributive and efficiency outcome would differ depending on the way property rights were specified.[2]

Hence, a decision to leave outcomes to the market is not neutral. The existing framework for market operations will have a strong influence on the nature of the outcome reached. This framework embodies ideas about fairness and procedural justice which also require collective mechanisms to determine and implement, and which may need to be revised from time to time.

4 Time

4.1 *Introduction*

This section discusses how economic and social policy are interrelated over time, and how economic policy-makers have oversimplified these interactions.

Distribution refers not only to the way resources are shared among individuals at any one moment, but over time.

4.2 *The Transitional Path Matters*

The analysis so far is static: that is, it relates to one particular time, a starting point or an end-point. We also need to consider the path

[2]This example is drawn from Bromley, 'Property Rights and the Environment', 1987.

or process by which we go from one point to the other. We normally live in an economy which over time is subject to growth and decline and is vulnerable to shocks. This means that, having achieved efficiency in one period of time, we may be knocked off the point of maximum efficiency for the economy in the next period—say by an oil shock. This shock will alter the distribution of income and wealth, as well as the production possibilities for the economy.[3]

What happens thereafter will be strongly influenced by the preferences and spending decisions of those who have lost least from the change. Their preferences will get greater economic weight because of their greater spending power. This in turn influences investment decisions and the future pattern of production in the society.

However, no new point of maximum efficiency reached by the economy after such a process will necessarily be superior to any other point of maximum efficiency which might have arisen if a different distribution of resources had followed on from the shock. In this sense the efficiency outcome is arbitrary: it will depend on the nature of the initial shock, who loses from it and who gains, and the possibility of making efficient trades thereafter.[4]

Although no efficiency maximum can be superior to another for efficiency reasons, society may prefer one to another for social reasons of various kinds, including the distribution that is entailed by one or the other. The problem of identifying and dealing with social preferences is discussed in section 6 below.

An economy can also redistribute to itself over time. For instance, economic policy may be directed to monetary or fiscal tightness, or structural reform, which have the effect of lowering GDP in the short run in the interests of having higher GDP in the long run. The society is redistributing from itself now to itself in the future, by incurring losses now in return for gains in the future. This is true for the economy as a whole if the overall level of output is lower now and higher in the future as a result of the policy.

[3]For instance, some of the capital stock will become obsolete, because the desired combination of inputs will change when their prices relative to each other change. Home heating becomes more expensive, unless people change to cheaper sources of energy. Owners of petrol stations make lower profits.

[4]If trading within the efficiency frontier, there may be a range of Pareto-efficient points available. Both efficiency and distributive gains are possible.

The idea that the growth path of the economy will be higher in the future if sacrifices are made now lies behind the idea that savings—that is, abstaining from consumption now—are necessary to provide investment for future growth. Thus both economic and social policy need to be evaluated for their effect on savings and investment, as well as their impact in current terms.

This perspective is relevant for quite short time periods—such as benefits in a year or ten years' time—and for long: the question of future generations.

How much we should sacrifice now as a society for the benefit of ourselves and our descendants in the future is open to social and political choice in only a limited way, because the choice is mainly made by private agents as a result of personal and household and company savings and investment decisions.

However, both economic and social policy can exercise some influence over this choice. This can be done in a number of ways.

- First, tax policy and the provision of benefits of various kinds affect people's incentives to work, save and to invest.
- Second, the Government can also influence this trade-off directly by making an investment itself, and raising the savings required to finance it either by current taxation or by borrowing. Debt servicing in the future is often the appropriate way to finance an investment whose benefits will also be felt or received in the future.

Thus the method of finance implies something about distribution between current and future generations, or between ourselves now and ourselves in the future. Taxation takes from people now—thus reducing the amount they have for their own saving or spending in the present—while borrowing from them generates a stream of repayments which have to be made at intervals in the future, reducing the amount available to the Government for other purposes in the future.

Examples of each:

- The Government raises a loan to pay for an infrastructure investment like a bridge or a railway system. The obligation to make loan repayments continues into the future, as do the benefits from the infrastructure investment.
- Education can also be seen as an investment by society in its future: the taxes people pay to finance education are the current sacrifice they make for future gains. Education is a personal as well as a community investment: higher taxes paid

in the future on the higher incomes which are usually associated with investment in education can be seen as a return to the community for that part of the education they financed.

4.3 *Distribution now and through time*

When society as a whole chooses to make sacrifices for the sake of the future, we should not infer that each person or group within society is making the sacrifice, or that all in the future will be winners. The distribution of costs and benefits associated with any policy through time is important in evaluating its impact on wellbeing.

This can be seen from the initial example of tight macro-economic policy incurring losses now for the sake of growth in the future. The costs in the present fall more on those who lose jobs than on those who keep them, and on those with mortgages paying high interest rates than on lenders. In fact, a policy with overall costs to the society in the present—in the sense that it reduces GDP overall—generates gains for some people even in the present while imposing costs on others.

This has important implications for the way in which the 'rules of the game' are changed. (See also *papers on Income Maintenance and Taxation* in Volume III.)

Immediate redistribution to losers would mean a different transitional path and final outcome from eventual redistribution in the future from a different outcome.

Immediate redistribution, in order to move to a position which is more socially desirable, is likely to have costs. There is an immediate cost in terms of the effort and resources needed to effect the transfer. There may also be costs or benefits in terms of the effects that different distributions will have on the growth of output or of social wellbeing over time.

Time must therefore be taken into account in exploring the inter-relationship between economic and social policy.

Time is also important because adjustment does not take place instantly. The way costs and benefits fall during the adjustment has distributional effects and also influences the nature of the final outcome (as discussed in section 3 *Distribution*).

In the extreme case where all efficiency adjustments precede all redistributive adjustments, the changes which are made for efficiency reasons may move the distribution further from a socially desirable distribution. This would make the redistribution more expensive to achieve, and would wipe out some of the gains from the efficiency adjustments.

An example: purely efficiency adjustments may destroy certain communities by making it necessary for many members to leave. Such changes would be costly and difficult to reverse, if the need for those communities then re-emerged as a consequence of later social or economic change.

This conclusion can also apply when considering efficiency over time. If changes are made on efficiency grounds in the short-term, the costs of reversing adjustments when conditions change may be so great as to make it worthwhile continuing with an activity that in the short run would be inefficient. For instance, if a large quantity of resources were moved out of the agricultural sector when there was a bad season, and moved back in response to a better season, the costs of effecting the continual transfers could outweigh any efficiency gains from the (changing) efficient resource allocation. The costs would be even higher if the temporary removal of resources eroded infrastructure such as schools, roads, and other services, which subsequently needed to be built up again.

A defence of giving economic efficiency goals primacy is that if this strategy results in a higher overall growth rate, redistribution will be made easier. It is always easier to redistribute when there is economic growth than when there is not, because the number of losers in the redistribution can be lessened. The validity of this defence rests on the relative size and distribution of the costs and benefits from increased economic growth, the value attached to them, and the consequent change in the costs of redistribution. The value attached to them is discussed next.

4.4 *Valuing the Benefits*

How the benefits and costs of economic adjustment are valued depends on three things: their size, how society and individuals form their preferences, and the time when the costs and benefits are experienced. Preferences are discussed in section 6. The time of receipt is discussed in the section below.

4.5 *Discounting*

Gains and losses generally count for more if they are experienced now than if they are experienced at some time in the future. Most people would prefer to receive ten dollars today than be promised that they will receive ten dollars in one year's time. This is true even without inflation, which would of course further decrease the future value of the ten dollars. In economic analysis, the 'discount rate' or 'rate of time preference' are the terms used to refer to the percentage decline in value over a year. For instance, if an individual is indifferent between a dollar received today and one dollar and ten cents received in one year, that individual's discount rate is ten percent. Another way of putting it is that an extra ten cents is required to make it worth waiting a year for the dollar.

This concept can be applied to the process of economic adjustment. The existence of a positive rate of time preference indicates that a dollar of short run costs incurred as a result of economic adjustment will count more than a dollar's worth of the long run gains from increased efficiency. Gains in the future must be greater than costs in the present for the process to be worthwhile. If the adjustment costs are particularly high or prolonged, they may even outweigh the long run gains.

Discount rates used to evaluate investment possibilities can vary greatly. Commercial discount rates tend to be high, which means that the calculation may be neutral between investments which last 50 years or 200 years: say, for instance, a dam. Benefits occurring after fifty years are so heavily discounted that they are negligible, so construction costs and durability are curtailed accordingly. Given the social and economic consequences in the future, there could be an argument for a lower discount rate. However, private markets usually require returns loaded towards the present. This is exemplified in the time frame used for commercial buildings. If society as a whole values costs and benefits differently from the market, then some method must be found of introducing such values into calculations made for social investments in an explicit way. In our view, the value placed on money and resources by private markets is too narrow and limited a horizon for social policy considerations.

A separate argument arising from the existence of a positive rate of time preference is that relating to sustainability and intergenerational equity. Although it is possible to increase the standard of living for the present generation by either borrowing to increase consumption or by using up non-renewable resources, such a strategy of short term maximisation is not sustainable because at some stage loans will have to be repaid or resources will be used up, leading to a decline in material living standards some time in the future.

Such a strategy may be attractive for an individual, especially if the period of repayment or resource exhaustion can be put off until that individual is dead. It is not, however, an attractive option if the interests of future generations are taken into account. Presumably future generations would not be happy about 'picking up the bill' for the prosperity of their forebears.

Society places more weight on future as opposed to present returns than do individuals because sustainability and intergenerational equity are more important to the life of society than they are to the life of any particular person.

In addition, risks and uncertainties facing individuals, which tend to be greater the further off they are, may lead people to shift their preferences towards present gain as against uncertain future gain. However, risks and uncertainties for individuals often net out when viewed collectively (if one person's possible profit is another's loss, the total social risk is zero) so that the risks facing society as a whole are lower. This means that the discount rate for society as a whole is lower than for people taken separately. Again, some kind of collective mechanism is needed to determine the social rate of time preference. Otherwise the sum total of individual decisions is very unlikely to correspond to a social optimum, and in particular is likely to undervalue benefits that will occur in the future or to future generations.

The risks facing society as a whole may also be different from those facing individuals. One firm going bankrupt would not affect society; a total banking collapse would do.

As future generations cannot express their preferences when current decisions are being made, present cultural and social values about their importance are crucial. Cultures differ on the importance they assign to their descendants: an issue which is relevant to current debates about Maori values and about conservation and the

use and valuation of non-renewable resources. These issues are discussed in more depth in other phases.

From the discussion above, it is clear that it is impossible to compare or to prefer one course of action to another without a view about how to value the losses and gains of different people at different times. (The difficulty of adding up losses and gains is discussed in section 6.4.)

What economic analysis tells us, however, is that the outcome will be strongly influenced by the way resources are distributed during the course of the change.

However, the theory that underlies much economic policy-making tends to be static or comparatively static. This means that considerations of time are hard to deal with. There is often a tendency to compare our present position with some desired state in the future, without taking into account the path the economy and society will take during the transition. This path should be taken into account, both for its own sake (the nature and distribution of the costs and benefits it entails) and because of the difference it will make to the nature of the final state.

The tendency to ignore the transitional path when pursuing greater economic efficiency has been reinforced in recent years by the popularity of a new school of economic thought: new classical economics. This theory assumes, among other things, that markets clear instantaneously so that all necessary adjustments to a shock or a change in policy occur straight away. Costs and benefits along the transitional path need not be considered because there is no transitional path. This assumption is a reasonable one to make about financial and auction markets, but it is flawed when applied to labour markets and most product markets and to the economy as a whole.

Adjustment in those markets requires investment and disinvestment decisions, decisions to move or to acquire new skills or to start new activities, all of which take time. People in these markets sometimes make long-term contracts, or own assets which they cannot easily sell, which hinders their ability to respond instantly to a change. The result is often large changes in output and employment, rather than adjustments which take place through price changes. These types of response and the length of the lags involved must therefore be taken into account when framing economic policy, if both economic and social effects are to be properly estimated.

5 Place

5.1 *General Discussion*

Location also influences the nature of the effects that economic and social policy have. The analysis so far has not addressed the issue of geographical separation of individuals or collectivities affected by economic and social policy, yet the geographical distribution of the costs and benefits of adjustment generally has a large influence on the process and the outcomes of adjustment.

The degree of consideration given to the effects of geographical distribution will, as in the case of the influence of time (discussed in section 4), be influenced by the conceptual framework used when analysing a situation. The popularity of neo-classical economics has led in recent years to a diminution of the weight given to 'regional' or locational issues.

The neo-classical economic framework has been highly influential in shaping economic and social policies in New Zealand over the last decade, and it is therefore not surprising that this is reflected in regional policies. According to the assumptions of the neo-classical model, regional differences will decline rapidly as labour, capital, and technology move between regions and as prices, and wage and profit rates change in response to demand and supply.

For instance, according to the neo-classical model, high regional differences in unemployment will not be sustained in the long term. If there is high unemployment in one region, the excess supply of labour will cause the level of real wages to drop which will not only provide an incentive for workers to move to other, higher waged, regions, but will also attract employers who could make profits by taking advantage of the low wage levels in the region. The regional imbalance will be self-correcting. Therefore, anything that the government may do to alleviate the supposedly temporary hardship resulting from regional imbalances would be more likely to prolong rather than relieve the hardship by reducing the incentives for individuals and firms to adjust.

The reliance on mobile capital, labour, and technology, and on the flexibility of prices and wages reflects some important assumptions about the expected responses of individuals and groups to regional decline. For instance, it suggests that individuals regard wages as their main, if not only, basis for making decisions about

whether and where to move. It also raises questions about the consistency of adjustment requirements with the Government's social policy aim of promoting a secure stable family.

In practice, the wage is not always the most important determinant of decisions about whether or not to move. The attachment of individuals to existing social networks, or their attachment to a particular area, for cultural, historical, family or personal reasons, are not allowed for in the simple neoclassical model, yet are often the determining factors in such decisions.

Decisions by individuals about whether or not to move to another area, or even another country, often reflect these broader concerns. In fact, the pattern of internal migration in New Zealand suggests that migration decisions do not depend on labour market considerations alone.

New Zealand has a relatively high rate of internal migration, but a large proportion of this migration is generated by the movements of a limited range of individuals. The mobile population is thus a subset of the total population, and the most mobile workers are often not those most vulnerable to unemployment. For instance, many second income earners (mostly women) could improve their chances of gaining paid employment by moving, but do not do so because to do so would require them to be separated from their family.

This is not to deny the strength of the incentives arising from the process of economic adjustment. Jobs and wages do have a strong influence on the pattern of mobility and location of workers over the longer term. It can be argued that the nuclear family became the most common form of family organisation in European society in response to the demands of the process of industrialisation and economic adjustment which required migration and separation from wider family and community. The development of the welfare state can then be seen as a response to the loss of the extended family structure and support. This suggests that greater support may now be necessary as the counterpart of mobility, if people are expected to move in order to help the process of economic adjustment. However, the process is still likely to be slow. The geographical distribution of the population is more likely to change over generations than it is as a result of movements of those currently working. Young people with fewer ties are more likely to move to new areas in search of a job than are settled inhabitants.

The assumptions of rapid adjustment and harmonisation which are associated with the neoclassical economic model of migration are therefore not borne out by observation of actual adjustment patterns. On the contrary, persistent inter-regional differences of economic growth, unemployment, wage rates, profit rates, and social wellbeing, are historically much more common.

In addition to the relative immobility of labour identified above, other reasons for the sustained regional disparities observed in reality include the imperfect functioning of capital markets, the slow mobility of capital and technological innovation, and wide disparities in house prices.

Large differences in house prices in different regions make it very expensive for people to move to higher wage areas as suggested by the neo-classical economic model. The availability of a wage or a higher wage may not be enough to compensate for the capital loss involved. Similarly, imperfect capital markets limit the ability of individuals to borrow to finance their move, as well as reducing the mobility of investment capital to areas of higher return. The slow spread of technological innovations among firms may also lead to sustained regional disparities, as one region is able to maintain an advantage that results from its technological innovation.

Schools of thought other than the neoclassical economics school referred to above stress the tendency of regions to become increasingly polarised, in contrast to the harmonisation predicted by the neoclassical model.

It is argued that a region experiencing a high rate of economic growth will attract more resources in order to support the growing industries, and will thus become a 'growth pole', drawing resources away from other regions. These other regions then become 'backwash' regions and suffer a self-reinforcing decline, as productive resources move away. There may be some benefit to the backwash regions as a result of the growth experienced in the growing regions, but the size of this 'trickle-down' effect is small relative to the gains made in the growth centre.

The initial stimulus for growth at the growth pole may result from initial endowments of natural resources, technological innovations, or external influences such as foreign investment or a change in the demand for the products that are produced there.

Large centres are also self-reinforcing in the sense that they supply the services and offer the markets which are needed if new business is to start or relocate. These effects are called agglomeration economies.

5.2 *The Effect of Regional Differences*

The most obvious social effect of geographical location on the attainment of social wellbeing is that access to social networks and services, as well as to economic markets, will be severely limited by geographical isolation. Of course, geographical isolation is not the only factor limiting access—isolation can also result from a lack of contact with social and economic institutions. Conversely, geographical separation does not always lead to isolation, as in the case where a large firm has a branch in a distant location which is nevertheless well serviced because of its links to the main firm.

The effect of locational factors appears even greater when the influence of slow adjustment over time is taken into account. For instance, if the costs of adjustment are concentrated in particular geographical areas, the impact of adjustment will be a lot greater than it would be if those costs were spread evenly across all regions. In the same way that the time pattern of adjustment can affect the final outcome of the adjustment process, so the geographical distribution of adjustment costs and benefits can influence the nature of adjustment.

A more fundamental way that location may influence the pattern of effects of social and economic policy is by concentrating either the costs or the benefits of economic and social policies in particular areas, affecting the ability of those areas to respond to change, and shaping their subsequent development.

For instance, to use an example dealt with in more detail in section 12, a macro-economic policy of disinflation will generate some costs for the economy at least in the short run. If locational issues are not taken into account, the significant negative effect that such policies will have on affected areas may not be taken into account when deciding on whether or not to adopt a particular set of disinflationary measures.

It is argued in the discussion in Part II of this paper that the disinflationary strategy adopted in New Zealand has had a particularly strong effect on the agricultural sector, which is, of course, concentrated in particular geographical areas. Corporatisation policies

have also had disproportionate effects in particular regions. This concentration increases the likelihood of hysteresis effects in the agricultural sector and in a number of regions. Hysteresis effects occur where the costs of re-establishing some activities and ventures which are closed down during the initial period of adjustment are prohibitively high, even though those activities and ventures would otherwise have been viable in the long run. Thus, the long run level of, for instance, agricultural production is reduced to below what it would have been if the adjustment had not been as heavily concentrated on the agricultural sector. Hysteresis of this sort has the long run effect of diverting resources from rural areas to urban centres, heightening the concentration of productive capacity.

The sectoral and regional concentration of effects also makes the adjustment process much more painful for those affected than would have been the case if the costs had fallen more equally. In addition, the geographical concentration of activity in agriculture, forestry and mining means that the financial and social costs imposed on members of communities in these areas will be higher than they would have been had an alternative pattern of macro-economic and micro-economic adjustment been chosen.

In general, it cannot be said that a government has no regional policy. Even if the effects are unintended, any set of policies has a regional impact. Some policies, while not being explicit regional policies, are related closely to place. The provision of transport subsidies, population-based hospital services and infrastructure are examples of such policies. Even when a policy is not 'place oriented', government expenditures have an uneven regional impact. Few expenditures are regionally neutral, so any expenditure decision carries with it implications for regional service provision, relative income levels, and employment prospects.

6 Individuals as Economic and Social Beings

6.1 *Introduction*

At this point it will be helpful to look at the assumptions about the nature of individuals that are made by economists for policy purposes.

Much of the theory which underlies economic analysis, and the policy which flows from it, rests on simplifying assumptions about individuals and their behaviour. Such assumptions as 'individualism' and 'rationality' are explored below. These simplifications are important in reducing complex problems to manageable dimensions so that they can be analysed. The technique is useful and has generated powerful results with benefits for our wellbeing.

When these assumptions seriously conflict with what we know about human behaviour in other spheres of action, however, there are limits to the application of the theory. Other disciplines such as sociology, anthropology, and political science have attempted to develop theories that consider individuals as social entities.

This section outlines the structure and implications of these contrasting approaches. The main types of problems addressed—the definition of the individual and the difficulties in going from the individual to the social level—are key issues in the theoretical debate, and are all major concerns for policy makers.

6.2 *'Economic Man' and Methodological Individualism*

Methodological individualists accept that individuals are members of more complex social groups, but they argue that all social phenomena can be explained in terms of the 'purposeful', 'goal directed' actions of individuals. These theories often fall back on psychological explanations for motivations (to the extreme of explaining individuals' political attitudes by reference to the brain and nervous system), although the psychological or biological dimensions of behaviour are seldom discussed in a social context. The starting point for analysis is held to be the individual, and all social concepts are seen as explicable in terms of simple aggregates of this simple building block.

Traditional economic theory draws heavily on the axioms of methodological individualism. Neo-classical theory postulates rational, profit-maximising individuals. Constructs like supply and demand make assumptions about the aggregated preferences of such rational individuals. The unit of analysis is either the individual or the firm, in production, and either the individual or the household, in consumption. However, no qualitative differences flow from the choice of unit: households are treated as individuals when making their maximising decisions, and distribution and

redistribution within the household are not addressed. The use of the term 'economic man' summarises the reduction of gender and family attributes into one individual who is described as masculine. This reduction also reflects the lack of any collective dimension in explaining behaviour.

Such analysis utilises a model of rational choice which requires a set of feasible courses of action; a set of beliefs about what consequences will follow from each course; and a subjective ranking of all these alternatives in terms of an actor's hierarchy of goals. To act rationally is to choose the alternative the consequences of which rank highest in the feasible set. Built into the model are assumptions about the internal consistency of an actor's values and beliefs, both now and over time. An actor's beliefs and hence actions must also follow from an optimal use of available information. There will also be a variety of constraints (of income, information, physical capacities and the like) on the feasible set of alternatives (Elster, 1986, pp. 4–16).

The rational model's explanatory appeal lies in the simplicity of its inference pattern: if an actor performed a particular action, that actor must have had ends to which the action constituted a maximising means (Allison, 1971, p. 33). In neo-classical theory, the actions of an individual household or firm can thus be explained in terms of an unambiguous set of ends: the maximisation of utility or profits. This is, in a sense, a form of limited rationality, in that the content of the values and consequences to be maximised is specified in primarily economic terms.

This model has social policy implications of various kinds. For instance, the treatment of households precludes consideration of distribution within the marital or family unit, something which is key to the importance of a policy such as family benefit. Policies are few which assure some resources to the carer, normally the woman, rather than assuming, or relying on, fair distribution within the household by the principal income earner. This is an example of policy invisibility: that is, when the concepts used by a particular frame of reference define out or exclude some classes of problems. They cannot therefore be adequately addressed by the policy.

The crude model of 'economic man' has become more sophisticated over the years. The concept of 'bounded rationality' (as originally developed by Herbert Simon) for example, recognises that the individual's imperfect knowledge constrains his or her choices.

It will be difficult to quantify the costs associated with information constraints. Rather than maximising utility through an evaluation of every alternative, the 'satisficing' decision-maker settles for an alternative that is 'good enough'.

One corollary of this more restricted model is that individuals will act so as to try to avoid uncertainty. This set of assumptions has been used to underpin a view of human behaviour as 'opportunistic' and 'contractual' (The New Zealand Treasury 1987, pp. 427–34). In a world of limited information and capabilities, it is argued, individuals will enter contracts so as to protect the use of their particular assets and to safeguard themselves against opportunistic behaviour by others. As long as the state protects property rights and provides a legal framework in which contracting can take place, people can look after their own welfare.

None of these characterisations of 'economic man' allows for altruism, nor for people as social beings. This is not a disadvantage when the theory is applied in particular limited ways. It is a disadvantage when the assumptions are used in contexts where they are inappropriate or wrong. This is likely to be so when class, gender, race and age are important considerations in the policy domain being considered.

The economic paradigm is therefore severely limited when applied in such contexts. However, it has been used, for instance in the case of Maori land. The solution to the constraints of collective ownership was seen as the creation of individualised titles, specifying a limited number of owners. The framework of the policy-makers did not afford a collective approach to what was seen as a collective problem.

6.3 *People as Social Beings*

Other fields of study than economics deal with people and the extent to which their sense of identity and behaviour are defined and shaped by the social entity to which they belong.

Social science has engaged in constant efforts to tackle these complex relationships. The integrative role of custom and ritual, the dynamics of small groups and other collective bases for behaviour have been studied by political scientists, anthropologists, and organisation theorists. One general survey, for example, outlines the typology of group behaviour theory organised around the

broad topics of social biology, small groups, tribal societies, power in modern communities, and organisations (Mackenzie, 1967).

In sociology, the debate has formed around the dichotomy between the methodological individualists and 'methodological holism' (or collectivism). How can the social scientist or policy-maker best analyse collective groups and institutions like crowds, families, electoral systems or communities? Are such collective terms definable purely in terms of aggregated individual behaviour, or is there some whole greater than the sum of its parts to which they refer? Is it meaningful to speak of 'social laws' expressed solely in collective or institutional terms?

Anthropologists have shown that in some cases, the sense of identification with the group can be so strong that people are unable to conceive of an independent existence or independent preferences or tastes. In the extreme, the concept 'I' has no meaning. Success or achievement refer to the wellbeing of the tribe or other group: individual success is not the aim. Although societies of European descent tend to be more individualistic in approach than, say, Maori, Chinese or Indian, it is still true to say that people within them are social beings and that their preferences are strongly shaped by the family and community in which they live. Submissions support this. They have views about the way that society operates: how fair or how safe it is, or how co-operative or how competitive it is, for instance. They care about the welfare of others: in economic terms, this is the 'caring' externality, which means that the satisfaction individuals feel derives not only from their own position: it cannot be divorced from the wellbeing of others.

'Holist' social theories claim that collective behaviour can only be understood in terms of social laws. Collectives are not simply reducible to the actions of their individual components. An example are those 'organic' models which compare political or social institutions with organisms like the human body, emphasising the degree to which the system's survival in a 'steady state' depends on the smooth interdependent functioning of its constituent organs.

Another well-known holist argument is found in Emile Durkheim's social theory. In his study on suicide, Durkheim challenged the individualist assumption that suicide can be understood solely in terms of individual pathology. Rather, the psychological predisposition to suicide is a product of social forces which vary from

society to society. The relatively high rate of suicide in contemporary Western societies, he argued, could be traced to the breaking down of the social bonds traditionally forged through shared values and institutions. Similarly, these tendencies could only be ameliorated through the consolidation of new intermediate social organisations.

The polemical nature of the individualist/holist debate has at times given the impression that there is no middle ground. But we need not view individuals as atomised units or the passive subjects of incomprehensible social or historic forces. Our intuitive belief in the ultimate value of the individual can be reconciled with a recognition that individuals exist in a social context.

We are involved in a wide range of relationships with other individuals and groups. Within this framework, institutional structures and routines, ideologies, social norms and other socio-cultural variables will shape our view of the world that we live in. To borrow an example: the actions expressed in a bank-teller cashing a cheque can only be understood in relation to the status and roles of participants within a particular economic, social and legal system (Mandelbaum, 1973, p224).

While there is no consensus on what significance such group dynamics may have for the understanding of individual members, one effect is to undermine the view that man—or woman—is always the rational maximiser of economic theory.

Psychological and organisational theories have explored these constraints on rationality within groups. Decisions are made under conditions of limited information (and where, as in the case of voting, it may not be worthwhile for an individual to expend the time or resources necessary to gain such information). There may be competing or inconsistent goals. We are continually delegating decision-making powers to institutions and representatives, or using ideological filters to simplify our choices.

It is clear that self-interest is only one of the factors motivating decision-makers. In fact, game theory's 'prisoner's dilemma' shows that self-interested behaviour on an individual level may produce a substantially lower than optimal result for all parties concerned. The solution to this problem implies a need for co-operative (and enforceable) strategies for reaching social goals.

The variety of non-egoistic forces that influence our behaviour can be gathered from one political scientist's far from exhaustive list. Individuals are often altruistic. They may be motivated by

family or nationalistic feelings, the demands of tradition and custom, or the desire for social acceptance (Palumbo, 1975).

An obvious conclusion, derived from the combined insights of different social sciences, is that individuals are social beings. We are motivated by a multiplicity of factors, of which some must be seen as 'social' in character. The attendant assumptions about human nature and behaviour are much less rigorous than the precepts of economic theory. This makes the task of delineating the interactions between social and economic policy all the more complex.

6.4 *Can Social Wellbeing be Derived from Individual Wellbeing?*

As long as human aspirations and wants are interdependent, the leap from what is best for the individual to what is best for society cannot be made.

Economic and political theorists have made several famous attempts to derive social utility from individual utility. None has been satisfactory.

In determining what is socially valued, there are three main factors which make derivation of social wellbeing from individual wellbeing problematic: interpersonal comparisons, problems associated with voting, and the nature of preference formation.

There is no valid way, either analytically or practically, to weigh up one person's gains against another person's losses. For instance, a gain or loss of one dollar may have a much greater effect on the wellbeing of some individuals than it would for others. There is no measurable, countable, objective measure of wellbeing, and comparisons therefore cannot be validly made.[5]

Voting is a second possible way that individual preferences could be translated into social preferences. Unfortunately, this approach

[5]The most commonly proposed approach to dealing with this sort of problem is to use a 'compensation test'. For instance, in one formulation, social wellbeing is deemed to have been increased if those who gain are able to compensate the losers. There are, however, problems with this type of approach. For a discussion of the problems, see Chapter 3 of Ng (1980).

faces fundamental problems. It has been shown that, given individual orderings of three or more options, a social ordering consistent with some reasonable conditions cannot be found in general.[6]

Social values exist as components of individuals' values and preferences, but in turn condition them. Individuals are also influenced by aspects of social organisation and the principles which underlie democratic institutions such as freedom of speech and freedom of association. It is difficult to incorporate the simultaneity and interdependence of individual and social wellbeing in any rigorous theoretical analysis. Further problems arise from the instability and changing range of individual preferences over the life cycle, as compared with the horizons of a society and the way in which it evolves. Long-term decisions must be made in a wide context and cannot therefore be related to the particularity of any individual's preferences. Again, collective mechanisms are required to grapple with these problems and express social preferences.[7]

7 A Typology of Policy Approaches

7.1 *Introduction*

The discussion in the above section has indicated that there are both theoretical and practical reasons why economic and social policy cannot be regarded as separable. Not only are the objectives of the two types of policy ultimately identical, but the effects of one type of policy have a large impact on the domain of the other.

Despite this inseparability, policy makers do distinguish in practice between economic and social policies. The relative importance given to each has been different in different countries at different times. The extent to which they have been separated or integrated has also varied. In general, simple analyses and prescriptions are easier to understand and apply, which favours a narrow and unbalanced approach—and one which will be unsuccessful precisely because of these limitations. It is important to do justice to the complexity of economic and social interactions in a constructive way if either economic or social policy is to be successful in promoting social wellbeing.

[6]For a more detailed account of the problems encountered in deriving preferences from voting, see Arrow (1963), Riker (1961), or Chapter 5 of Ng (1980).

[7]Hodgson (1986) provides a more detailed discussion of these and related issues.

It is the purpose of this section to outline some generic alternative approaches to economic and social policy and the interactions between them which governments may take in practice, and to explore some of the likely implications of adopting any of the particular approaches outlined.

7.2 *Generic Types*

The approaches can be grouped under two main headings: single focus approaches, and dual focus approaches. Under a single focus approach, one of economic or social policy would be given primacy, and would be pursued largely without regard to the effects that processes and outcomes may have on the domain of the other set of policies. With a dual focus however, both economic and social policies would be regarded as important, and attention would be focused on alternative ways of dealing effectively with the interactions between the two sets of objectives.

For the purposes of this discussion, the term 'economic policy' will be used to refer to policies which are designed to improve social wellbeing by increasing material output as a result of pursuing economic efficiency, where economic efficiency entails producing those goods most wanted by society at least cost. As noted above, material welfare is only one of a number of determinants of overall social wellbeing, and for the purposes of this discussion, the term 'social policy' will be used to refer to policies which have as their aim the improvement of wellbeing by means other than the increase of overall material output. Similarly, 'economic goals' and 'social goals' will refer respectively to the goals of economic and social policies as defined above.

Note that this means that policies designed to redistribute material output are included under the heading of social policy, as are policies directed at improving non-material wellbeing.

7.3 *Single Focus Approaches*

As noted above, both economic and social policies are ultimately directed towards the same overarching goal of improving social wellbeing. The government may feel that the overall goal would be attained most effectively by pursuing only one of economic or

social policy. The following discussion considers in turn the rationale and implications first of government giving economic policy primacy, and second, of government giving social policy primacy.

7.3.1 *Economic Policy Dominates*

The adoption of the goal of economic efficiency in order to enhance social wellbeing would reflect a belief that material welfare is the most important determinant of overall social wellbeing. Always pursuing that goal without regard to the non-material determinants of wellbeing, or to the distribution of the material output could be justified in three ways.

First, material welfare may be felt to outweigh all other factors in determining wellbeing. Second, the costs of pursuing social policies in terms of the negative impact that they may have on economic efficiency may be thought to be so great as to make the pursuit of social policy unattractive. Finally, the pursuit of economic efficiency above all else may be proposed for a limited period of time because decision makers believe it is best to maximise the amount of material welfare first before dealing with distributional and other social matters. This would reflect a belief that it is easier to redistribute income and wealth if there is more of it available or easier to solve social problems if more resources are available to devote to that end.

Once it has been decided that economic efficiency is to be the prime goal of policy, there remains the important question of what set of social and economic institutions will best achieve this goal. There are three main ways of pursuing the goal of economic efficiency.

First, if it is believed that freely operating economic markets will produce the most efficient outcome, this would imply that the role of the government should be minimal, being restricted to providing the legal framework, regulating the money supply, and providing for defence and law and order. The family and community would be relied on to cater for those who cannot undertake paid work, and who are therefore restricted in their participation in the market.

Second, the Government may judge that some intervention is needed to ensure the attainment of economic efficiency. This could involve, for instance, some investment in research and development that would not be financed by the market, taxes or subsidies to bring private and social costs and benefits into closer alignment,

or restrictions on monopoly power. It could also entail a minimal 'safety net' approach or a somewhat more positive approach of maintaining the social cohesion necessary for the operation of markets.

The third and final approach is to maintain a centrally planned economy, based on the belief that economic markets are not able to deliver efficiency, and that efficiency can be guaranteed only by non-market means.

Hence, an approach to policy which focuses dominantly on economic policy need not be one which relies wholly on freely operating markets. A range of possibilities is available, depending on a judgment about the balance between markets and the amount of intervention which is thought necessary to promote efficiency. However, the over-riding criterion for policy is that it should contribute to the attainment of greater economic efficiency.

Pursuing an approach in which economic policy dominates will almost certainly give rise to some adverse social consequences. These consequences may be very costly in terms of social wellbeing, but will not be addressed except in a very minimalist way unless they also lead to inefficiency. Social costs are therefore 'invisible' to policy makers who take a single focus approach where economic policy dominates.

7.3.2 *Social Policy Dominates*

An alternative type of single focus approach is one which has as its primary goal the attainment of improvements in social wellbeing by means other than increasing the overall level of material output.

As in the above case where economic policy dominates, the decision to pursue social goals regardless of their effect on economic efficiency may reflect a number of perceptions. First, this choice of goal may reflect a perception that greater material welfare is a relatively unimportant determinant of greater social wellbeing, and that the benefits to be gained from policies directed to social goals would be much greater. A second possible justification is that the adverse effects of economic policies on determinants of non-material wellbeing or on the distribution of material output may be judged to be prohibitively large. Third, it may be felt that it is important to achieve a fair distribution of material output before pursuing increases in material output. This may be felt to be important because, as indicated in section 3, the initial distribution of resources determines the range of efficient outcomes, and also

influences the structure of the society that will emerge after the economic adjustments have occurred.

The nature of the social goals being pursued will greatly affect the specific policies and the mix of social and economic institutions adopted on the basis of a social policy dominated approach. For instance, the third justification for adopting this approach given in the paragraph above relates to a distributional social goal. The social goal to be pursued is one which values a fairer pattern of distribution of income and wealth. If fairness is taken to mean a more even distribution, the government would be required to implement a redistributive tax and benefit system to correct the unequal distribution of material output which is characteristically produced by the unfettered operation of economic markets.

Alternatively, the most highly valued social goal may be the protection of individual liberty and the freedom to pursue unhindered the attainment of individual satisfaction. Some would argue that the use of unfettered economic markets would be the best way to achieve this goal because they rely on contracts made freely by willing actors. Such an argument for the use of economic markets would be based, however, on social rather than economic grounds, since in this case markets would be advocated for libertarian reasons even if they did not lead to an economically efficient outcome.

Similarly, the protection and promotion of cultural values may be regarded by some as a social goal which should not be compromised, even if the attainment of that goal were to lead to a large reduction in material output.

This is an extension of the idea that some rights and values are too important to be compromised. We already take this view in some areas: for instance, we would not approve murder or slavery, even if benefits in terms of efficiency could be found. In essence, a single focus approach in which social policy dominates extends the range of this 'non-tradeability' from a small number of human and political rights to encompass the entire range of economic and social life.

The cost of taking a single focus social approach to policy is that, in practice, the pursuit of social goals without regard to economic ones will have effects on the achievement of economic efficiency. A likely outcome of adopting this approach is a lower material standard of living than would result from a strategy which included economic goals.

7.4 *Dual Focus Approaches*

Instead of focusing on one of either economic or social policy, policy makers may decide that both economic and social goals are important, and that both should be pursued.

The following discussion considers two alternative approaches to the joint pursuit of economic and social goals. Under the first approach, economic and social policies would be designed without taking into account the inter-relationships between them. Alternatively, government could adopt a coordinated approach which would involve economic and social policies being designed jointly, carefully taking into account the predicted effects of economic policies on the likely achievement of social goals and of the predicted effects of social policies on the likely achievement of economic goals.

7.4.1 *Reactive Approach*

Taking a reactive approach to economic and social policy entails pursuing the goals of economic and social policy as if they were separable and then 'picking up the pieces' that result from unintended consequences. For instance, economic policies may be chosen even if they have high social costs. This would not affect the actual choice of economic policies. Instead, separate social policies would be assigned the task of dealing with these costs. If this did not prove workable, and the social costs were considered to be too high to sustain in the long run, the economic policy would eventually be modified. This approach would be equivalent to putting an ambulance at the bottom of a cliff, without considering building a fence at the top to prevent casualties. A number of submissions emphasised the undesirability of such an approach.

A reactive approach may lead to government regularly swapping between economic and social goals as the most urgent. Economic goals would be given more emphasis when the enhancement of material wealth was thought to be the most important immediate need. If the pursuit of economic efficiency improved overall material output, but resulted in high social costs or an unacceptable distribution of material output, the pursuit of social goals might eventually become the most urgent course of action.

A reactive approach to economic and social policy will also give rise to policies which have opposing effects, in the case of the reform of state owned enterprises in New Zealand, in the interests

of economic efficiency and the increase of overall material output. Initially, the income distribution and other adverse social effects were not dealt with, and it was only later that some transitional assistance was given in the form of mobility and other assistance.

7.4.2 *Co-ordinated Approach*

As with a reactive approach, a co-ordinated approach to policy would involve government recognising both economic and social policy as important, and pursuing both at the same time. Unlike the reactive approach, however, the co-ordinated approach would incorporate consideration of policy interactions at the stage of policy design. There is thus a conscious attempt to be aware of large side-effects, and to design policy according to the weighting given to the economic and social factors identified.

Let us consider how such an approach would be applied to the issue of a single nominal rate of income tax. A co-ordinated approach would take into account: tax efficiency (removal of trusts and income splitting as avoidance devices); administrative efficiency and simplicity; revenue effects and fiscal discipline on government (removal of fiscal drag); distributive effects on income (increase in the degree of inequality in the post-tax income distribution, concentration of inequality in particular groups such as Maori people and women); consequent indirect effects on power relations among individuals and groups; incentive effects and numbers affected (increase in marginal income tax rates for lower income groups, decrease for higher income groups); tax shifting; and so on.

A second round of consideration could include attempts to ameliorate perceived difficulties. For instance, further changes in the tax and benefit structure to lessen regressive effects would need to be examined for: tax and administrative efficiency; revenue effects; incentive effects; impact on inequality and on the relative position of particular groups; and tax shifting (for instance, into wages). These matters are discussed in the *papers on Income Maintenance and Taxation* in Volume III.

The benefits would then have to be weighed against the costs of such a move in the wider context of the existing degree of inefficiency and inequality in the economy and society. For instance, a move to a single nominal income tax rate substantially higher than the existing lowest tax rate would be regressive for low income

earners in general. As women and Maori people are found disproportionately in low income groups, it would in particular affect groups which already face other disadvantages of various kinds. The cost of compensating them in income or other terms for the regressive effect of the tax, the cost of the administrative systems required, and the potential revenue loss if the tax were shifted into an employer wage subsidy, would have to be weighed against the tax efficiency and other benefits. Gains in administrative simplicity in tax would be compared with additional administration in the benefits system. Such costs rise with an increased degree of inequality in the society.

Considerations of this kind point to the need for a wider focus for single policy issues. The issues discussed above could be respecified. A wider question is: how much progressivity is desired in the tax/benefit structure as a whole and how could it be most cheaply and efficiently achieved? This would expand the focus to the overall objectives being sought, which can otherwise be lost from view if there is excessive concentration on particular instruments. A wider focus is also likely to encourage the achievement of lower cost solutions because it avoids the reactive approach of introducing one instrument and then further intruments to counteract unwanted side-effects. All relevant considerations can be taken into account in the initial policy design.

The costs and availability of information may cause problems for policy makers choosing to adopt a co-ordinated approach. It is not possible to know in advance all of the effects of a particular policy proposal, and policy makers must therefore make a conscious effort to expose as many of the likely effects as they can. This effort will involve a system of monitoring so that unexpected adverse effects can be detected as soon as possible. (See also the Paper on *Policy Development, Assessment and Monitoring* in Volume II.)

Policy makers may even be forced to respond to some of the side-effects of policies in a reactive way, despite the intention to use a co-ordinated approach. Careful analysis incorporating information from a wide variety of sources, and using skills from a wide range of disciplines, can, however, almost always provide some information on the wider effects of a proposal. The adoption of a co-ordinated approach is desirable for two reasons.

First, it is desirable if the costs of revealing the full range of effects of a policy proposal are lower than the savings made by avoiding the undesirable side-effects associated with the alternative

approaches. (See also *Policy Development, Assessment and Monitoring* paper.)

Second, the achievement of the desired overall objective may be feasible only if a co-ordinated approach is taken. In some cases, it is not a question of the costs of picking up the pieces. The society created by the main economic policy approach cannot be retransformed by social policy. In that case, no amount of subsequent repair work will alter the social choice that has been made already, although some cases of hardship can be ameliorated.

7.5 *Applying the Typology*

It should be noted that in practice no government's approach can ever be described as wholly conforming to any single approach outlined. Policy approaches are normally a mixture of those described above, with different approaches being used for different issues.

Another caution: the content of social goals needs to be identified before the analytical framework is applied to actual policy choices. For instance, a government with a social policy which comprises the protection of personal liberties and minimal income support may take a co-ordinated approach, but would be judged by someone with a social goal of ensuring full participation in society to be ignoring the effects of economic policies on the ability of people to participate, and would therefore be seen to be taking a single focus economic policy approach.

In practice, the approaches described are not as firmly differentiated as they have been presented for expository purposes. The more emphasis that policy makers place on one of economic or social policy, the more likely they are to adopt a single focus approach. In contrast, giving equal weight to both social and economic goals would be impossible unless a dual focus approach were taken.

7.6 *Example of Co-ordinated Strategy*

It is difficult to find 'pure' examples of any one of the approaches outlined, but current and historical examples can be found which characterise each approach to a greater or lesser extent.

The case studies included as Part II, sections 11–17 of this paper give recent and historical examples from New Zealand of policy

areas and indicate how these relate to the typology outlined above. As the Commissioners support the principle of a co-ordinated strategy to economic and social policy, it is appropriate to pay particular attention to practical examples of such an approach.

One of the most clearly articulated and well documented examples of a co-ordinated approach is found in the principles and policies pursued by Swedish governments over the past half century.[8] The policy-making process in Sweden emphasises both economic and social concerns. In Sweden, '[O]fficial committee reports, white papers, and the preambles to statutes are likely to define equity, freedom of choice, democracy, individual fulfilment and personal dignity as overriding goals of social and related policies', unlike the procedure in Britain and other Western countries, where 'the patent motives are to effect a reduction in government spending'.[9]

The Swedish approach is characterised by a high commitment to paid employment as a fundamental source of individual and social wellbeing. Economic policies have thus been designed in such a way as to preserve the primacy of full employment and to ensure the maintenance of a relatively high wage economy. It is acknowledged that the wage is more than a price signal: it is perhaps the most important source of material welfare for a large proportion of the population.

In the 1930s, exchange rates were used as a tool to develop and maintain relatively high levels of wages and employment. The krona was devalued significantly in September 1931 and remained so for almost a decade. This enabled Sweden to remain internationally competitive and at the same time to have relatively high wage levels. However, real wages overall were constrained by agreement among employers, unions and government to what could be afforded by the internationally competitive sectors. The expansion of activity in both export and import-substitution activities was associated with productivity gains which more than outweighed the increases in wages. High wages and international competitiveness were both seen as legitimate goals, and policy debates then and

[8]Lundberg, E, in *Journal of Economic Literature*, no. 23 (March 1985), provides a good account of the logic and development of the Swedish approach to economic and social policies over the last fifty or so years.

[9]Greve, J., "Development and disengagement—social policy in Scandinavia and Britain".

since have included explicit recognition of their inter-relationships when designing policies to meet either objective.

The joint treatment of the economic goals of international competitiveness and economic growth and the social goals of high employment and high wages has been a characteristic feature of the Swedish approach to government policy. It has been supported by a high degree of consensus in the population about the nature of the goals and how to achieve them. Even in the 1970s and 1980s, when Sweden was suffering from the threat of inflation, unemployment was not seen as a means of attaining the goal of low inflation. A significant amount of adjustment, including the transfer of resources out of traditional industries, has been achieved at minimal cost in unemployment.

There have, of course, been considerable debates in Sweden at various times about the specific choice of policies, but there has been a general adherence to the principles of pursuing both social and economic goals simultaneously in a co-ordinated fashion.

A caveat should be entered, however. Social and economic policies and institutions cannot be transferred wholesale from one country to another. Their particular form grows out of the culture of which they are part. The Swedish example demonstrates that it is possible to pursue integrated goals in a consistent and efficient way over a long period of time. Elements of their strategy are worth considering here. But if such an approach were chosen in New Zealand, it would be necessary to design a programme appropriate to our own values and culture.

In New Zealand, a co-ordinated view of social and economic policy has been articulated at various times in the nation's history, but has not been incorporated in actual policies in the same way that it has in Sweden over a long period of time.

Part II

8 Policy Interactions in Practice

8.1 *Introduction*

In implementing social and economic policy, the government cannot use the goal of 'increasing social wellbeing' as an operational objective. Instead, it must rely on the use of intermediate goals which enhance some aspects of social wellbeing. For instance, policies to control inflation are adopted in order to promote economic stability, which will enable more efficient use to be made of economic resources and will lead to a growth in material economic welfare.

Such intermediate goals must be consistent with the overall goal of improving social wellbeing, but may conflict with other intermediate goals.

Although economic and social policies have been discussed in this paper as though they were separate, it is difficult to identify a policy which is purely social or purely economic in its impacts. Most economic policies have some degree of social impact, and most social policies affect the functioning of economies in some way. As mentioned above, economic policies may even be used as instruments to achieve social goals. In the past, for instance, a devaluation of the exchange rate was used as an administratively cheap way of redistributing income towards the farm sector.

The following discussion examines briefly some of the main types of interaction between economic and social policy, looking first at the effects of economic policy on social goals and then of social policy on economic goals.

8.2 *The Impact of Economic Policy on Social Outcomes*

The economy is perhaps the biggest single delivery mechanism for social wellbeing, and not only in the material sense. Participation in the paid work-force is the biggest source of income support available and also, for many people, yields self-esteem, a sense of worth and identity, and access to activities of various kinds.

The quality of management and the productivity of investment have a lot to do with the income that is available to those who work and to the tax revenue necessary to finance social programmes. 'Getting the economy right' is therefore a prime social concern. However, economic policy aimed at that objective may have an adverse effect on the attainment of other social goals.

The most obvious social effect of economic policies is a redistributive one, in the widest sense. The pattern of economic activity around the country, the numbers with work and without, the growth path and the distribution of output over time, are heavily influenced by stabilisation and liberalisation policies. These are the 'big levers', beside which other policies are much less significant in their power to influence outcomes. For instance, the required rate of return in forestry is one of the biggest determinants of employment, and hence income and prosperity, in areas such as the East Cape and Northland. Social policy and programmes, as traditionally defined, are relatively ineffectual.

The effect of macro-economic and structural reform policies is discussed in more detail in sections 12 and 13 below.

Another example: firm-based bargaining may be desirable on economic grounds because of the clarity of market signals which will result, but it may have the effect of redistributing resources and market power away from the poorer and less well organised workers who are, in terms of social policies, in greater need than the beneficiaries of such a system. In response to this interaction, the government may choose to modify the economic policy, or it may decide to develop additional policies to do something about the social effects. Economic policies may also affect the access that individuals have to society or their ability to participate in it. Restructuring of the economy, while being in the long term interests of society, may have large adverse effects on the ability of some individuals to participate. During the process of restructuring, many people are displaced from employment, and employment is one of the most important means by which individuals can establish and maintain contacts in the community. Thus, any economic policies which result in unemployment weaken the links of the unemployed individual to the community and society.

Finally, economic policy may fundamentally change the structure of society, thus affecting both the aims of social policy, and possibly the longer term potential for wellbeing. This is clearly true of tax policy, perhaps the single most powerful instrument of

both distribution and efficiency. Another example is energy policy, which has enormous implications in terms of size of assets and investment, technology, workforce, and industrial and household use. (See the papers on *Energy and Social Policy* in Volume IV). For instance, the government may encourage a certain source or type of energy because it would enable domestic producers to produce goods more cheaply than their overseas competitors. The impact of the choice of energy strategy will, however, have a significant effect on the technology that is used in industry and in the home, and will influence the range of options that are open to the economy and society.

Similarly, immigration may be economically desirable in times of high economic growth, in order to supply sufficient workers for the economy. This would, however, have the effect of changing the nature of society—including the balance between the tangata whenua and the rest of society, and thus the range of things which are valued by society. While this should not necessarily be seen as having a negative social impact, it would almost certainly require a change in the approach to social policy.

8.3 *The Impact of Social Policy on Economic Outcomes*

Social policy often affects the behaviour of individuals in ways that make it more difficult to achieve economic goals. For instance, as discussed in Part I of this paper, the presence of an unemployment benefit may provide necessary income support for those out of work, but may also provide incentives for people to stay out of work by removing the immediate threat of hardship. This may jeopardise economic goals and may also be seen as unfair: other people are paying for this support through their tax. As shown below, (section 17), the disincentive to work is relatively small, although provision for dependants raises the benefit to levels where work disincentives appear more likely to arise than they would from unemployment benefit alone.

Any government funded social provision will also have an effect on the allocation of economic resources in that it directs resources away from activities that would otherwise be selected on the basis of market demand and returns. This reallocation is justified if the enhancement of social wellbeing is greater from the social policy than it would have been from the market-chosen alternatives. The

costs of administering social policy must also be taken into account when evaluating the costs of the reallocation.

Effects on savings and investment decisions can also be an important aspect of social policy.

The effect that government social policy will have on economic goals also depends on the way that social policy is funded. A number of countries fund social security from employer and employee taxes, which distorts employment decisions. The structure of pension and other social insurance arrangements can also impede the occupational and regional mobility necessary for successful economic adjustment.

In addition, the method of funding can undermine the objectives of social policy. For instance, in a study of black males in America, it was found that the benefits they received from transfers were outweighed by the regressive way in which the taxes to fund the transfers were raised. The net distributive effect was negative. (Aaron, 1977). It is possible to develop methods of funding which have a less distortionary effect on economic goals and a less regressive effect on social goals. These issues are covered in more detail in the paper on funding issues.

The following section 9 sets out some 'landmark' statistics, which help to place the issues discussed so far in Parts I and II in their real New Zealand context. A matrix of the inter-relationships of economic and social policy follows (section 10). Sections 11–17 then expand on the empirical significance of some of the key interactions.

9 Section on Summary Statistics

9.1 *Introduction*

A great deal of policy proceeds on assumptions that derive from a limited conceptual framework and 'folk wisdom' about the importance of various social and economic effects.

Part I set out to explore why our conceptual framework is likely to be limited and hence the theoretical reasons why our approach to policy may be flawed. The purpose of Part II is to attach some empirical significance to the interactions, and to show where policy is likely to have its biggest effects. It will not be helpful—or

efficient—to concentrate our efforts on issues of popular or ideological significance if their empirical significance is limited. The following sections are intended to be a practical contribution to overcoming that risk.

The summary statistics which follow are intended to give the 'big picture' by sketching the outlines of our society using a number of key social and economic indicators. They comprise tables and charts showing the size and composition of Goverment expenditure, income distribution, dependency ratios, educational qualifications, and beneficiary statistics.

9.2 *Gross Government Expenditure by Functional Area*

Table 1 and Figures 1 and 2 show the changes in the pattern of gross government expenditure in the decade to March 1987. These data give an indication of the range of activities undertaken by the Government which involve fiscal expenditure.

The figures in Table 1 show that between 40 and 45 percent[10] of the government's expenditure is on the areas of education, social services, and health, which are generally regarded as the core areas of social policy.[11]

This proportion would be even greater if net expenditure figures were used, as there is a greater amount of revenue raising and cost-recovery in the trading arms of government than in social policy areas.

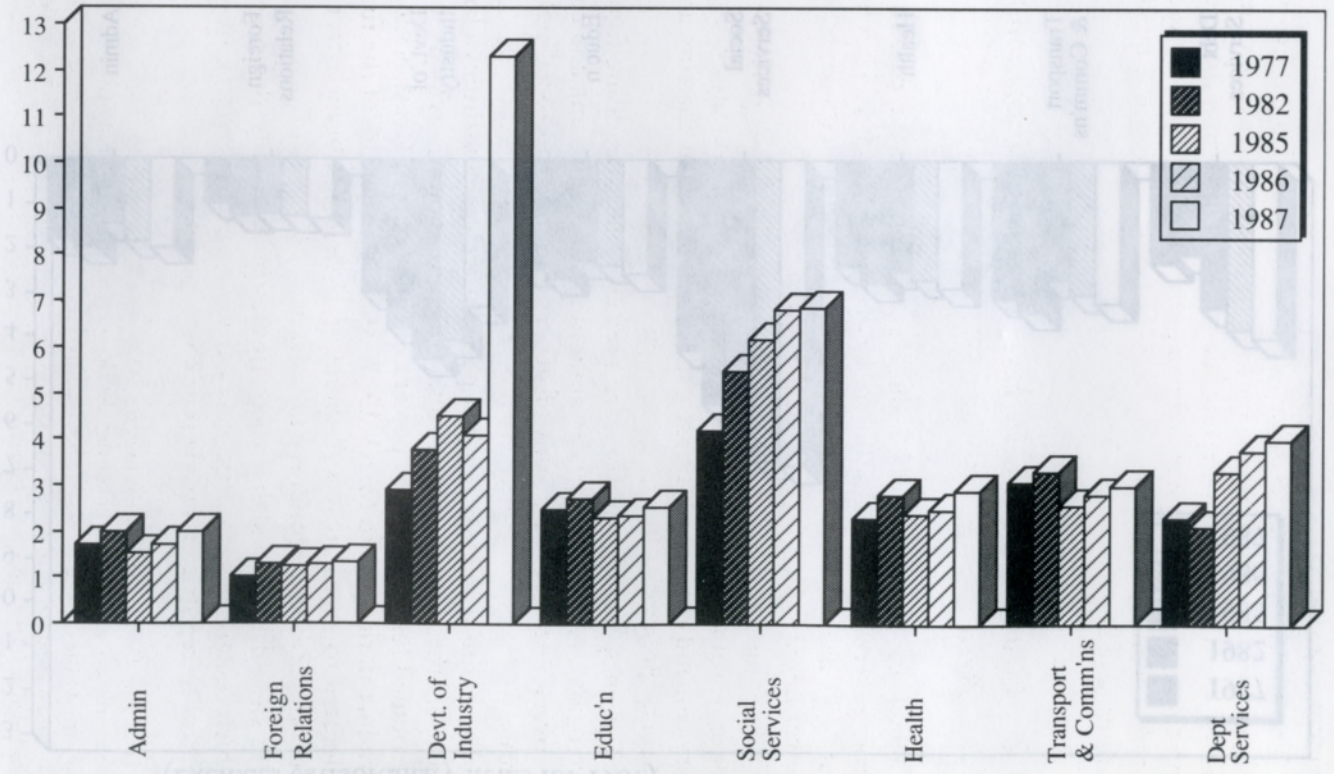
Expenditure on areas of social policy therefore constitutes a large part of the Government's total net expenditure which itself accounted for around 39.6 percent of the country's Gross National Product in the year to March 1987. Making better use of the funds allocated to social areas will therefore have a significant effect on the New Zealand economy and society.

It should be noted that these figures include only those items which entail government expenditure, and the effects of tax rebates or regulations are therefore not included.

[10]The figure for the 1987 year is lower, at 35.0 percent, due to the inclusion of a large extraordinary expenditure under the 'development of industry' heading.

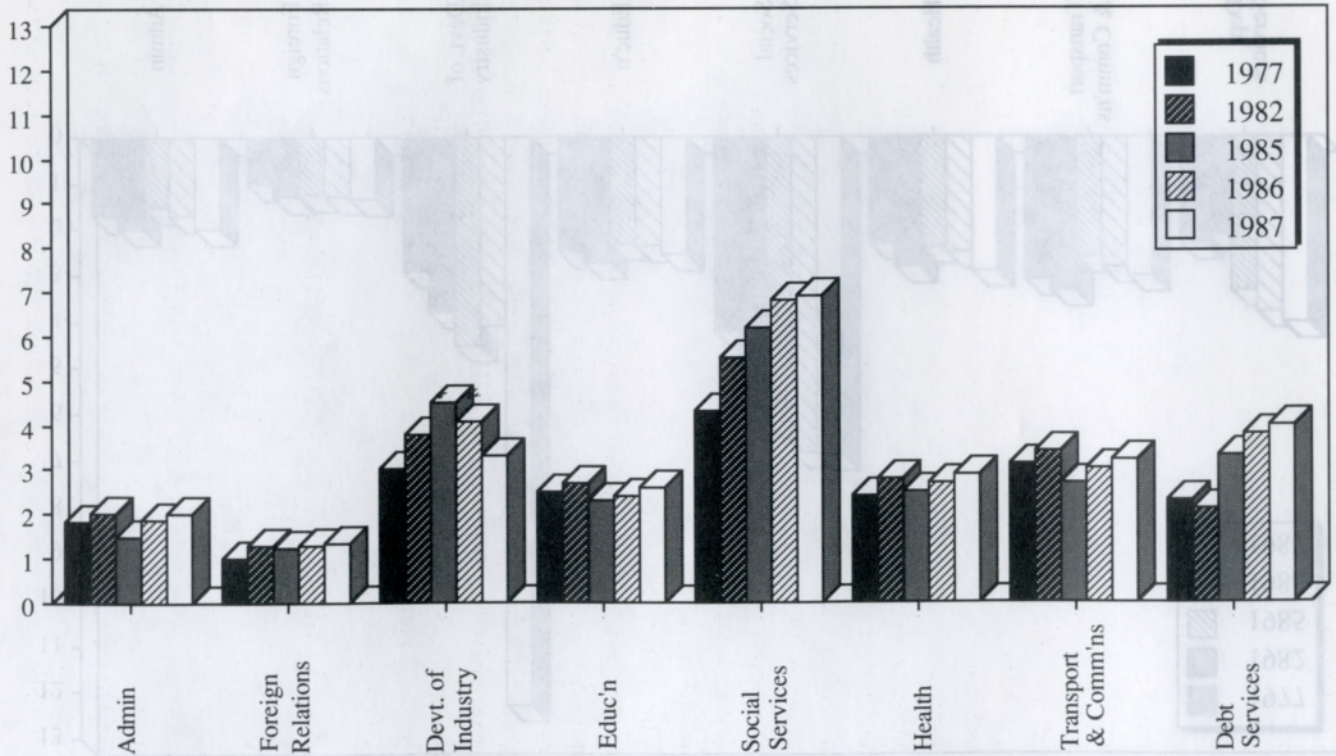
[11]Owing to the classification system used, this figure excludes some other areas which are often regarded as social policy, such as those covered by Vote: Labour, which is included as 'Development of Industry'.

FIGURE 1: Gross government expenditure
(By functional classification 1977-87)



Source: See Table 1

FIGURE 2: Gross government expenditure
(Excludes extraordinary items for 1987)



Source: See Table 1

9.3 *Changes in Output and Employment*

Table 2 shows the distribution of workers and output by industry group, and the changes in output and employment that have taken place between 1976 and 1986. It is clear that the patterns of change are not uniform, and that some industries have shown much greater gains than have others.

Half of all full-time workers are employed in either the manufacturing industry group, or in community and personal services. In contrast, the finance and insurance industry group, which is the fastest growing industry group, in terms of both share of employment and share of output, employs less than ten percent of workers, as does agriculture. The agricultural industry however, makes a significant contribution to export earnings, providing 51.7 percent of New Zealand's export earnings in the year to June 1986.

Manufacturing, which employs more full-time workers than any other industry group, has experienced a decline in its share of employment in the ten years to 1986, although it has maintained its share of output.

The industry shares of output, full-time employment, and part-time employment, are illustrated graphically in Figures 3, 4, and 5 respectively.

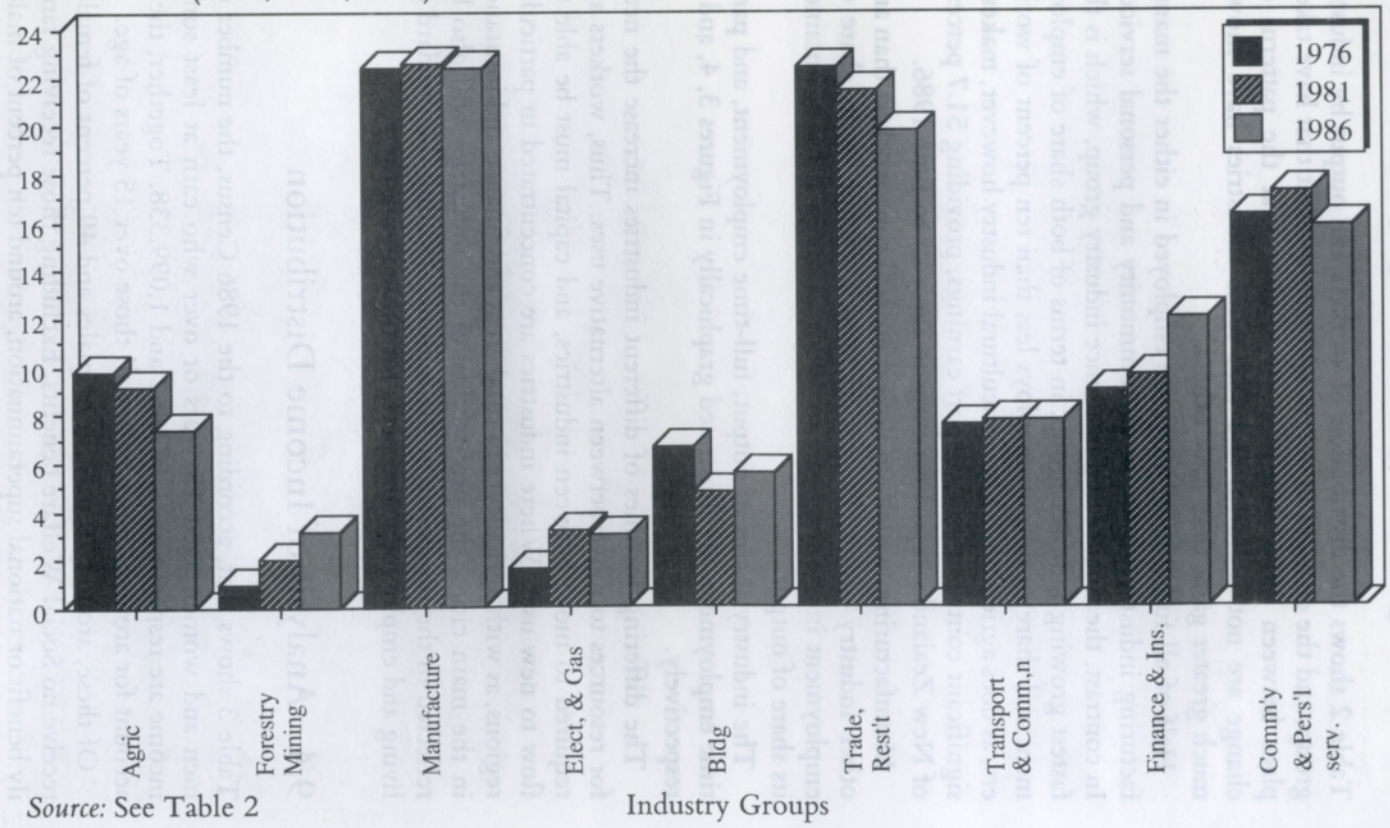
The differing fortunes of different industries increase the need for resources to move between alternative uses. Thus, workers are required to move between industries, and capital must be able to flow to new uses. Where industries are concentrated in particular regions, as with agriculture in rural areas and finance and insurance in the main cities, the profitability of the industries will also be reflected in the prosperity of the regions, affecting the standard of living and employment prospects for those living there.

9.4 Analysis of Income Distribution

Table 3 shows that, according to the 1986 Census, the number of men and women aged 15 years or over who earn at least some income are respectively 1,122,462 and 1,099,338. Together, these account for around 95 percent of all those over 15 years of age.

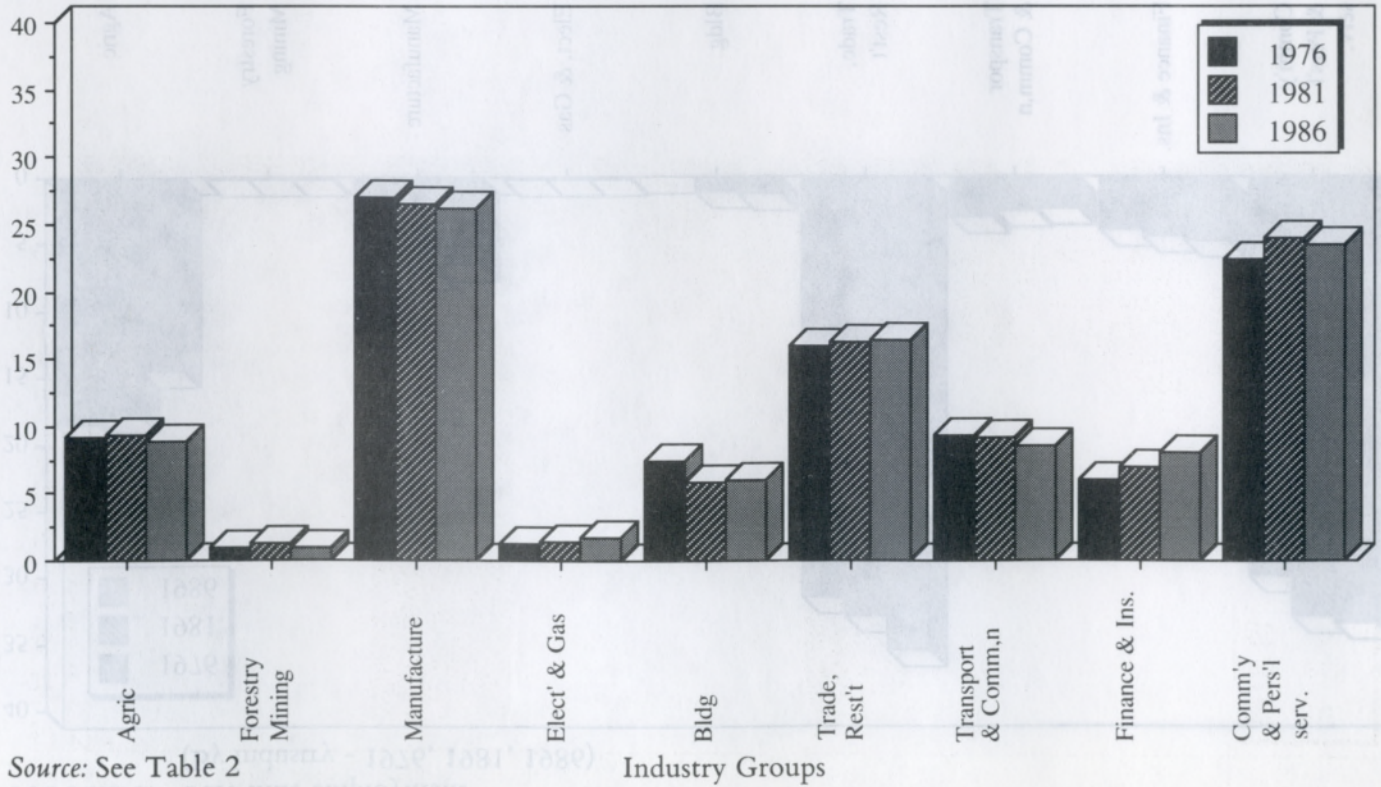
Of these, around 70 percent of males and 40 percent of females receive no Social Welfare benefits. Excluding those receiving family benefit or national superannuation, around ten percent of males

FIGURE 3: Output by industry (1976, 1981, 1986)



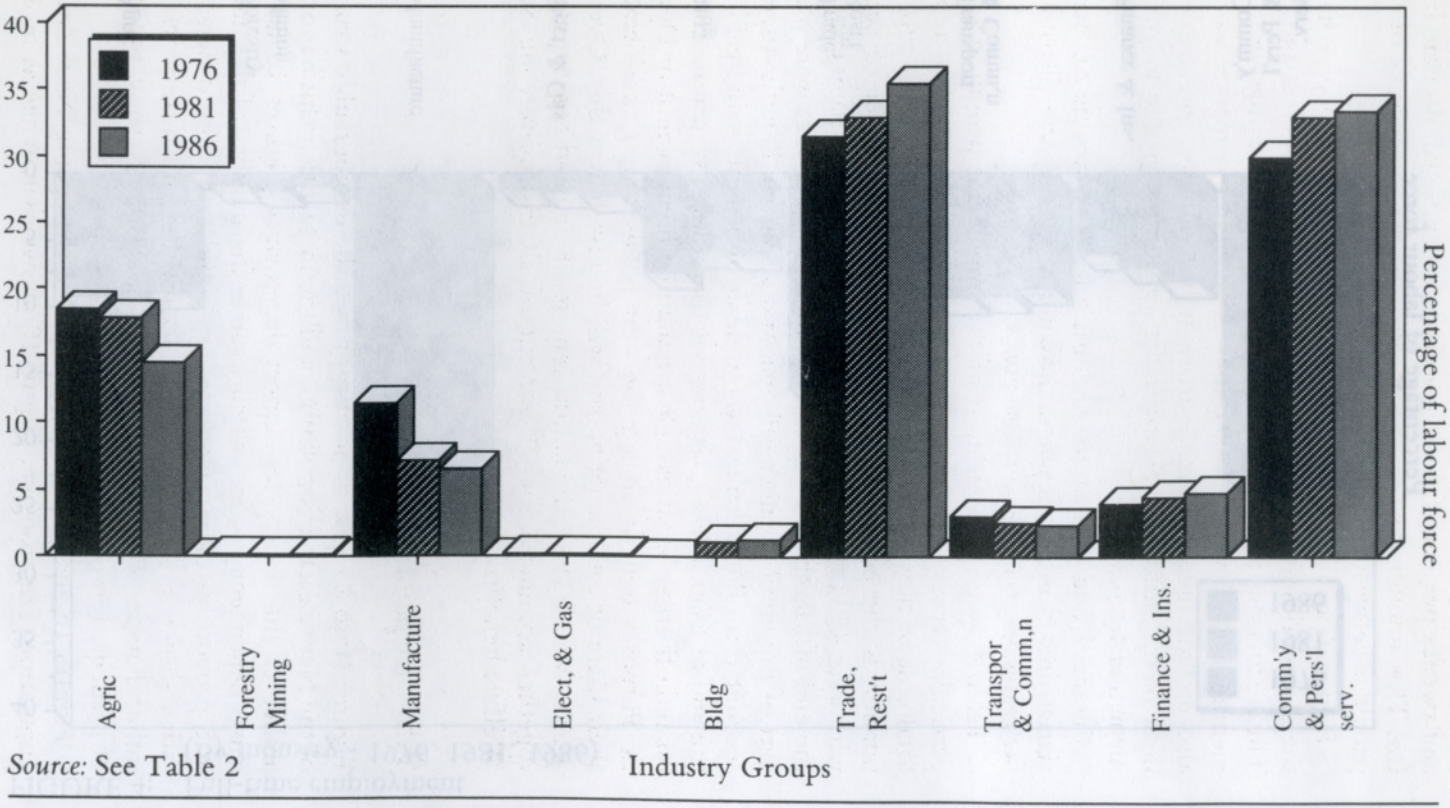
Source: See Table 2

FIGURE 4: Full-time employment
(By industry - 1976, 1981, 1986)



Source: See Table 2

FIGURE 5: Part-time employment
(By industry - 1976, 1981, 1986)



Source: See Table 2

and twenty percent of females receive other Social Welfare benefits. This amounts to 367,254 people. The median income of these people is between $10,000 and $12,500.

Figures 6 and 7 show the effect that non-market income has on the distribution of income among persons aged 15 years and over. The reduction in the proportion of people earning very low incomes is evident from the graphs. Although non-market incomes also include income from sources such as interest and dividends, most of the difference between the two graphs is due to government transfer payments.

Figures 8 and 9 illustrate the distribution of income for beneficiaries and non-beneficiaries, showing separately the distribution for males and females respectively.

Table 4 gives an indication of the number of people receiving particular types of Department of Social Welfare benefits, and the total cost of those benefits to the Government. National superannuation is the benefit that affects the largest number of people, with over 470,000 people receiving superannuation payments as at the end of March 1987. A similar number of benefits were paid as part of the family benefit scheme, and these two benefits together accounted for 84 percent of the number of benefits being paid as at the end of March 1987, although if the number of people coming on and off other benefits such as unemployment benefit or Domestic Purposes Benefit during the year is taken into consideration, their share of total benefits paid will be lower than this. Over the year to March 1987, the family benefit scheme and superannuation together accounted for 71 percent of all expenditure on Social Welfare benefits.

9.5 *Dependency Ratios*

Figures 10 to 13 give some insight into the demographic structure of the New Zealand population, and the impact that this has on the ability of the society to support dependants. Figures 10 and 11 show dependency ratios which express the number of dependants as a proportion of the working age population. The dependency ratios shown in Figures 12 and 13 use the full-time workforce rather than the working age population, in order to show the effect of participation trends on dependency.

Figures 10 and 12 show the effects of the ageing New Zealand population. For instance, Figure 10 shows that, whereas in 1951

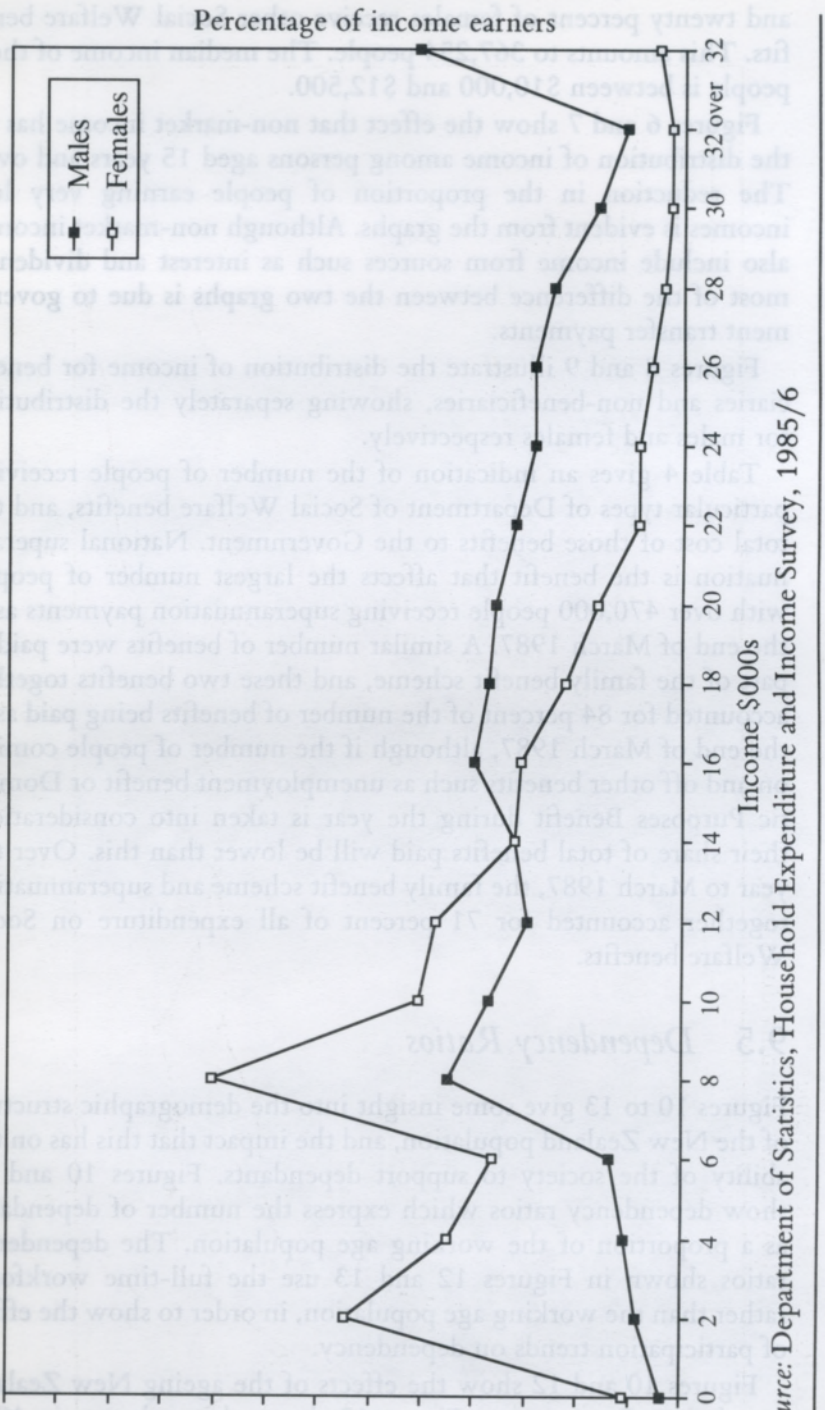
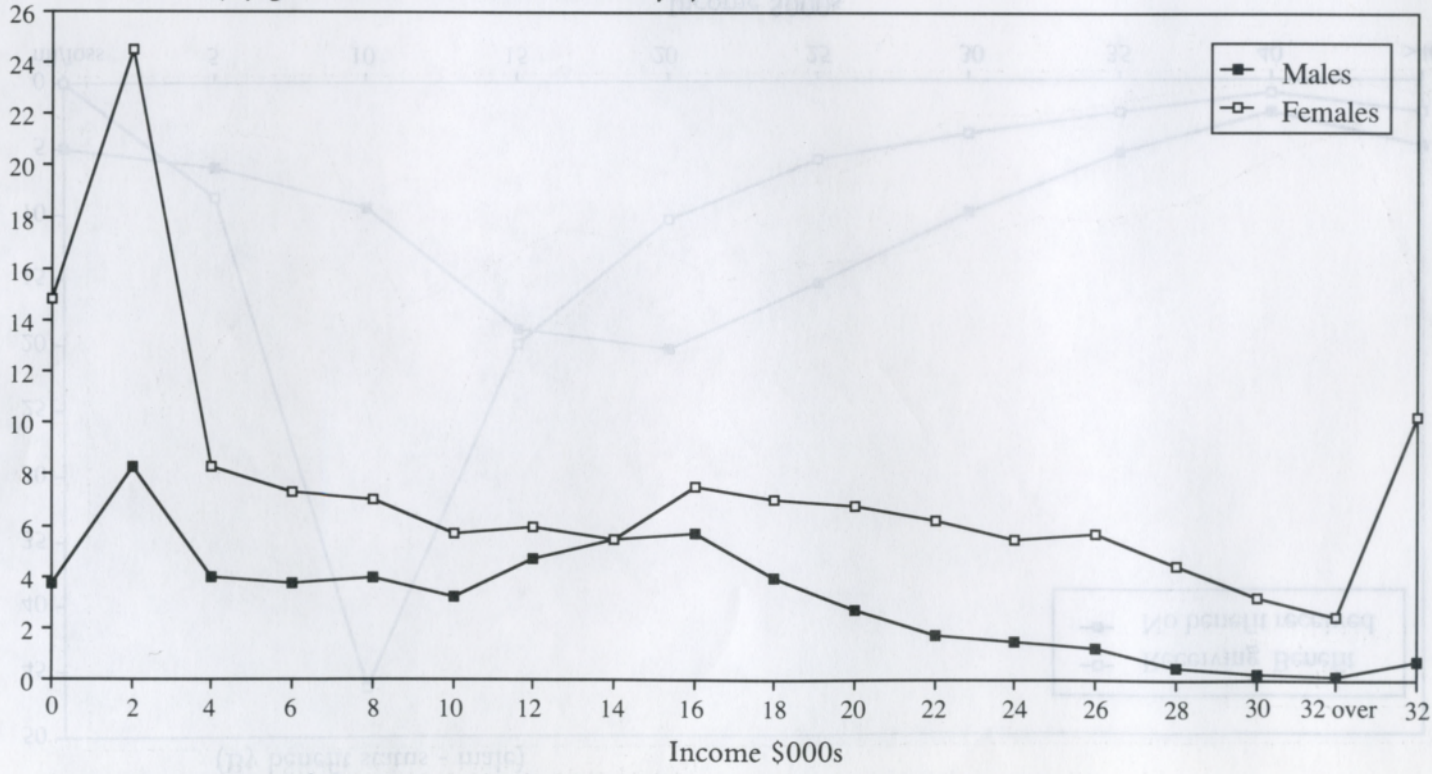


FIGURE 6: Total income
(By gender: all individuals over 15 yrs)

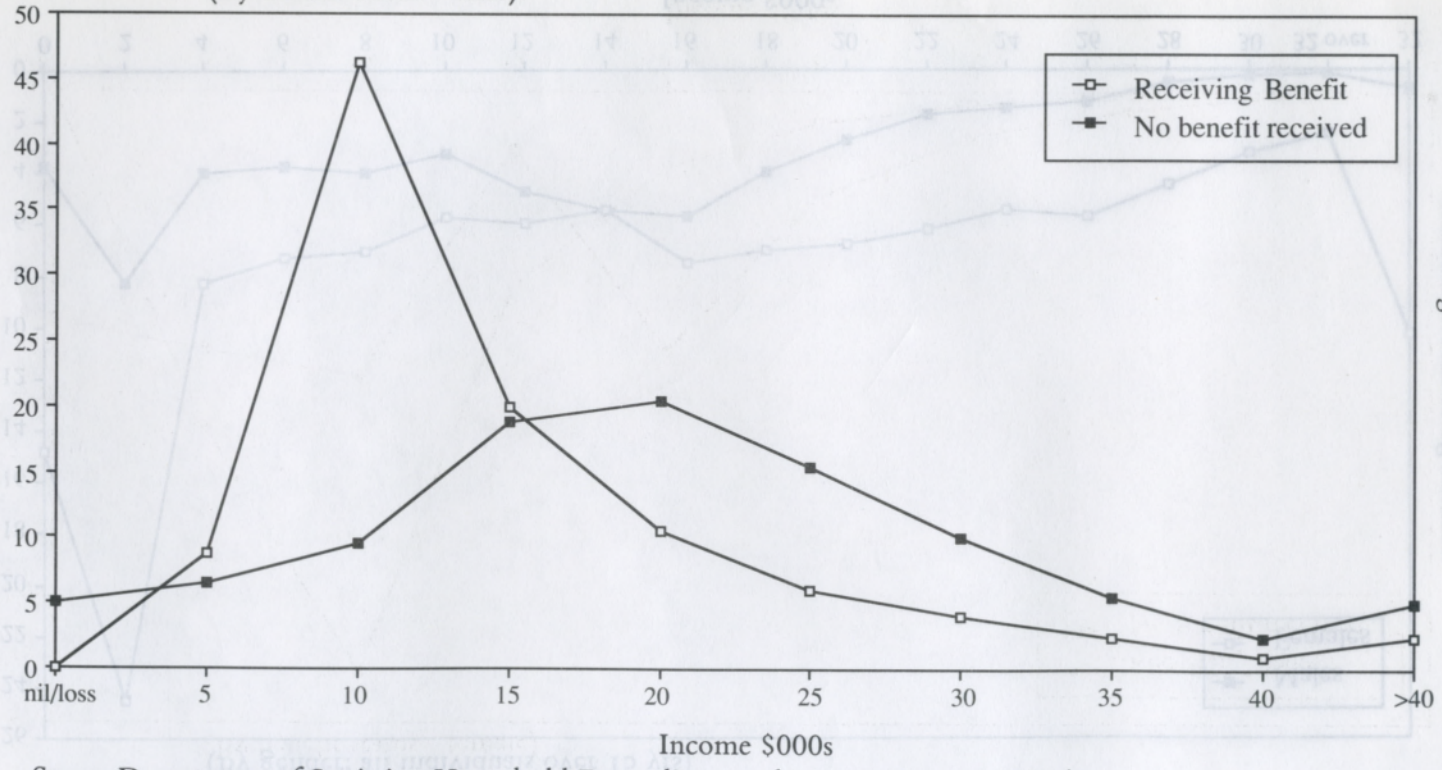
Source: Department of Statistics, Household Expenditure and Income Survey, 1985/6

FIGURE 7: Market income
(By gender: all individuals over 15 yrs)



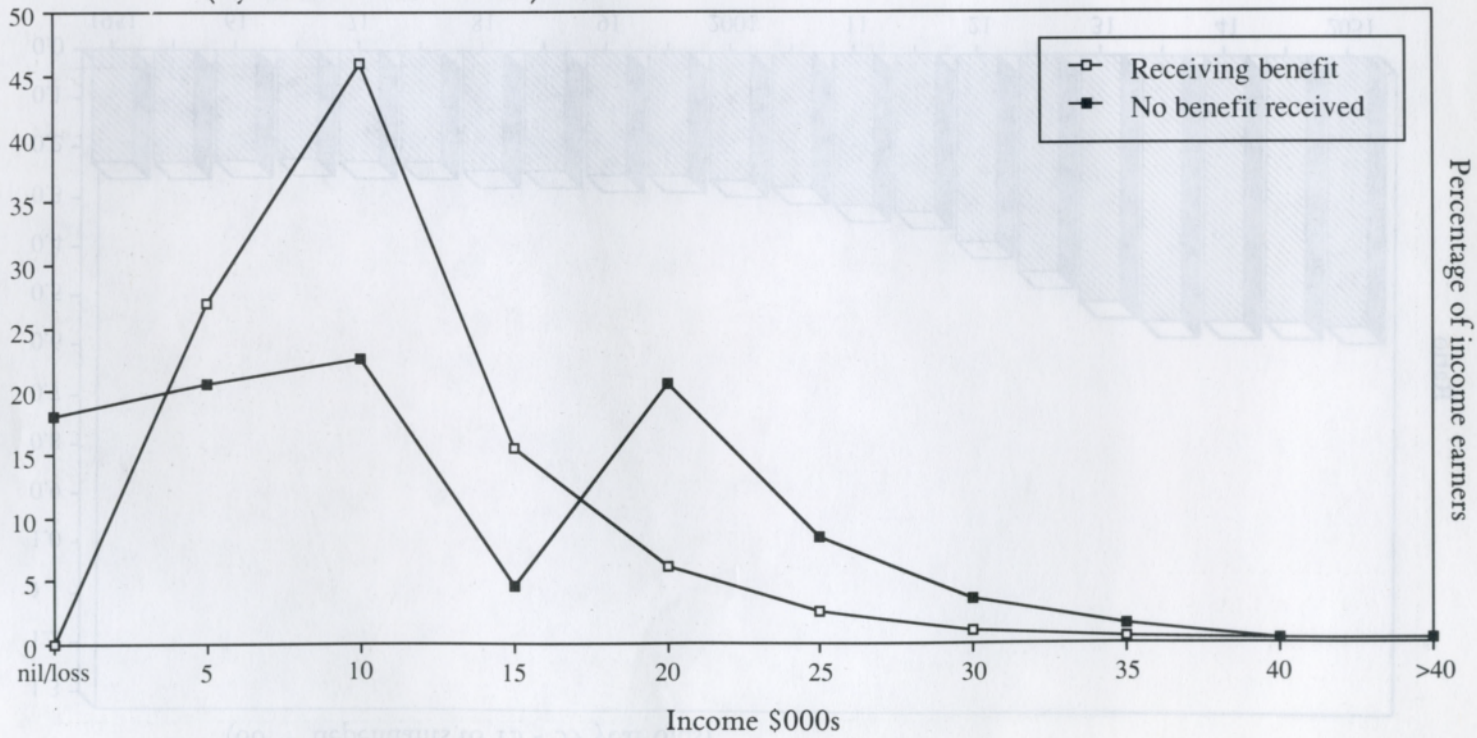
Source: Department of Statistics, Household Expenditure and Income Survey, 1985/6

FIGURE 8: Total income
(By benefit status - male)



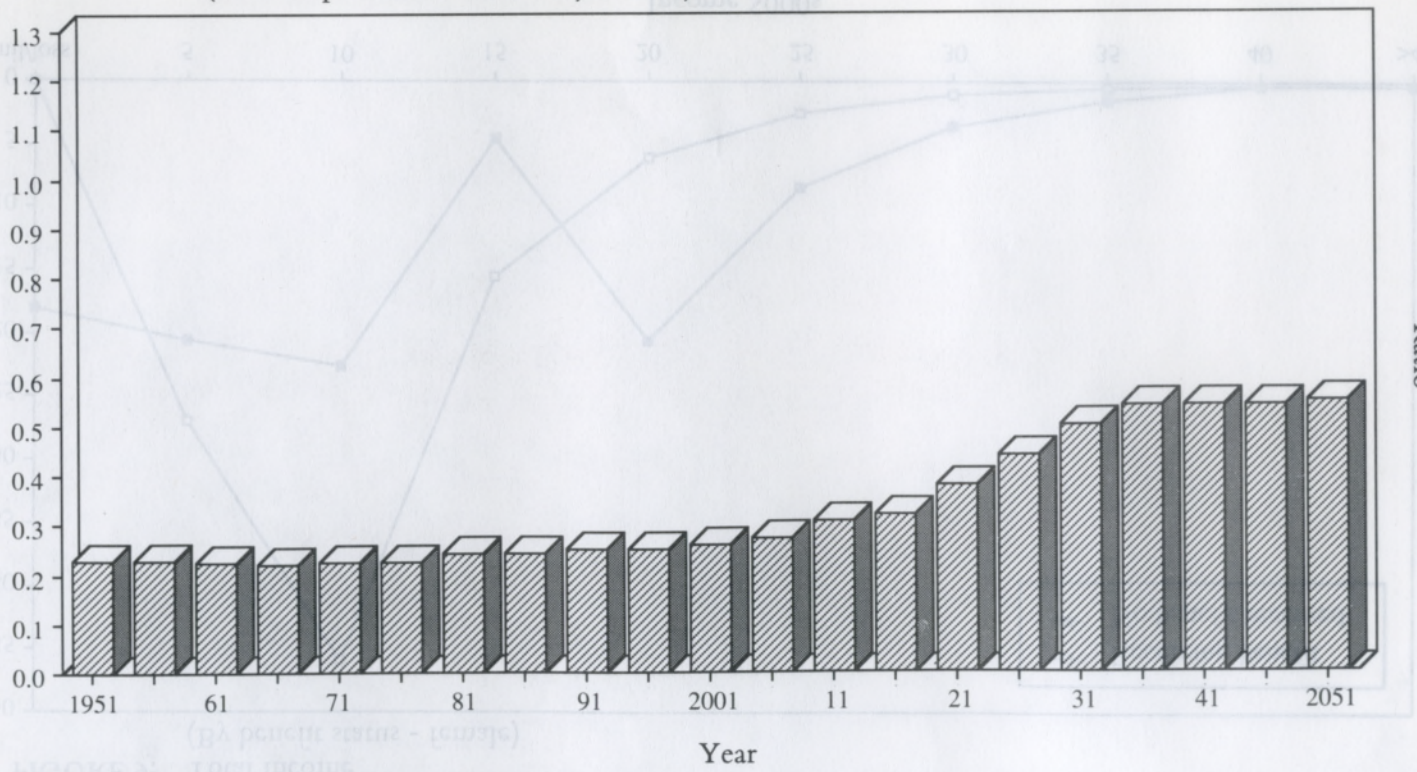
Source: Department of Statistics, Household Expenditure and Income Survey, 1985/6

FIGURE 9: Total income
(By benefit status - female)



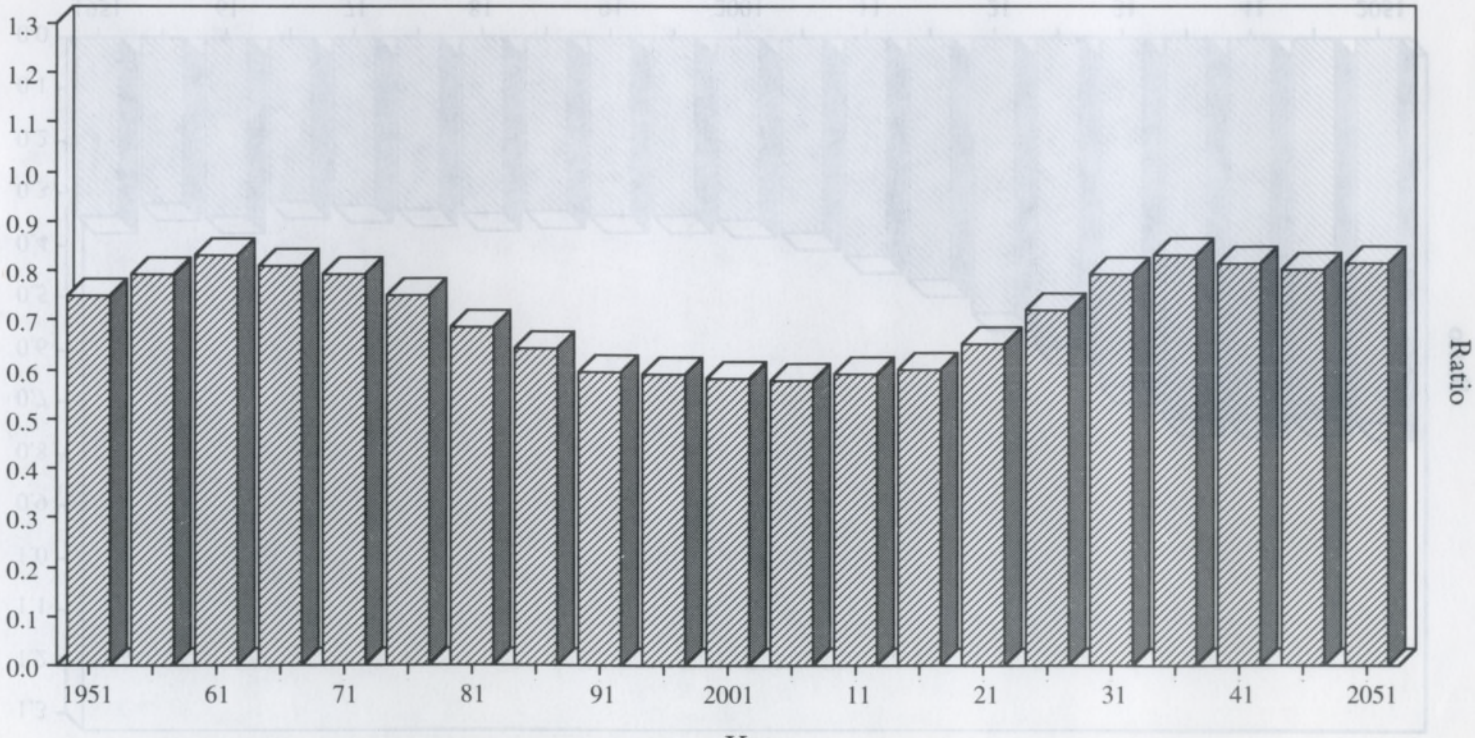
Source: Department of Statistics, Household Expenditure and Income Survey, 1985/6

FIGURE 10: Dependency ratio 1951-2051
(60 + dependants to 15 - 59 year olds)



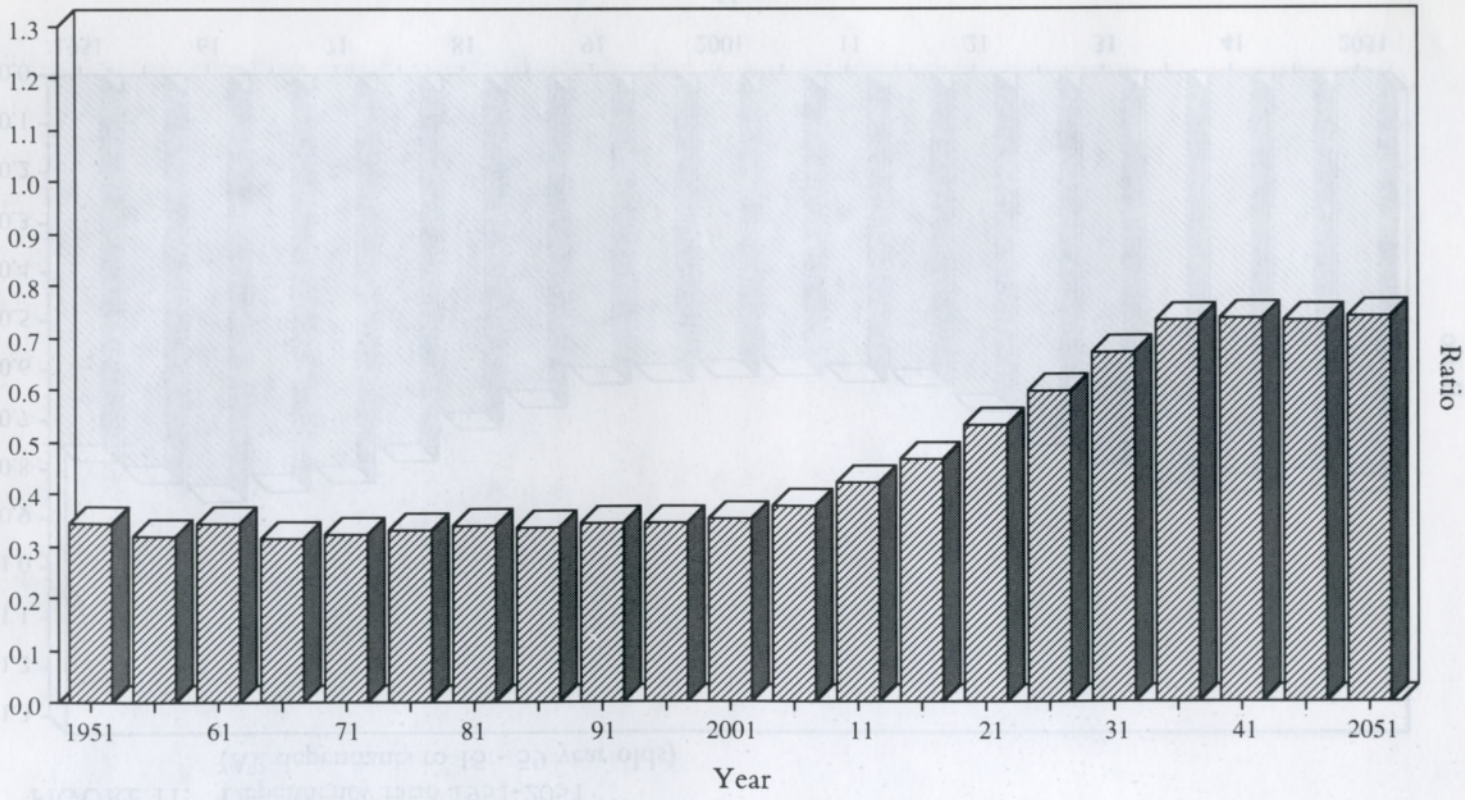
Source: Department of Statistics, Population Projection Section

FIGURE 11: Dependency ratio 1951-2051
(All dependants to 15 - 59 year olds)



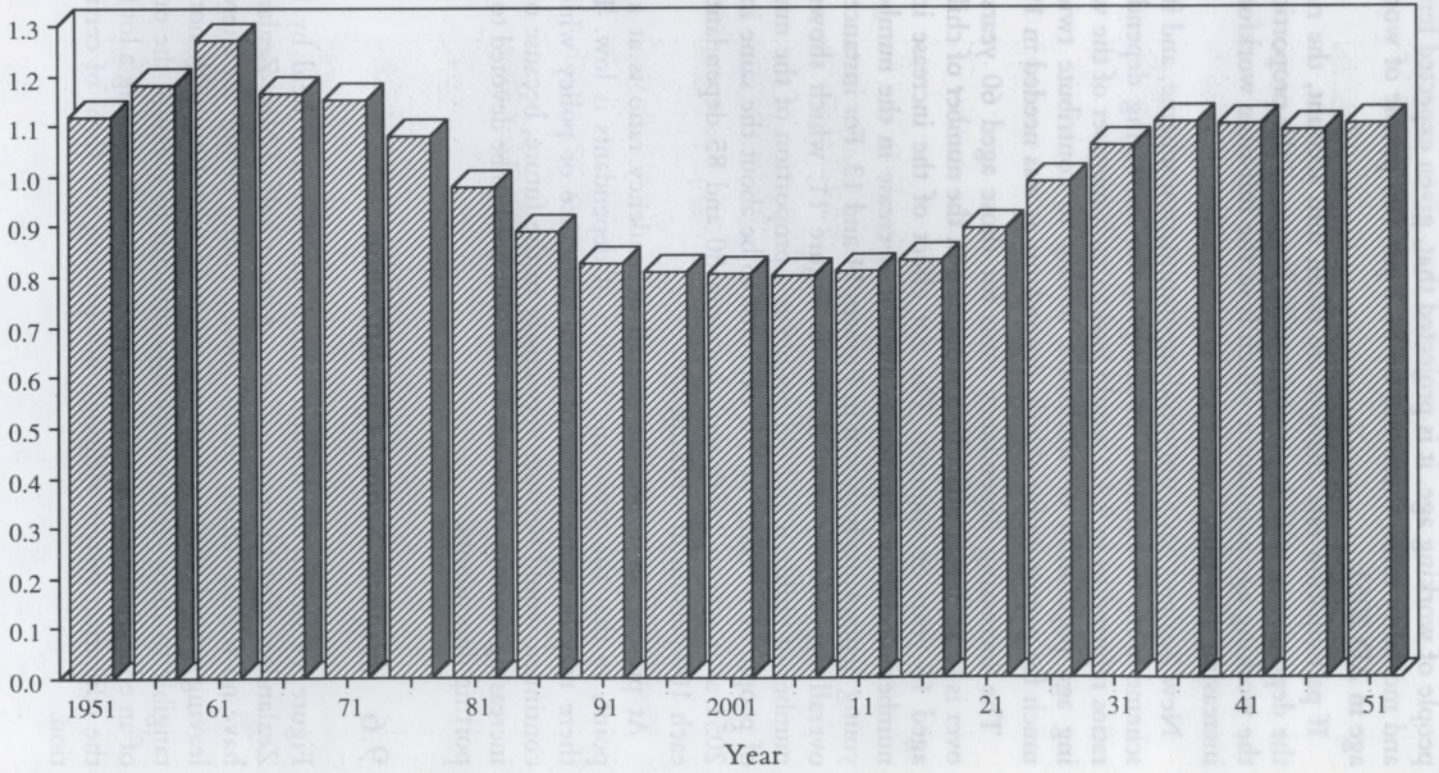
Source: Department of Statistics, Population Projection Section

FIGURE 12: Dependency ratio 1951-2051
(60 + dependants to full-time workforce)



Source: Department of Statistics, Population Projection Section

FIGURE 13: Dependency ratio 1951-2051
(All dependants to full-time workforce)



Source: Department of Statistics, Population Projection Section

there were 22.9 persons aged 60 years or more for every 100 people of working age, it is projected that, given expected fertility and mortality rates, there will be 54.1 per 100 people of working age in AD 2051.

If participation rate changes are taken into account, the rise in the dependency ratio is proportionally lower, as the proportion of the working age population which is in the full-time workforce is increasing over time.

New Zealand has a universal superannuation scheme, and if this scheme were to continue unchanged, the increasing dependency ratios referred to in 9.4.2 would lead to each member of the working age population or workforce having to contribute twice as much for payments for elderly dependants as was needed in 1951.

The increasing dependency ratio for those aged 60 years and over is to an extent offset by a reduction in the number of children aged 15 years or younger. The net effect of the increase in the number of elderly dependants and the decrease in the number of young dependants is shown in Figures 11 and 13. For instance, the overall dependency ratio shown in Figure 11, which shows the number of children and old people as a proportion of the number of people of working age, is expected to be about the same in AD 2051 as it was in 1956, with between 80 and 85 dependants for each 100 persons of working age.

At present, in 1988, the overall dependency ratio is at a low point, so that the economic burden of dependants is low. Thus, there may be some forms of social assistance or policy which if continued would become very costly in the future, because of the increasing amount of resources that will need to be devoted to supporting dependants.

9.6 *Highest School Qualification*

Figure 14 shows the highest school qualifications held by New Zealanders aged 15 years and over. Almost half of New Zealanders have no formal school qualifications. Young people are therefore leaving school after at least ten years of schooling with nothing tangible to show. It is notoriously difficult to measure the output of an education system, as young people may be gaining a lot from the education system although not gaining any form of certification.

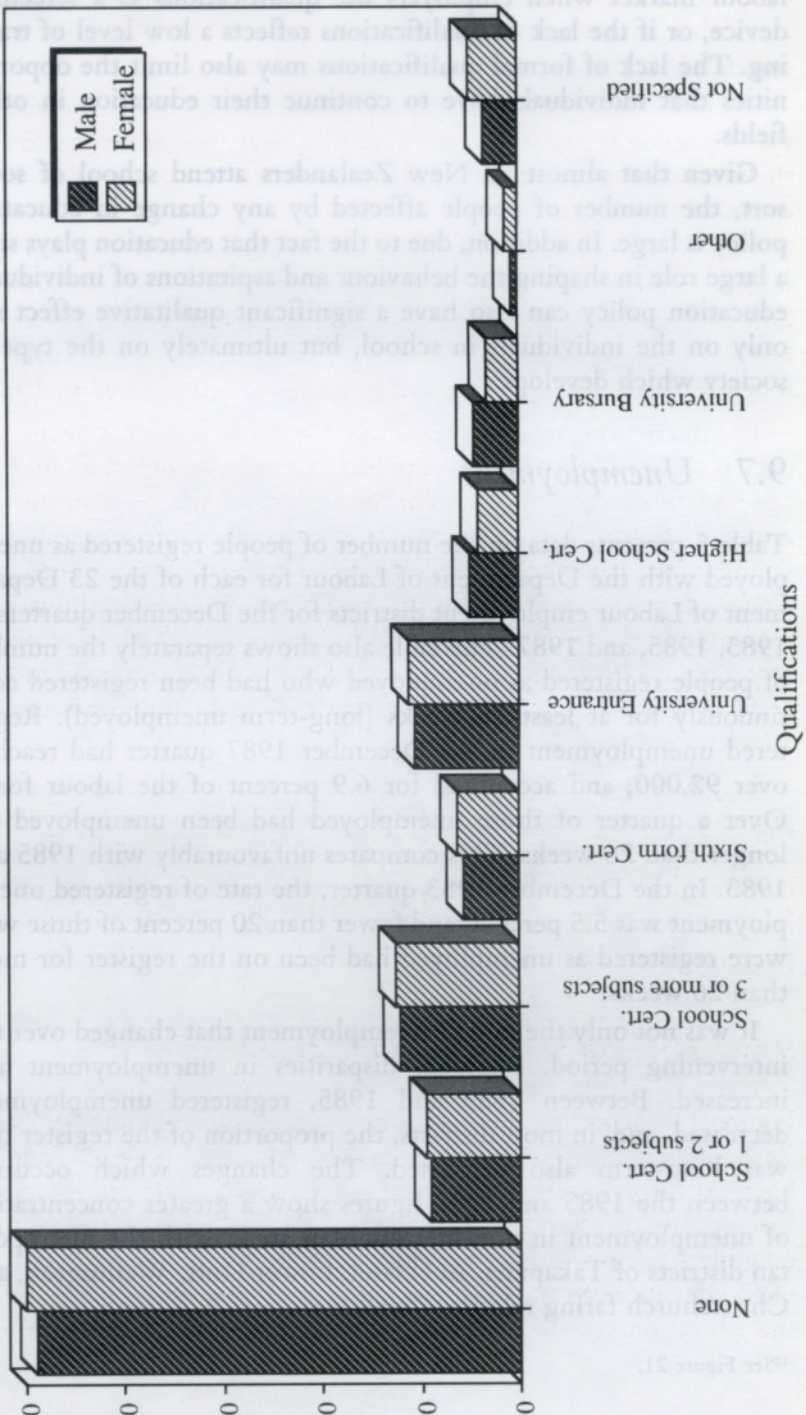


FIGURE 14: Highest school qualifications (15 years and over)

Source: Department of Statistics, Census 1986

The lack of formal qualifications disadvantages people in the labour market when employers use qualifications as a screening device, or if the lack of qualifications reflects a low level of training. The lack of formal qualifications may also limit the opportunities that individuals have to continue their education in other fields.

Given that almost all New Zealanders attend school of some sort, the number of people affected by any change in education policy is large. In addition, due to the fact that education plays such a large role in shaping the behaviour and aspirations of individuals, education policy can also have a significant qualitative effect not only on the individuals in school, but ultimately on the type of society which develops.

9.7 *Unemployment*

Table 5 presents data on the number of people registered as unemployed with the Department of Labour for each of the 23 Department of Labour employment districts for the December quarters of 1983, 1985, and 1987. The table also shows separately the number of people registered as unemployed who had been registered continuously for at least 26 weeks (long-term unemployed). Registered unemployment in the December 1987 quarter had reached over 92,000, and accounted for 6.9 percent of the labour force. Over a quarter of those unemployed had been unemployed for longer than 26 weeks. This compares unfavourably with 1985 and 1983. In the December 1983 quarter, the rate of registered unemployment was 5.5 percent, and fewer than 20 percent of those who were registered as unemployed had been on the register for more than 26 weeks.

It was not only the rate of unemployment that changed over the intervening period. Regional disparities in unemployment also increased. Between 1983 and 1985, registered unemployment decreased, and, in most districts, the proportion of the register that was long-term also decreased. The changes which occurred between the 1985 and 1987 figures show a greater concentration of unemployment in non-metropolitan areas, with the metropolitan districts of Takapuna, Auckland, Lower Hutt, Wellington, and Christchurch faring relatively well.[12]

[12]See Figure 21.

Unemployment had also become more entrenched by the December 1987 quarter, with the proportion of the register that had been unemployed for more than 26 weeks reaching as high as 36 percent in some districts such as Whangarei. The non-metropolitan districts experienced not only relatively high unemployment rates, but also had the largest problems with long-term unemployment.

Unemployment imposes financial and non-financial costs on those who are unemployed, limiting not only their income, but also their ability to participate fully in society. It also causes problems for the families of the unemployed, for communities with a large number of unemployed, and for the economy as a whole, with productive resources being wasted by being idle, and because of the cost of benefit payments for unemployed persons.

TABLE 1: Gross government expenditure by functional classification

Functional Classification	*1977*		*1982*			*1985*			*1986*			*1987*		
Year Ending (Mar): inflation-adjusted (Mar 1987 dollars)	*$m*	*% of total*	*$m*	*Ave. ann. % incr.*	*% of total*	*$m*	*Ave. ann. % incr.*	*% of total*	*$m*	*Ave. ann. % incr.*	*% of total*	*$m*	*Ave. ann. % incr.*	*% of total*
Administration	1,754	8.5	1,951	2.2	7.9	1,528	-7.8	6.0	1,772	16.0	6.7	1,967	11.0	5.5
Foreign Relations	1,046	5.1	1,301	4.4	5.3	1,280	-0.5	5.0	1,303	1.9	4.9	1,366	4.8	3.9
Development of Industry, Total[1]	2,963	14.4	3,846	5.4	15.6	4,576	6.0	18.0	4,156	-9.2	15.7	12,382	197.9	34.9
(i) Land use	1,331	6.5	1,399	1.0	5.7	1,664	6.0	6.5	1,129	-32.1	4.3	2,609	131.0	7.4
(ii) Fuel and power	1,283	6.2	1,698	5.8	6.9	2,033	6.2	8.0	2,130	4.8	8.0	6,765	217,6	19.1
(iii) Other[2]	345	1.7	749	16.7	3.0	878	5.5	3.4	897	2.1	3.4	3,009	235.5	8.5
Education	2,488	12.1	2,656	1.3	10.8	2,334	-4.2	9.2	2,400	2.8	9.1	2,618	9.1	7.4
Social Services, Total	4,266	20.8	5,526	5.3	22.4	6,216	4.0	24.4	6,817	9.7	25.7	6,844	0.4	19.3
(i) Social Welfare	3,805	18.5	5,283	6.8	21.4	5,861	3.5	23.0	6,345	8.3	23.9	6,175	-2.7	17.4
(ii) Other[3]	461	2.2	243	-12.0	1.0	356	13.5	1.4	472	32.8	1.8	669	41.6	1.9
Health	2,438	11.9	2,831	3.0	11.5	2,558	-3.3	10.0	2,736	7.0	10.3	2,961	8.2	8.3
Transport and Communications	3,163	15.4	3,453	1.8	14.0	2,822	-6.5	11.1	3,090	9.5	11.7	3,246	5.1	9.1
Debt Services, Total	2,425	11.8	2,140	-2.5	12.7	3,424	17.0	16.4	3,951	15.4	16.0	4,092	3.6	11.5
(i) Debt servicing	1,311	6.4	2,139	10.3	8.7	3,423	17.0	13.4	3,951	15.4	14.9	4,092	3.6	11.5
(ii) Misc. Transactions	1,114	5.4	991	-2.3	4.0	752	-8.8	2.9	288	-61.7	1.1	4	-98.7	0.0

Notes:

[1]Includes: (i) $1,458m compensation to Reserve Bank in respect of Dairy Board & Meat Board; and
(ii) $5,383m for Major Project refinancing; and
(iii) $2,205m for N.Z. Steel Ltd debt repayment iii) $2,205m for N.Z. Steel Ltd debt repayment.

[2]Other: Votes: Labour, DSIR, Tourist & Publicity, Trade & Industry

[3]Other: Votes: Housing Corp, Internal Affairs (part), Maori Affairs (part), Inland Revenue (part, since 1987)

Source: N.Z. Parliament, AJHR B.6A, Budget Tables, various years

TABLE 2: Output and employment by industry

Industry	1976 Output $ mil. GDP	1976 Output % of GDP	1976 Employment Full-time no.	1976 Full-time %	1976 Part-time no.	1976 Part-time %	1981 Output $ mil. GDP	1981 Output % of GDP	1981 Employment Full-time no.	1981 Full-time %	1981 Part-time no.	1981 Part-time %	1986 Output $ mil. GDP	1986 Output % of GDP	1986 Employment Full-time no.	1986 Full-time %	1986 Part-time no.	1986 Part-time %
Agriculture	1,133	9.9	93,472	9.0	29,297	18.5	2,232	9.1	95,622	9.1	32,283	17.7	3,291	7.3	93,983	8.6	31,674	14.8
Forestry, Mining and Quarrying	115	1.0	10,771	1.0	198	0.1	480	2.0	11,901	1.1	195	0.1	1,387	3.1	11,630	1.1	288	0.1
Manufacturing	2,577	22.4	281,580	27.2	18,603	11.8	5,532	22.6	280,414	26.6	14,517	8.0	10,059	22.4	288,237	26.4	15,117	7.0
Electricity Gas and Water	201	1.8	15,470	1.5	320	0.2	762	3.1	16,735	1.6	432	0.2	1,383	3.1	17,758	1.6	446	0.2
Building and Construction	780	6.8	75,679	7.3	0	0.0	1,153	4.7	59,003	5.6	1,797	1.0	2,536	5.7	62,074	5.7	2,264	1.1
Trade and Restaurant	2,571	22.4	165,010	15.9	50,250	31.8	5,245	21.4	171,470	16.3	59,962	33.0	8,539	19.0	183,485	16.8	76,109	35.5
Transport and Communication	865	7.5	94,730	9.2	5,263	3.3	1,894	7.7	93,711	8.9	5,086	2.8	3,643	7.8	91,702	8.4	5,902	2.7
Finance and Insurance	1,033	9.0	62,503	6.0	6,493	4.1	2,383	9.7	69,756	6.6	7,911	4.3	5,543	12.4	86,226	7.9	10,979	5.1
Community and Personal Services	1,875	16.3	235,972	22.8	47,627	30.1	4,213	17.2	253,851	24.1	59,744	32.8	7,178	16.0	258,572	23.6	71,861	33.5
Total	11,484	97.1	1,035,187	100.0	158,051	100.0	24,464	97.7	1,052,463	100.0	181,927	100.0	44,868	96.7	1,093,667	100.0	214,640	100.0

Notes:

GDP figures do not sum to total because Import Duties, unallocated Indirect Taxes, imputed bank service charges, and imputed owner occupied rentals figures are not included

Employment figures for agriculture are not included in Quarterly Employment Surveys and so have been drawn from the Department of Statistics Survey of Agriculture

Part-time is defined as less than 30 hours per week

Sources:

Department of Statistics: National Accounts and Agricultural Statistics

Department of Labour: Supplementary Tables to the Quarterly Employment Survey

TABLE 3: Social welfare beneficiaries/non-beneficiaries by income and sex—persons over 15 years

	Income totals				*Number receiving dsw benefit*				*Number receiving dsw benefit not incuding family benefit or National superannuation*				*Number receiving no DSW benefit*				*Non-specified*			
	Male		*Female*		*Male*		*Female*		*Male*		*Female*		*Male*		*Female*		*Male*		*Female*	
Income $	*no.*	*%*	*no.*	*%*	*no.*	*%*	*no.*	*%*	*no.*	*%*	*no.*	*%*	*no.*	*%*	*no.*	*%*	*no.*	*%*	*no.*	*%*
Nil or less	42,798	3.67	67,818	5.81	0	0.00	0	0.00	0	0.00	0	0.00	40,949	5.05	64,752	14.64	2,304	4,63	3,066	17.19
1–1000	26,094	2.24	89,997	7.71	6,093	1.95	65,283	9.28	3,870	3.35	28,503	11.32	18,702	2.33	23,172	5.24	1,299	2.61	1,542	8.64
1001–2500	20,529	1.76	79,989	6.85	4,092	1.31	57,222	8.13	2,637	2.29	38,604	15.33	15,471	1.93	21,507	4.86	966	1.94	1,260	7.06
2501–5000	38,490	3.30	99,324	8.51	17,172	5.49	68,385	9.72	11,445	9.92	35,790	14.21	20,136	2.51	29,391	6.65	1,182	2.37	1,548	8.68
5001–7500	126,642	10.87	241,359	20.68	96,153	30.71	204,354	29.05	27,441	23.78	49,905	19.81	28,518	3.55	34,986	7.91	1,971	3.96	2,019	11.32
7501–10,000	99,687	8.55	170,631	14.62	48,051	15.35	120,774	17.17	19,407	16,82	45,042	17.88	48,627	6.06	47,670	10.78	3,000	6.02	2,187	12.26
10,001–12,500	111,324	9.55	125,763	10.78	37,476	11.97	72,816	10.35	16,779	14.54	29,268	11.62	69,321	8,64	51,048	11.54	4,527	9.09	1,899	10.65
12,001–15,000	112,281	9.64	87,744	7.52	25,125	8.03	38,739	5.51	10,263	8.90	10,701	4.25	81,783	10.19	47,580	10.76	5,373	10.79	1,425	7.99
15,001–17,500	100,590	8.63	63,294	5.42	17,292	5.52	23,523	3.34	6,915	5.99	5,607	2.23	78,132	9.74	38,781	8.77	5,166	10.37	990	5.55
17,001–20,000	108,543	9.31	55,290	4.74	16,467	5.26	18,831	2.68	6,084	5.27	4,059	1.61	86,277	10.75	35,673	8.07	5,799	11.65	786	4.41
20,001–25,000	154,620	13.27	51,405	4.40	19,986	6.38	18,765	2.67	6,228	5.40	3,150	1.25	126,294	15.74	31,983	7.23	8,340	16.75	657	3.68
25,001–30,000	99,435	8.53	19,788	1.70	11,163	3.57	7,812	1.11	2,433	2.11	717	0.28	83,337	10.39	11,709	2.65	4,935	9.91	267	1.50
30,001–35,000	51,045	4.38	7,047	0.60	5,595	1.79	2,913	0.41	903	0.78	192	0.08	43,218	5.39	4,035	0.91	2,232	4.48	99	0.55
35,001–40,000	26,439	2.27	3,060	0.26	2,853	0.91	1,407	0.20	372	0.32	99	0.04	22,548	2.81	1,617	0.37	1,038	2.08	36	0.20
40,001–50,000	20,937	1.80	2,076	0.18	2,475	0.79	1,113	0.16	294	0.25	93	0.04	17,709	2.21	936	0.21	753	1.51	27	0.15
over 50,000	25,815	2.22	2,571	0.22	3,060	0.98	1,491	0.21	303	0.26	150	0.06	21,846	2.72	1,050	0.24	909	1.83	30	0.17
Total	1,165,260	10.00	1,167,156	100.00	313,053	100.00	703,428	100.00	115,374	100.00	251,880	100.00	802,413	100.00	422,287	100.00	49,794	100.00	17,838	100.00
% of total						26.9		60.3		9.9		21.6		68.9		37.9		4.3		1.5

Source: Department of Statistics; 1986 census.

TABLE 4: Number of benefits and expenditure by category, 1986–87

Average benefits—1986/87	469,240	13,161	430	65,858	452,701	131,395[1]	22,540	30,164	10	10,823[2]	58,133[2]	1,301,765
Benefits % of total	36	1	0	5	35	10	2	2	0	0.80	4	100.00
Expenditure 1986/87 ($000s)	3,650,165	94,732	1,700	709,568	273,248	68,969	159,823	80,628	74	124,292	459,685	5,622,884
Expenditure % of total	65	2	0	13	5	1	3	1	0	2	8	100.00

Notes:

[1] From 1 October 1986, Family Care was replaced by the Family Support tax credit scheme administered by the Inland Revenue Department.

[2] Figures calculated as an average for the twelve months to March 1987. (All other figures are averages of March 1986 and March 1987).

Source: Department of Social Welfare Annual Reports, 1986/87 and Department of Statistics

TABLE 5: Total and long-term registered unemployed by employment district. December quarter 1983—December quarter 1987.

District	*December Quarter 1983*					*December Quarter 1985*					*December Quarter 1987*				
	Av. reg. unempl.	*Reg. unempl. rate (%)*	*Long-term reg. unempl.*	*Ratio of long-term to reg. unempl. (%)*	*Geog. dist. of long-term unempl. (%)*	*Av. reg. unempl.*	*Reg. unempl. rate (%)*	*Long-term reg. unempl.*	*Ratio of long-term to reg. unempl. (%)*	*Geog. dist. of long-term unempl. (%)*	*Av. reg. unempl.*	*Reg. unempl. rate (%)*	*Long-term reg. unempl.*	*Ratio of long-term to reg. unempl. (%)*	*Geog. dist. of long-term unempl. (%)*
Whangarei	3 102	6.5	615	19.8	4.3	3 260	6.8	379	11.6	6.3	6 361	13.3	2 337	36.7	9.9
Takapuna	2 588	3.4	487	18.8	3.4	706	0.9	52	7.4	0.9	525	0.7	29	5.5	0.1
Auckland	11 672	6.3	2 536	21.7	17.9	5 072	2.8	763	15.0	12.6	6 994	3.8	1 000	14.3	4.2
Manukau	8 378	7.0	2 563	30.6	18.0	3 931	3.3	351	8.9	5.8	7 028	5.9	1 378	19.6	5.8
Hamilton	5 366	4.8	766	14.3	5.4	3 988	3.6	244	6.1	4.0	9 163	8.2	2 546	27.8	10.8
Tauranga	1 388	4.2	27	1.9	0.2	1 072	3.3	8	0.7	0.1	2 465	7.5	218	8.8	0.9
Rotorua	4 154	7.0	870	20.9	6.1	3 329	5.6	527	15.8	8.7	7 175	12.0	2 285	31.8	9.7
Gisborne	1 344	7.7	147	10.9	1.0	1 275	7.3	71	5.6	1.2	2 634	15.1	652	24.8	2.8
Napier	1 830	7.1	294	16.1	12.1	1 622	6.3	259	16.0	4.3	2 952	11.4	905	30.7	3.8
Hastings	1 702	6.2	205	12.0	1.4	1 451	5.3	89	6.1	1.5	2 871	10.4	915	31.9	3.9
New Plymouth	1 546	3.7	168	10.9	1.2	1 800	4.3	127	7.1	2.1	3 951	9.4	987	25.0	4.2
Wanganui	1 814	6.2	323	17.8	2.3	1 492	5.1	162	10.9	2.7	2 802	9.6	827	29.5	3.5
Palmerston North	3 240	5.8	694	21.4	4.9	2 535	4.5	465	18.3	7.7	3 710	6.6	1 276	34.4	5.4
Masterton	800	4.6	58	7.3	0.4	622	3.6	18	2.9	0.3	1 488	8.6	180	12.1	0.8
Lower Hutt	1 871	3.3	351	18.8	2.5	1 188	2.1	66	5.6	1.1	1 708	3.0	252	14.8	1.1
Wellington	4 036	4.1	793	19.6	5.6	2 615	2.7	353	13.5	5.8	3 562	3.6	505	14.2	2.1
Blenheim	556	3.9	48	8.6	0.3	565	4.0	33	5.8	0.5	1 280	9.1	360	28.1	1.5
Nelson	1 568	5.8	258	16.5	1.8	1 128	4.2	118	10.5	1.9	2 262	8.3	555	24.5	2.4
Greymouth	638	4.8	76	11.9	0.5	710	5.4	53	7.5	0.9	1 613	12.2	614	38.1	2.6
Christchurch	9 468	6.3	2 255	23.8	15.9	6 749	4.5	1 212	18.0	20.0	9 905	6.6	2 245	22.7	9.5
Timaru	1 070	5.1	119	11.1	0.8	1 191	5.7	141	11.8	2.3	1 987	9.5	530	26.7	2.2
Dunedin	3 167	4.5	377	11.9	2.7	3 518	5.0	524	14.9	8.6	6 222	8.8	1 956	31.4	8.3
Invercargill	2 241	5.3	174	7.8	1.2	2 369	5.6	44	1.9	0.7	3 999	9.5	1 059	26.5	4.5
Total	73 539	5.5	14 204	19.3	100.0	52 188	3.9	6 059	11.6	100.0	92 657	6.9	23 611	25.5	100.0

Note: Unemployment rates are calculated using 1986 census labour force figures. All other figures are from Department of Labour 'Monthly Employment Operations'. The December quarter figures were generated by averaging the actual October, November, and December figures

Source: Department of Labour, Monthly Employment Operations, 1983, 1985, 1987

10 Matrix of Interactions

The Effects of Economic Policy on the Social Domain and of Social Policy on the Economic Domain

This section consists of the matrix of policy instruments and their social and economic impact. A few caveats are necessary in advance.

First, the matrix does not indicate anything about the most effective and efficient methods of implementing policy. Instruments are listed which have been and are used, without reference to their desirability. Nor is there any presumption that the market should not be used when it is an effective tool. (These issues are discussed further in Annex A).

Second, the fact that social policies may have adverse economic effects is not necessarily a bad thing: it may show that they are effective. Rather, such effects are part of the costs of policy. The objective is presumably effective delivery, not cost minimisation. However, it is important to have regard to resource costs and incentive structures when deciding on the most efficient method of intervention.

Third, the table gives no indication of the practical importance of the instruments listed: it is qualitative not quantitative. We know, for instance, that macro-economic and micro-economic policy settings are likely to have far greater social impact than a great deal of social policy.

Fourth, although we have tried to cover the range, we cannot hope that the matrix is comprehensive. However, it should give a strong indication of the pervasiveness of economic and social policy inter-reaction.

Finally, there is a cultural dimension here, at least by default. The instruments have been listed on the basis of economic theory and social policy, principally with reference to the past. Social and economic policy in New Zealand have been largely pakeha-designed. It is possible that a Maori perspective would have been more unified, or holistic, in the first place.

It is important to bear in mind that different cultural perspectives would probably come up with a different range of instruments, and views as to their effect. It is also important to recognise that all of the instruments of policy may have a differing impact on

people of different cultures, both in material terms and in terms of self-esteem. Thus the policies that relate to cultural affairs are not the only ones that affect different cultures but are defined as those that have been explicitly used to address particular cultural aspects of social policy.

A matrix of policy instruments and their main social and economic impacts

Policy instrument	*Economic impact affects:*	*Social impact affects:*
1 *Macro-economic Policy*		
Fiscal policy (i.e. Government expenditure & revenue raising)	— resource allocation (level and composition of outputs; labour and capital mix) — savings and investment — interest rates — international business confidence and credit rating — exchange rate or balance of payments	— distribution of income and (un)employment — availability of public services — accessibility of privately provided but publicly funded social services
Monetary policy		
(a) targeting monetary aggregates	— interest rates — inflation — exchange rate or balance of payments — resource allocation (demand for labour/capital) — savings and investments	— distribution of income and (un)employment — regional, community & personal stability
(b) targeting exchange rate	— resource allocation (import/export mix of output) — balance of payments — international business confidence and credit rating	— distribution of income and (un)employment — regional and sectoral development
(c) targeting interest rates	— resource allocation (demand for labour/capital) — savings and investment	— distribution of income and (un)employment — housing accessibility
Prices and incomes policy	— resource allocation (demand for labour/capital & imports/exports)	— distribution of income and (un)employment

continued

A matrix of policy instruments and their main social and economic impacts—*continued*

Policy instrument	*Economic impact affects:*	*Social impact affects:*
2 Micro-economic Policy		
Structural reform (via changes in subsidies, border protection, deregulation, corporatisation, state sector reform, etc.	— resource allocation (labour/capital mix; level and composition of outputs) — savings and investment — international business confidence and credit rating — relative prices	— distribution of income and (un)employment — regional, community & personal stability
3 Labour Market Policy		
Minimum Wage Legislation	— resource allocation (labour/capital mix) — relative wages	— distribution of income & (un)employment — extent of employment exploitation
Equal Pay Legislation	— resource allocation (gender mix of labour inputs) — Government and household expenditure	— fairness in wage fixing — attitudes to role of women
Safety Standards	— relative prices — resource allocation (level & composition of outputs)	— occupational health and safety — consumer safeguards
Bargaining Structures	— resource allocation (labour/capital mix) — relative wages — inflation	— fairness in distribution on market incomes — recognition of collective rights
Training	— growth and productivity — resource allocation (labour/capital mix)	— distribution of income & (un)employment — life opportunities

A matrix of policy instruments and their main social and economic impacts—*continued*

Policy instrument	*Economic impact affects:*	*Social impact affects:*
4 *Health*		
Publicly provided services	— resource allocation (composition of output) — Government expenditure — employment — health of labour force	— access to health care — distribution of health care — accountability
Health subsidies	— resource allocation (composition of outputs)	— access to health care — distribution of income
Subsidising private care	— resource allocation (composition of outputs) — Government expenditure — competition — substainability of public system	— access — distribution of health care (two tier system)
5 *Education*		
Publicly provided services (including childcare)	— resource allocation (comp. of output, gender mix of labour inputs) — investment in human capital — Government expenditure	— access to service — accountability of service — quality of life & life opportunities
Tax concessions to consumers of private services	— Government expenditure — sustainability of public system	— distribution of education services (two tier system)
Vouchers	— quality of supply — competition — Government expenditure	— distribution of education services — choice (for whom?) — access
Tertiary study grants	— investment in human capital	— access (for whom?)

A matrix of policy instruments and their main social and economic impacts—*continued*

Policy instrument	*Economic impact affects:*	*Social impact affects:*
6 *Housing*		
Provision of public housing	— resource allocation (composition of outputs) — government expenditure	— access to housing
Subsidised rentals	— savings and incentives — relative prices — government expenditure	— access to housing — income distribution
Subsidised rentals	— interest rates — resource allocation (composition of outputs)	— access to housing finance — income distribution
Tenancy law	— framework or rights — enforcement costs — resource allocation	— protection from exploitation
7 *Social Welfare*		
Income maintenance	— savings — incentives — distribution of income — government expenditure	— income distribution — social security (security of minimum living standards)
Social services	— resource allocation (composition of outputs) — government expenditure	— access to services — quality of life
Refuges	— government expenditure	— protection

A matrix of policy instruments and their main social and economic impacts—*continued*

Policy instrument	*Economic Impact affects:*	*Social Impact affects:*
8 Justice, Law & Order, Police		
Legal framework	— personal and property rights — government expenditure (enforcement)	— rights and responsibilities — protection
Prison system	— Government expenditure — loss of human capital	— protection of society — social control
Police	— Government expenditure	— social control — enforcement of rights and responsibilities
9 Transport Policy		
Public passenger transport	— resource allocation (composition of outputs) — mobility — Government expenditure	— access to mobility
Infrastructure	— resource allocation (transport of products) — mobility — government expenditure	— choice of mode — ability to travel — safety
Traffic laws	— mobility — Government expenditure (enforcement costs)	— safety
10 Regional Development		
Subsidies and concessions	— relative prices — resource allocation (labour/capital mix; level & comp. of outputs) — Government expenditure	— population distribution — community viability — sense of belonging
Development agencies	— resource allocation (level & composition of outputs)	— community viability

A matrix of policy instruments and their main social and economic impacts—*continued*

Policy instrument	*Economic Impact affects:*	*Social Impact affects:*
11 Population Policy		
Immigration	— resource allocation (level and composition of labour skills) — size of labour market — dependency ratio	— social diversity — social (dis)harmony
Fertility		— choice of family size
12 Culture, Gender, Race		
Equal opportunities legislation	— resource allocation (gender/ethnic mix of labour inputs)	— recognition of worth — life opportunities
Language and culture courses	— resource base — Government expenditure	— preservation and development of cultures
Affirmative action programmes	— resource base — Government expenditure	— access to opportunity — attitude to women & ethnic minorities
Tribal development	— resource allocation (level and composition of inputs and outputs)	— distribution of income, (un)employment and wealth — access to opportunity
13 Arts and Recreation		
Subsidies	— relative prices	— access
14 Human Rights Legislation	— resource base	— recognition of worth — basic human protection
15 Environment		
Legislative safeguards: conservation	— resource allocation (capital inputs)	— preservation of heritage (current & future generations)
Pollution: legal restrictions	— resource allocation	— health & environment
Pollution: costs imposed at source	— resource allocation — relative prices	— polluter pays — health & environment
16 Community Facilities		
Provision of facilities	— resource base — government expenditure	— access — quality of life
Funding community services	— resource base — government expenditure	— community development — services
17 Communications		
Provision of service	— resource allocation — government expenditure	— access to service
Setting standards	— Government expenditure (enforcement)	— exploitation of public — morals and tastes

11 Case Studies of Key Interactions

The remainder of Part II picks out some key cells of the matrix to explore economic and social policy interactions in more detail, and supplies information on the empirical significance of the topic areas.

These case studies have been prepared as a means of illustrating the empirical significance of some interactions of economic and social policy. The particular case studies have been chosen because they are 'significant' in quantitative or qualitative terms, or because they illustrate interactions which are discussed elsewhere in the Commission's report.

The interactions in the case studies which have been chosen are significant because of:

- the number of people affected by a policy;
- the widespread nature of the changes which result from a policy;
- the ideological significance of the issues; or
- the prominence of the policy issue in public debate.

The topics chosen are:

(a) Macro-economic Policy
(b) Structural Reform
(c) Equal Pay
(d) Maori Development
(e) Immigration
(f) The Disincentive Effects of Unemployment Benefit.

12 Macro-economic Policy

12.1 *Introduction*

Macro-economic policy is an important determinant of welfare for a large number of the New Zealand population. Policies aimed at the major economic aggregates, such as total output, employment and unemployment, the price level, money supply, interest rates, and exchange rates, influence the overall performance of the economy, and thus the wellbeing of society generally.

Macro-economic policy therefore has a very large influence on both economic and social processes and outcomes. It influences not

only the level of output in the economy, but also affects its distribution and hence the distribution of power in the economy. In Pakeha society at least, people in positions of power are often those who are relatively well-off. Access to economic resources is an enabling factor, which increases the influence of those who have it, and provides increased access to positions of power.

The role of time is particularly important when designing macro-economic policy. As discussed in sections 3 and 4 of this paper, macro-economic policies reflect explicit or implicit judgments by the government on the relative desirability of pursuing uncertain gains in the long term at the expense of some short term hardship. The distributional effects of macro-economic policies are therefore not only among individuals and communities in the present, but also among individuals and generations now and those in the future.

12.2 *Disinflationary policy*

12.2.1 *General Discussion*

In New Zealand in recent years, the reduction of inflation has been the primary target of macro-economic policy. This section will therefore focus attention on the process of disinflation, and will examine the different effects of alternative disinflationary policies.

In Part I, it was stated that economic policies are pursued because they can contribute to the overall level of material wealth in the economy. A disinflationary macro-economic policy can be justified in economic terms because of the benefits that flow from having a more stable economy.

Reducing inflation is desirable because continued inflation has a number of undesirable effects on economic activity. These effects include the following:

- high inflation introduces uncertainty which can limit the ability of individuals and firms to make appropriate decisions;
- inflation makes it difficult to distinguish between nominal and real changes in prices and incomes, thus causing a misallocation of resources and an unintended reallocation of income and wealth;

- inflation causes problems where there is a progressive nominal income-based tax system. People may receive more dollars, and hence qualify for a higher tax bracket, even though their income will not buy them as much as it did previously. This has effects not only on the amount that consumers can afford but also on the incentives facing workers;
- inflation shortens time horizons for investors because of the uncertainty associated with future returns, and discourages savings; and
- a final adverse effect of inflation is that it leads to redistribution of resources from lenders to borrowers if interest rates fail to keep up with inflation. It also redistributes to those who have successfully indexed their incomes or pensions from those who have not.

12.2.2 *Choosing Policies*

There is of course more than one way to bring down inflation. For instance, different mixes of macro-economic policies may have the same effect on the inflation rate. The discussion in this paper will concentrate on the choice of two different types of macro-economic policy that can be used to reduce inflation: fiscal policy and monetary policy.

'Fiscal policy' refers to policies which change the size and composition of government expenditure and revenue, and hence the size of the government deficit.

'Monetary policy' on the other hand refers to policies that change the amount or availability of money in the economy. With a given amount of goods or services in the economy, a reduction in the amount of money will reduce the level of activity in the economy, and thus cause prices to drop.[13]

The mix of macro-economic policies to bring down inflation will be chosen for a number of reasons. Specific policies within the mix may be chosen because of the extent to which they assist or hinder the attainment of other economic or social goals; because of the rapidity of their effect on inflation; or because of the size of the effect that they have on inflation. In general terms, the decision to

[13]To the extent that the reduction in money supply is anticipated, the effect on output will be smaller. Also, if the speed at which money circulates through the economy increases, prices will fall less, because each dollar will be able to purchase more goods or services each period.

be made is one about where the maximum effect in terms of reduced inflation can be achieved at the least cost.

The costs of disinflation will depend to a large extent on the range and mix of disinflationary policies which are chosen. The main economic costs of a disinflationary macro-economic policy are lower output and higher unemployment. In addition, disinflation may have significant redistributive effects, both in terms of the distribution of economic activity among different markets and sectors, and in terms of the distribution of economic resources among individuals and communities.

The pattern and extent of these redistributive effects can be greatly altered by the composition of policies. Alternative policies with the same overall disinflationary effect can have markedly different effects in terms of distribution.

For instance, monetary policies will have a much greater negative effect on the internationally competitive or 'exposed' sectors of the economy, and those that are sensitive to interest rates, than will fiscal policies. In an open economy, a large part of the effect of disinflationary monetary policies is felt on the exchange rate, thus affecting the internationally trading sector of the economy. In contrast, disinflationary fiscal policies will have their strongest contractionary effect on those sectors of the economy not exposed to international competition.

Of course, fiscal policies may have severe negative effects on the exposed parts of the economy as well. For instance, in New Zealand, some recent liberalisation policies have involved a reduction of fiscal expenditure which has had a strong contractionary effect on the internationally competitive sectors of the economy. The removal of farm subsidies, for instance, has had a pronounced negative impact on the strength of the agricultural industry.

12.2.3 *The Process of Adjustment*

The differing effects of different disinflationary macro-economic policies would not be so important if resources could flow quickly and easily between that part of the economy which competes overseas and the sector which produces solely for the domestic market. If this were the case, the negative impact of disinflation would be spread rapidly throughout the economy. In practice, the linkages between exposed and sheltered sectors of the economy are not strong. For instance, depression and unemployment in the rural labour market has only a limited effect on the urban labour market.

The lack of flexibility will concentrate the effects of a disinflationary monetary or fiscal policy on particular parts of the economy and will tend to prolong these effects.

One important consequence of slow adjustment is that it becomes more important to take account of the process of adjustment when choosing disinflationary policies. In addition, the longer that the process of adjustment takes, the more severe the redistributive effects will be, and the more difficult it will become to reverse any adverse effects.

In many cases, the path taken in getting to the desired goal (in this case a low rate of inflation) will also influence the nature of the end-point reached. 'Hysteresis' is the word used to refer to the process whereby the end-point depends on the path taken. For instance, hysteresis may occur where capital is 'scrapped' due to factories closing during a 'transitional' recession. Long run growth will be reduced because the loss of capital is irreversible.

The concept of hysteresis applies also to the 'scrapping' of human capital, which may occur as a result of unemployment. Those who are unemployed for a long time during a transition may be unable to resume fully their productive participation in the labour market because of changes such as loss of skills or the reluctance of employers to take on the long-term unemployed.

Hysteresis may affect social systems if community structures (such as schools, post offices, hospitals, etc.) and social networks are removed during a stage of transition and it then proves infeasible to re-establish communities when the transition is over, even if that community would have been viable in the long run if a different transition path had been chosen.

12.2.4 *The New Zealand Government Approach*

Disinflation has been the main macro-economic goal of the New Zealand Government during recent years. Monetary policy in particular has been aimed at reducing inflation.

The intended stance of monetary policy has been restrictive, with the Government trying to control the growth of the money supply, leading to a high interest rate and a high exchange rate.

However, the liberalisation of financial markets has changed the normal relationships and thus the way in which monetary tightness has its effect. Domestic credit continued to grow, which suggested that the stance was not as restrictive as intended; while the response of interest rates and the exchange rate implied that a tight

money policy was being effective. In these circumstances, the disinflation occurred through the interest and exchange rate effects, and not through the reduction of activity and prices throughout the economy.

Fiscal policies have also been contractionary, with the financial deficit reducing as a proportion of GDP from 6.9 percent in 1983/84 to 3.7 percent in 1986/87.[14] This strategy has kept GDP growth rates low (around 2 to 2.5 percent), and has led to a reduction in inflation from a rate of 20.3 percent per annum in the June 1985 quarter to a rate of 8.2 percent per annum in the December 1987 quarter. In addition, the outlook for the future is positive, with inflation expected to continue falling during 1988 and 1989.

There have thus been benefits from the policies chosen, in terms of the reduction in inflation. Further gains are still likely but because of the slow adjustment, have not yet occurred. The costs of the chosen strategy have, however, been high, and have not been evenly distributed.

The negative effects of the disinflationary policies have been very heavily concentrated on the internationally competitive sector, with farming being particularly badly hit by low prices received for their output, and high interest rates on borrowings.

The sector of the economy which is not directly affected by the exchange rate, the non-trading sector, has fared slightly better, although it too has been affected by the contractionary disinflationary policies.

When one part of the economy is shouldering most of the burden of adjustment, there is a high likelihood of hysteresis. The long run growth potential of the farming sector has been reduced because a number of farming businesses and communities have been unable to survive, and will be expensive to re-establish once the adjustment process is complete. It does not appear that the effects of hysteresis have been taken into consideration in the evaluation of alternative disinflationary policies in New Zealand.

It should be noted that not all of the decline in the agricultural sector should be regarded as hysteresis: if a sector has been propped up by trade protection or subsidies and a policy decision is made to terminate this assistance, then the sector will contract not only in the transition phase but also in the long run.

[14]New Zealand Parliament (1987), p. 32.

12.2.5 *The Size of the Effect*

It is very difficult to determine the size of the effects of pursuing a policy of disinflation. As we have seen, the effects are widespread and are likely to be very large, especially when they are concentrated on a particular sector of the economy, as is the case in New Zealand. However, due to the wide range of other influences operating in the economy, it is difficult to disentangle the costs due to pursuing a particular disinflationary policy from the costs of other changes, or of other policies, such as trade liberalisation.

Unemployment is one obvious effect of pursuing contractionary monetary and fiscal policies. Figure 21 shows the pattern of unemployment growth in metropolitan and non-metropolitan areas since 1980. Non-metropolitan area unemployment has been higher than metropolitan unemployment throughout the period but the difference between the two has become more pronounced since 1985. Undeniably, some of this change is due to factors other than disinflationary policies, although the disinflationary policies have reinforced other effects. More detailed unemployment and long term unemployment figures by employment district are provided in Table 5 of the summary statistics.

The concentration of the costs of disinflation on the agricultural sector makes the amount of required adjustment in that sector much greater than it would have been if the costs had been spread evenly over the whole economy. This concentration therefore increases the likelihood of slow adjustment and hysteresis in the agricultural sector, to the detriment of the long term prospects for the economy overall.

12.2.6 *An Evaluation in Terms of the 'Types'*

The choice of macro-economic policies to bring down inflation has resulted in substantial costs which have been concentrated on particular sectors in the economy. This has resulted in large economic and social costs, as hysteretical effects have developed, and as individuals, families and communities have had to deal with significant reductions in income, wealth, and wellbeing.

It would seem that the full effect of disinflationary policies on the domain of social policy was not explicitly taken into account during the process of developing these policies. For instance, no extra provision was made for the negative effect that disinflationary policies have had on community structure and viability, nor was there any explicit account taken of the constraints imposed on

individuals in terms of their full participation in society and their self-fulfilment.

The effects of hysteresis, referred to above, are economic effects but they do not appear to have been taken into account when choosing which disinflationary policies to adopt. This may reflect a misjudgement that the adjustment process would be rapid; alternatively, hysteresis were unduly discounted.

As mentioned in Part I, the belief in rapid adjustment is probably related in large part to the adoption of a particular analytical model, namely the 'new classical' model, which has as one of its tenets the idea of instantaneous adjustment. As a result of this assumption, problems associated with slow adjustment, such as the redistributive effects of adjustment, and hysteresis, are not considered important.

Economic policy has clearly dominated social policy in the pursuit of lower inflation. No additional social policies were proposed to deal with the serious regional and income distributional effects which have been associated with a contractionary policy.[15] Neither does any thought appear to have been given to altering the mix of disinflationary policies in the interests of ameliorating their ill effects.

The fact that economic policy appears to have dominated social policy suggests strong implicit views about distribution over time. The pursuit of long term benefits resulting from disinflationary policies has been chosen with little regard for the costs in the short term.

As indicated above, this choice reflects in part the conceptual framework used. It also indicates the need for more empirical information about the pattern and timing of the adjustment process in order to prevent incorrect *a priori* judgements.

12.3 *Summary*

This paper has discussed the effects of choosing a particular mix of macro-economic policies to fight inflation. Two main types of policy were identified: a monetary policy, the negative effects of which are concentrated primarily on the internationally competitive and interest-responsive sectors of the economy; and a fiscal policy, which has more widely spread effects.

[15]Some measures such as mobility assistance and a small amount of transitionary assistance were however introduced in response to the liberalisation and corporatisation policies pursued by the Government. Our impression is that these measures have had a small ameliorating effect on the social effects of disinflationary policies.

The mix of policies chosen in New Zealand has strongly influenced the level and distribution of costs associated with disinflation. The adverse effects of the adjustment process have been accentuated because they have been concentrated on particular sectors or regions, and because adjustment has been slow. In addition, the effects of hysteresis may have diminished the long run prospects for the economy because of the particular path of adjustment.

In New Zealand, disinflationary policies have had a particularly severe effect on the traded goods sector, and the treatment of the resulting adverse social and hysteresis effects has been reactive. These effects do not appear to have been fully considered at the stage of policy design. As with structural reform which is discussed in the next section, policies to deal with the costs of adjustment have been few and limited by a desire to not interfere with the incentives to adjust.

The choice of disinflationary policies for New Zealand reflected a single focus approach to social and economic policy, with economic policy dominating. This choice of approach reflects in part the theoretical framework chosen for analysis, and also judgements about the expected speed of adjustment.

A co-ordinated approach to disinflationary policy would take into account the costs of choosing a particular mix of policies at the stage of policy design. This would require a lot more information than has been collected on the adjustment process to date and would also require a much greater amount of monitoring in order to enable a wider range of side-effects to be identified and taken into account.

13 Structural Reform

13.1 *Introduction*

In recent years,the removal of barriers to efficient resource allocation has been one of the major elements of economic policy. The argument has been that poor economic performance has been caused by failures in the allocation of resources[16] and that the overarching goal of increasing social wellbeing is best pursued by removing impediments to improved resource allocation. However

[16]For example see Budget 1986, p. 5.

in the short term at least, restructuring also involves considerable social costs, most directly through its impact on employment.

It is because of these factors, and because of both the number of people affected and the degree of impact on individuals' lives that structural reform is an essential subject in any consideration of inter-relationships between economic and social policies. The discussion below is not intended to canvass all aspects of structural reform, rather it is confined to drawing out some of the practical implications of the discussion in Part I.

13.2 *The Process of Structural Reform*

The structural reform process has three main thrusts:

(a) The removal of subsidies. These are seen as having penalised successful industries which don't receive them in favour of those which have low rates of return. Subsidies are also said to distract management attention away from using their resources most productively by rewarding efforts to lobby for greater subsidisation.[17] Policies here have included the removal of Supplementary Minimum Prices for sheep and beef production, removal of fertiliser price and transport subsidies, removal or reduction of other agriculture assistance such as the investment allowance and irrigation and water supply schemes and the abolition of the subsidy on milk.

(b) The reform of regulatory controls. The notion here is that they raise costs and inhibit pressures to maximise return on resources. Protections against competition and controls over industry behaviour are said to cause resources to be utilised in a sub-optimal way. For example, import licensing protects low return industries against overseas competition. The main areas of regulatory reform in recent years have been the finance industry, where controls over the exchange rate were removed and regulations governing banks and financial institutions were altered; the removal of most import licensing and reductions in tariff controls; and reform of regulatory control over specific industries (for example, meat processing and the milk treatment industry).

[17]The New Zealand Treasury, 1987, p. 246

(c) Reform of the state sector. The emphasis here has been on endeavouring to provide stronger incentives for state sector managers to get the best possible return on state resources. This has been done primarily by separating commercial and non-commercial functions of Government so as to permit the commercial functions to compete with the private sector. In some cases this has been done by creating a limited liability state owned company ('corporatisation'), in others by requiring full cost recovery. Other government departments and ministries (for example, MWD, Social Welfare, Labour) have, or are being reviewed and restructured.

It should be noted here that reform of the public sector has other aspects to it as well, although these are largely beyond the scope of this work. Two examples are the concept referred to as devolution, most notable in the health, employment training, and Maori Affairs areas; and the more general reforms of public service performance monitoring and management structures.

13.3 *Immediate Impacts of Structural Reform*

The most direct and obvious impact of structural reform is on employment. For the private sector accurate assessments of the size of the employment effect are difficult to make, partly because records are not kept in a centralised manner, but also because it is virtually impossible to separate employment effects attributable to structural reform from those caused by other factors such as macroeconomic policy and changing market demand. With state sector reform, however, the State Services Commission, which is charged with managing the personnel aspects of the changes, has records of the immediate employment impact.[18] As of 1 April 1987 when the State Owned Enterprises Act came into force, 1,924 permanent employees and 3,564 wage workers were declared 'surplus to requirements'. Of this total of 5,488, all were made redundant, with the exception of 620 permanent employees 459 of whom opted for an early retirement deal, 156 who were offered and took redeployment to other positions within the state sector and 5 positions which were lost through natural attrition. The numbers made redundant by each department is shown below:

[18]Note however that this does not include either flow-on employment effects or staffing changes made by the SOEs after their commissioning on 1 April 1987.

TABLE 6: Redundancies by government department

Department	*Permanent Staff*	*Wage Workers*	*Total*
N.Z. Forest Service	837	2,802	3,639
State Coal Mines	287	741	1,028
Department of Lands & Survey	151	19	170
Ministry of Transport	18	—	18
State Services Commission	11	—	11
Government Accommodation Board	—	2	2
Total	1,304	3,564	4,868

Source: State Services Commission

The process of state sector reform is still continuing and is causing further job losses. Since 1 April 1987, another 4,546 permanent staff positions have been declared surplus. 945 of these positions have already been abolished by time of writing with 420 (43 percent) of the staff concerned being made redundant (see Table 7).

TABLE 7: Details of state sector reform job surpluses

State Sector Reform Job Surpluses After 1 April 1987 (up until 26 February 1988)

Severance	420
Redeployment (with State Sector)	190
Attrition	136
Early Retirement	197
Leave without pay	41
Retraining	1
Total	985

Source: State Services Commission.

The remaining 3,561 positions are those where surpluses have been announced but the positions have not yet been abolished. They are spread across 20 departments, the main ones being the Ministry of Works and Development and the Department of Social Welfare. The State Services Commission expects something less than half of these to result in redundancies.[19]

The employment losses have been very unevenly spread geographically. A regional breakdown of the two departments where

[19]Management of Change Unit, State Services Commission. Personal communication, 8 March 1988.

the largest redundancies occured shows how heavily some regions have been affected:

An indication of the magnitude of the impact on particular regions is the example of registered unemployment in the Invercargill district. In the two months from February to April, unemployment in Invercargill rose 498 to 2,470, an increase of over 25 percent. Nationwide for the same months registered unemployment rose by only 58 to 78,769, a change of less than 0.1 percent. Nearly all the increase in Invercargill was directly attributable to corporatisation of State Coal Mines and the Forest Service.

The geographical differentiation of the impact of the state sector reforms have had a cumulative effect in some regions. Regions like Northland, Hawkes Bay and the East Coast have been strongly affected by the removal of subsidies to the agricultural sector and by deregulation of the meat processing industry prior to the job losses resulting from corporatisation of the New Zealand Forest Service. While it is not possible to separate the impact of other factors, such as macro-economic policy and general international demand, on these changes, structural reform of the private sector undoubtedly contributed to employment losses in these regions.

Figure 21 shows clearly the disproportionate impact of the rise in unemployment since early 1986. In the main cities (Department of Labour employment districts Takapuna, Auckland, Manukau, Lower Hutt, Wellington and Christchurch) the rate of registered unemployment has stayed about or below 3 percent. Outside of the main centres unemployment has risen from about 6 percent in early 1986 to 10.6 percent eighteen months later.

In some small towns the impact of corporatisation has been even greater. The closure of the coal mines at Ohai in Southland is one example. Another is the forestry area around Rotorua and Whakatane. In some regions such as the East Cape this serious impact on small communities has the further dimension of its effect on Maori. On the East Coast 37 percent of the population are of Maori descent and an interim social impact review of the region[20] showed that in some towns such as Mangatu, Patunamu, Tokomaru Bay and Ruatoria the proportion of Forest Service wage workers who are Maori ranges from 73 percent to 100 percent. That report calculated that *before* corporatisation unemployment rates for these towns were as high as 33 percent of the population as a whole and may have been twice that as a percentage of the

[20]New Zealand Government, State Services Commission, Social Impact Unit, (1987d)

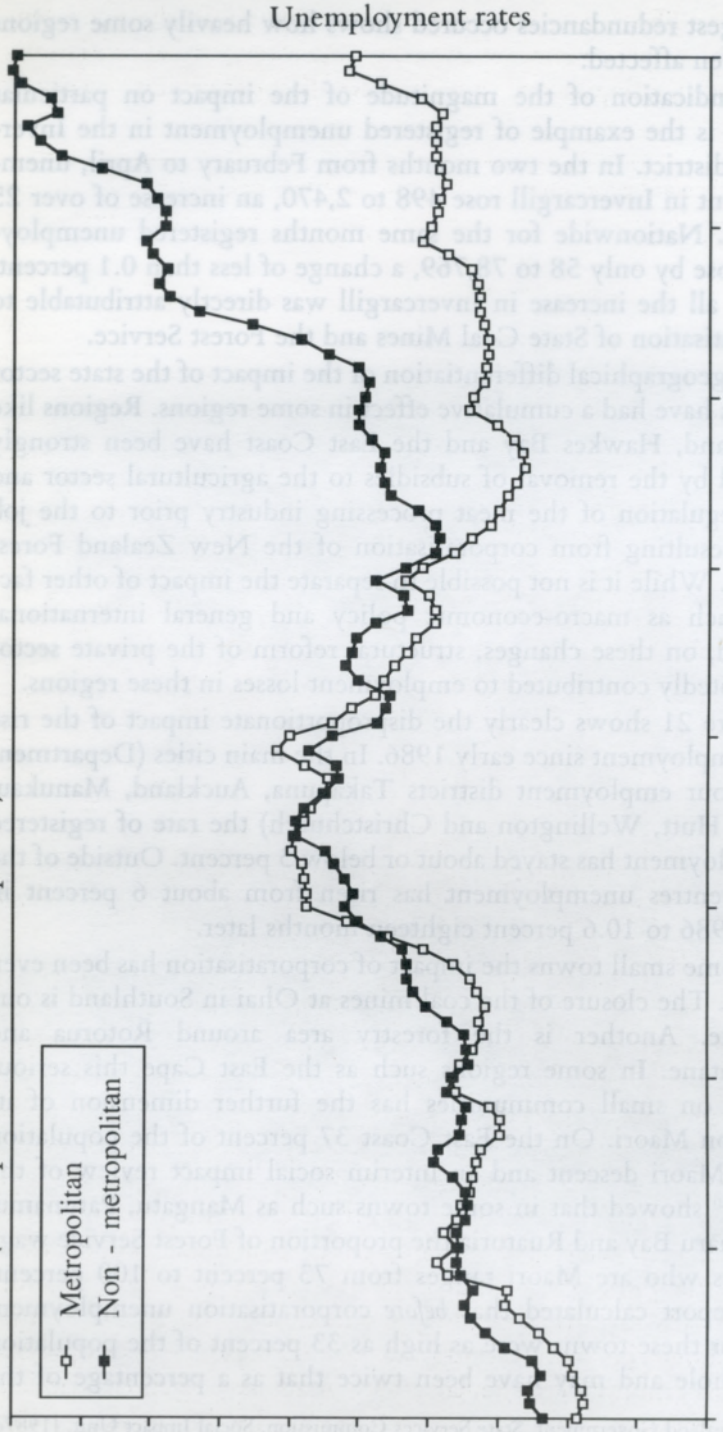


FIGURE 21: Registered unemployment rates (Metropolitan and non-metropolitan)

Source: Department of Labour, *Monthly Employment Operations*

workforce. The report also pointed out that while there are few other local employment opportunities, the strong tribal affiliations of the Maori population will act to discourage inter-regional mobility.

TABLE 8: Regional employment losses in State Coal and the Forest Service

State Coal Mines	
Head Office	70
Huntly	594
Westport	134
Reefton	2
Greymouth	101
Christchurch	12
Dunedin	2
Ohai	115
Total	1,030
Forest Service	
Auckland Conservancy (includes Nthld & King Ctry)	646
Rotorua Conservancy (' Taupo & East Coast)	1,401
Wellington Conservancy (that is, southern Nth Is.)	314
Head Office	48
Nelson Conservancy (includes Marlborough)	306
Westland Conservancy	274
Canterbury Conservancy	269
Southland Conservancy	381
Total	3,639

Source: State Services Commission

13.4 *Structural Reform and Social Policy*

The process of structural reform has been followed for the most part with a single focus approach where economic policy considerations dominate social ones. In the past however policies have been implemented for a mixture of social and economic (as well as political) reasons. Part of the reason for an explicitly efficiency-based approach was the economic cost that the previous approach was felt to have entailed. The focus on efficiency has had particularly serious impacts where the previous policy contained substantial—though often implicit—social objectives. This was the case, for instance with forestry and mining which, as is suggested by the figures above, played a significant role in regional development and Maori employment. Social policy goals have been overridden during the process of structural reform by the dominance of the

economic objective. The single focus—that of economic efficiency—meant social purposes and impacts become 'invisible' in the conceptual framework used and were not considered in policy formulation.

The argument is sometimes put forward that social purposes have not been forgotten. It is simply that structural reform is an unavoidable precondition of improved social wellbeing and that whilst some losses for some people are incurred the gains, over time, outweigh the costs. However, within the framework of our analysis in Part I this argument has two weaknesses.

The first weakness concerns technical features of the process of (market-driven) resource allocation. Widespread reductions in relatively inefficient uses of resources can be achieved rapidly by the sort of structural reform policies that have been implemented. The transfer of those resources to new activities, though, is much slower. The adjustment process itself involves both economic and social costs. The longer that process takes the less is the net gain as measured against the 'short term' costs (see section 4). Moreover infrastructural decay such as closure of services like schools, hospitals, communication and transport links, can make *re*development prohibitively costly even where the activity would otherwise be economically efficient. For example, a new mail order business in a rural town might in itself be an efficient use of resources and the business it generated might be enough to make the local Post Office viable. If, however, structural adjustment had already led to the closure of that Post Office, setting up the mail order firm may not be profitable and at the same time the capital expenditure involved in re-establishing the service would not be justified by the added turnover from the mail order operation.

The second weakness is of a different nature. Because the key element of the structural reform process as it has been implemented is to achieve efficiency through a market distribution of resources, there is an inevitable conflict with the redistributional component of social policy. It becomes very hard to take a co-ordinated approach to policy and weigh the social costs and benefits against the economic ones in the policy formulation stage. In effect, the general assumption is made that economic efficiency outweighs social goals and that where adverse social effects show up these will be dealt with reactively if it is judged necessary.

14 Equal Pay

14.1 *The Concept of Equal Pay*

The concept of equal pay is a cogent illustration of the interdependence of social and economic policy. While the relative remuneration of males and females in New Zealand obviously affects a huge number of people over a range of areas, broader questions about equality of access and opportunity have even more wide-ranging implications. This note limits itself to briefly sketching some of the principal issues involved, using statistical data to point to some possible economic and social effects.

Equal pay was first introduced in the New Zealand public sector under the Government Service Equal Pay Act of 1960. Such legislation was not extended to the private sector until New Zealand's Equal Pay Act was passed in October 1972. The latter Act provided for the phasing in of equal pay over five years, with equal pay being defined as 'a rate of remuneration for work in which rate there is no element of differentiation between male employees and female employees based on the sex of the employees'.

Under the Act's provisions, employers of women in predominantly female occupations were obliged to pay their employees '. . . the rate of remuneration that would be paid to male employees with the same, or substantially similar, degrees of effort'. To determine such 'equal pay for work of equal value', the Act recommended the use of job evaluations so as to set a value on the jobs done by women employees in relation to a range of comparable male jobs.

The Act was reviewed in 1975 and 1979, at which times progress in closing the earnings gap was noted and combined with recommendations for more extensive education in the principles of equal pay. More recently, however, the continuing gap between earnings has prompted a new study of equal pay, with particular emphasis on the relative significance of 'discriminatory' factors in setting pay. This study is continuing at present, and this note draws closely on its already published reports (Urban Research Associates *et al*, 1987).

As most of the literature points out, the concept of equal pay raises a number of definitional problems. These have implications for the scope and effectiveness of any legislation. At its most basic, equal pay requires that men and women at the same level within the same job receive identical rates for the same work. As the 1979

review noted, virtually all awards and collective agreements had abolished any separate scales differentiated by sex (although there are still differences in above award wages). To argue that the lower net output or overall value of a female employee may justify paying her lower rates than a man doing the same work (as in paying a female farm worker less because she is less strong or takes off more days sick than a man) is to oversimplify the fact that all people have different capacities, and to revert to discrimination based solely on gender.

The wider concept of equal pay for work of equal value raises some more ambiguous problems. 'Comparable worth' involves comparing the conditions, skills and responsibilities required in traditionally female- and male-dominated occupations. As the Equal Pay Study Phase I report cautions, care needs to be taken to avoid basing comparisons on stereotypes about the work performed (such as assuming that women tolerate repetitive work), or undervaluing those occupations that seem like an extension of women's traditional domestic duties (as, for example, nurse, child-minder or cleaner).

A still broader issue, and one that equal pay only begins to address, is that of 'equal opportunity'. Breaking down the cultural and systemic constraints inhibiting women's access to participation and power at all levels of society requires far-reaching changes in values and institutions. It may be that various forms of affirmative action (with attendant economic and social effects) are deemed necessary to rectify past injustices.

Distinctions have also been made between comparable worth and the wider notion of 'pay equity'. The latter is a broader concept, involving attempts (in some American and Canadian States, for example) to raise all pay rates over a period of time, with the intention of improving low rates of pay for the full range of disadvantaged groups in society.

As the Phase 1 report notes, the pay gap can be divided into two elements: the unequal distribution of men and women between industries and occupations on the one hand, and the lower average ranking of women within industries and work-places on the other. While equal opportunity policies are necessary to alleviate the latter problem the former implies that pay levels in female-intensive industries and occupations may have to be increased relative to levels in male-dominated areas.

Central to the debate on the causes of pay differentials are problematic questions about what constitute 'discriminatory' factors. Overseas analysis has attempted to measure what proportion of the pay gap can be attributed to 'human capital' variables like lower levels of education and training (which will have flow-on effects on relative levels of experience and seniority within jobs) and what proportion remains statistically unexplained.

Data from the 1981 census show that while women are more likely to have attended secondary school or teachers' college, men are much more likely to have attended university (7.9 percent compared to 3.8 percent for women) or polytech/technical institutes (18.9 percent compared to 9.5 percent). (New Zealand Government Department of Statistics, 1985). Although these disparities are diminishing, improving equality of access to relevant training is obviously a fundamental prerequisite to closing the gap.

14.2 *The Dimensions of the Pay Gap*

The dimensions and origins of the pay gap can be appreciated through an examination of recent statistical data.

Of particular significance are indicators of 'occupational segregation', which measure the degree to which the female work-force is concentrated into certain occupational groups. Recent research has shown that the index of occupational sex segregation in New Zealand (interpreted as the percentage of females who would have to shift or change in order to achieve the same occupational distribution as males), while remaining high, has declined gradually from 62.5 in 1971 to 57.6 in 1981 (as measured over 80 occupational groups).[21]

The numbers of female-typed (67 percent or more females) and mixed (33–66 percent female) occupations grew slowly between 1971–81, from 9 to 12 and 14 to 18 respectively, while the number of male-typed occupations declined from 57 to 50 over the same period.[22]

However as Table 9 shows, the proportion of the female labour force in highly sex-segregated occupations has grown markedly since 1971. To take one prominent example, the female percentage in the medical, dental and veterinary category (including nurses) increased from 54.4 to 72.3 between 1971–81.

[21]Gwartney-Gibbs, P.A., 1987.

[22]*ibid*, p. 8

TABLE 9: Percentage distribution of female labour force by sex types of occupations, 1971, 1976, 1981

Percent female in occupation	*Sex type of occupation*	*Percent of female labour force* 1971	1976	1981
67–100	*Female typed*	26.5	33.0	51.6
33–66	*Mixed sex*	53.9	49.3	27.0
0–32	*Male typed*	19.6	17.7	21.4
		100.00	100.00	100.90

Note: This analysis is based on a breakdown of occupations into 80 groups.
Source: Gwartney-Gibbs, P, 1987

Of this substantial increase in the number of females in female-typed occupations, Patricia Gwartney-Gibbs estimates that one third is due to changes in labels, with four occupational groups (medical, dental and veterinary; cook, waiter and bartender; general clerical; and book-keeper, cashier) shifting from mixed-sex to female-typed occupations.

Gwartney-Gibbs goes on to point out that the growth of highly female-concentrated occupations in the decade was so great as to potentially absorb all new female labour force entrants in the period. She also concludes from a study of occupational segregation by age (see Table 10) that there is an increasing concentration of young female workers in female-typed occupations, and a successive movement of age cohorts into female typed occupations as they grow older. As she writes, 'these results imply that observed declines in the index of segregation are associated more with men entering female-typed and mixed-sex occupations than with women moving into men's more advantageous occupations' (Gwartney-Gibbs, P, 1987, p.13).

In relating these points to the issue of equal pay, two interrelated observations can be made. The first is that when broad occupational groups are broken down, there are strong links in many areas between female intensity and low pay. Table 11 shows that women are over-represented amongst the principal low paid industry groups.

A related point is that by disaggregating the broad occupational groups, it can be seen that even in female-typed occupations it will often be men who occupy the highest paid scales. Thus, a survey of

TABLE 10: Occupational distribution of age groups in the female labour force in New Zealand 1971, 1976, 1981

Sex type of occupation	*Age group*	*Percentage of age group* 1971	1976	1981
Female Typed	under 20	42.9	46.6	65.0
	20–24	34.1	39.6	59.9
	25–34	22.3	29.4	46.3
	35–44	20.6	29.1	50.0
	45–54	21.5	28.8	50.4
	55+	22.7	29.0	49.5
Mixed Sex	under 20	44.8	41.0	19.6
	20–24	48.5	44.9	22.4
	25–34	53.9	50.1	29.3
	35–44	57.8	52.4	26.2
	45–54	58.0	52.9	26.4
	55+	58.0	52.4	25.9
Male Typed	under 20	12.4	12.4	15.4
	20–24	17.4	15.5	17.7
	25–34	23.8	20.5	24.4
	35–44	21.5	18.4	23.8
	45–54	20.6	18.3	23.2
	55+	19.2	18.7	24.6

Source: Gwartney-Gibbs, P.A., 1987

the full-time clerical work-force showed that in 1981 over 80 percent of workers in the three lowest income groups (up to $12,000 p.a.) were female, while the proportions in the $12,000-$16,000 and $16,000 or more categories were 40 percent and 15 percent respectively (Urban Research Associates, *et al,* p. 21, 1987).

14.3 *The Economic Implications of Equal Pay*

As far as the economic effects of equal pay legislation are concerned, a first expectation is that differentials between earnings would decrease. As Table 12 reveals, the male/female earnings gap closed gradually during the Act's implementation period, and has oscillated between narrow limits since.

The Ordinary Time Hourly Earnings Index generates the smallest gap, as it excludes overtime hours differences (with women working a shorter week and with more part-time employment than men). The provisional August 1987 male/female differentials for average ordinary and average total weekly earnings were 77 percent and 73.4 percent respectively (Department of Labour

TABLE 11: Percentage of women in the major low paid industry groups 1985§

NZ Standard Industrial Classfication	*Average ordinary weekly wage ($)*	*Total full-time employees*	*Percentage women*
All Industries	296.74	899,693	36%
Manufacturing Canning Pres. Fish	232.34	2,525	#41%
Bakery Products	231.80	6,185	#41%
Cocoa, Sugar etc Confectionery	239.79	1,554	#57%
Made-up Textile Goods	214.75	1,903	#70%
Knitting Mills	247.15	3,907	#59%
Wearing Apparel (excl. footwear)	223.64	16,800	#88%
Leather etc products (excl. footwear)	224.21	1,589	#68%
Footwear	244.05	4,397	#59%
Furniture & Fixtures	243.90	6,215	18%
Retail Trade	221.28	65,387	#50%
Restaurants, etc	186.15	9,019	#60%
Licensed Hotels	218.56	9,190	#55%
Unlicensed Hotels	192.34	1,421	#66%
Seasonal Storage	242.06	2,034	22%
Sanitary Services	205.47	3,682	28%
Amusement Services	223.09	3,171	26%
Repair Motor Vehicles	246.51	22,045	14%
Laundries	222.02	2,133	#58%
Barber & Beauty	185.17	3,499	#89%
		166,656	

#Women over-represented
§This is defined as those industries with more than 1,000 full-time employees and average ordinary weekly earnings of less than $250
Source: Hyman, P. 1987

Quarterly Employment Survey, August 1987). As far as median annual income is concerned, Table 13 shows that median income differentials improved very slowly until 1971, with a more rapid improvement over the next quinquennial census period that could well have been a consequence of equal pay legislation.

The conclusions that can be drawn are mixed. While differentials initially improved, their static nature in recent years suggests the limits of present legislation; the importance of non-discriminatory 'human capital' variables in maintaining an earnings gap; and the need to examine societal factors.

As it is, women remain disproportionately represented amongst low-income groups. The small sample analysed by the Department of Labour's Low Pay Unit, for example, reveals that in December

TABLE 12: Average ordinary time hourly earnings in NZ ($NZ) 1972–87

	Male	*Female*	*Female as % of male*
*October 1972**	1.83	1.28	69.9
October 1973	2.13	1.54	72.1
April 1974	2.28	1.65	72.4
October 1974	2.53	1.87	74.0
April 1975	2.69	2.00	74.3
October 1975	2.80	2.14	76.4
April 1976	3.00	2.32	77.2
October 1976	3.19	2.51	78.7
April 1977	3.44	2.69	78.2
October 1977	3.62	2.84	78.5
April 1978	3.87	3.01	77.8
October 1978	4.10	3.23	78.8
April 1979	4.49	5.52	78.4
October 1979	4.90	3.38	79.2
May 1980	5.42	4.24	78.2
November 1980	5.91	4.63	78.3
May 1981	6.68	5.21	78.0
November 1981	7.12	5.62	78.9
May 1982	7.85	6.11	77.8
November 1982	7.90	6.24	79.0
May 1983	8.07	6.34	78.6
November 1983	8.04	6.42	79.9
May 1984	8.35	6.65	79.6
November 1984	8.39	6.66	79.4
May 1985	9.17	7.15	78.0
November 1985	9.58	7.50	78.3
May 1986	10.99	8.73	79.4
November 1986	11.45	9.10	79.5
May 1987	12.15(R)	9.66	79.5
August 1987	12.38(P)	10.03(P)	81.0

**Estimate*
(R) Revised since publication
(P) Provisional at time of Publication
Sources: Hyman, P. (1987) with additional data from *Quarterly Employment Survey, August 1987;* and *New Zealand Parliament, (1979)*

1986 equivalents, 15.9 percent of women (compared with 6.9 percent of men) earned less than 60 percent of the sample's overall median wage, while 4.1 percent of women (compared to 2.4 percent of men) earned below the then minimum wage of $170 per week. (New Zealand Government, Low Pay Unit, 1986). Table 14 uses data from the same source to illustrate how women consistently earn less than men within the same broad occupational

TABLE 13: Median incomes of labour force members at population censuses, 1951–1981

Population Census	Female Median Income $	Male Median Income $	Female to Male Ratio*
1951	471	946	49.8
1956	725	1,465	49.5
1961	896	1,816	49.3
1966	1,147	2,229	51.5
1971	1,630	3,146	51.8
1976	3,461	5,717	60.5
1981	7,460	11,670	63.9

* Percent of Male Median Income
Source: New Zealand Government, Department of Statistics, 1985

groups, and are consistently more likely than men to earn low or below minimum wages.

A second expected economic effect would be increased participation as rising pay attracts more women into the work-force. Statistics do show rising levels of participation in both part and full-time

TABLE 14: Median wages by occupation and sex, December 1986

Category		Number of observations	Median ($)	Median as a % of overall median (%)	% of workers earning less than 60% of median (%)	% of workers earning less than 60% of overall median (%)	% of workers earning less than minimum wage ($170pw) (%)	Ratio of female to male median (%)
Occupation by sex								
Professional:	*Male*	315	29,553	143.5	6.0	2.6	0.6	84.7
Professional:	*Female*	217	25,033	121.6	9.1	4.2	2.0	
Clerical:	*Male*	156	21,631	105.1	6.1	5.1	0.8	81.9
Clerical:	*Female*	420	17,720	86.1	6.6	11.8	2.8	
Sales:	*Male*	199	23,149	112.4	6.8	4.1	1.4	64.1
Sales:	*Female*	124	14,835	72.1	7.6	24.1	7.4	
Service:	*Male*	122	27,673	134.4	18.1	4.2	1.9	55.1
Service:	*Female*	94	15,238	74.0	5.1	18.7	4.3	
Prod/Labourer:	*Male*	980	20,959	101.8	8.0	7.2	2.0	65.3
Prod/Labourer:	*Female*	170	13,689	66.5	2.4	27.2	4.0	

Source: Department of Labour, Low Pay Unit Analysis of Household Expenditure and Income Survey Results, December 1986.

employment. The proportion of females working from 1–19 hours per week, for example, increased from 3.3 percent to 5.8 percent over the decade 1971–1981, while the proportion working 30–49 hours a week increased from 18.3 to 20.6 percent over the same period (New Zealand Government, Department of Statistics, 1985). Participation rates amongst married women—who constitute a pool of labour able to choose (to a certain extent) between work at home or in paid employment—have also risen, with the percentage of married women in the full-time labour force rising from 19.9 percent (in 1966) to 32.6 percent (in 1976) and 35.8 percent (in 1981) (New Zealand Official Year Book, 1986–87).

It should be noted, however, that a consequence of this rising participation may be increasing occupational sex segregation. Women may remain concentrated in lower-paying, less secure jobs. Increasing participation must also be located in its wider social context. Gradual recognition of a woman's right to pursue her own career; changing child-rearing patterns and economic necessity have all stimulated participation. Similarly, such participation will have social effects as women demand better child-care options, training and access to decision-making.

A third economic area is the effect of equal pay on economic efficiency. The argument can be made that in paying men and women the same for the same work, gender-blind employers will be motivated by efficiency considerations to make the best use of all their employees' potentials. To a major extent, however, such developments are dependent on the sort of equal opportunity policies and changes in perceptions mentioned earlier.

Another set of economic questions concerns the costs of instituting equal pay. It is difficult to isolate the impact that a single variable like equal pay has had on changes in costs, prices and employment over time. The 1979 review of equal pay addressed some of these factors (New Zealand Parliament, 1979). Table 15 estimates the monetary cost of equal pay and concludes that of the total increase in the female payroll between October 1972 and 1977, 26 percent is attributable to equal pay and 74 percent to general wage movements. The review also estimated that equal pay increased the consumers' price index by approximately 3.25 percent between 1972/3–1976/7 (out of an overall increase of 64.1 percent).

The review recognised that the impact on costs and prices in more female-intensive industries would be more pronounced, but

TABLE 15: Costs of equal pay implementation—gross average weekly earnings—Non-Government sector[1]

Date of half-yearly survey	*Female labour force full-time equivalent*[2]	*Female/male weekly earnings ratio*	*Actual female average annual earnings*	*Actual annual female payroll*	*Average female annual earnings on basis of constant ratio of 61%*	*Annual female payroll on the basis of constant ratio of 61%*	*Cost of equal pay*
	No.	*%*	*$*	*$*	*$*	*$m*	*$m*
(1)	*(2)*	*(3)*	*(5)/(2) (4)*	*(2)×(4) (5)*	*(6)*	*(7)*	*(5)–(7) (8)*
October 1972	247,665	61.0	2,472	612	2,472	612	0
October 1973	268,431	61.7	2,942	790	2,906	781	9
April 1974	280,153	62.1	3,148	882	3,093	867	15
October 1974	284,504	64.0	3,561	1,013	3,394	966	47
April 1975	286,599	65.3	3,821	1,095	3,570	1,023	72
October 1975	284,068	67.4	4,074	1,157	3,689	1,048	109
April 1976	290,411	68.4	4,443	1,290	3,965	1,151	139
October 1976	292,231	69.9	4,799	1,402	4,185	1,223	179
April 1977	300,447	68.5	5,191	1,560	4,624	1,389	171
October 1977	296,606	70.8	5,429	1,610	4,676	1,387	223

[1]Private sector, local authority sector, and government corporations.
[2]Two part-time employees are counted as one full-time employee.
Source: New Zealand Parliament (1979).

its case study of equal pay in the clothing industry (where the female/male gross weekly earnings ratio grew from 53 percent to 69.3 percent between 1972–77) concluded that equal pay legislation cost the industry $20.4 million, with an estimated 1 percent increase in the CPI. It also questioned the claims of some employers' groups that equal pay was the major reason for job losses in the retail sector. Rather, such changes should be seen in terms of shifting patterns of economic activity as a whole. (New Zealand Government, 1979, p. 22–7).

The significance of social and economic factors is implicit in all of the areas canvassed above. The types of relationships that exist between such policies can be conceptualised in terms of a range of models.

14.4 *Equal Pay and the Four Policy Models*

Under a single focus: economic policy dominant approach, economic efficiency is judged to be the most important policy goal. The policy instruments used will be those accepted as best achieving this end, and may range from market to more interventionist systems.

Using this approach, equal pay will be acceptable to the degree that it promotes economic efficiency. We have already seen that a case can be put on these grounds, with equal pay giving incentives to employers to use all their employees' capabilities, and to women employees to move to positions and occupations that better fulfill their potentials.

This is not to say that everyone will accept this argument. This paper noted above that some employers' organisations have claimed that the costs of equal pay have had a deleterious impact on prices and employment in certain sectors. These two views can be reconciled in the following way. Equal pay may impose extra costs on employers and result in the unemployment of some women who would otherwise have had jobs. However, in the longer term, the efficiency improvements could be expected to outweigh these short-run costs. Under the economic policy dominant approach, the social impact of these distributional effects over time would not be relevant.

More fundamental, however, are disagreements about what equal pay for work of equal value means within the context of the market place. These definitional uncertainties have at times obscured the scope and intent of equal pay legislation overseas (Urban Research Associates *et al,* p. 41–2, 1987).

In assessing the 'worth' of a job, to what extent can or should this be established on the basis of an 'objective' evaluation of similar skills over a range of male and female occupations, as opposed to an employer's own assessment of an employee's value?

The wage rates arrived at under the latter approach will reflect the particular economic circumstances faced by each employer or sector, but may also reflect the cumulative effects of discrimination

over time. The market argument is that only through the most efficient use of all of an employer's available resources can the economic policy goal of increased material welfare be achieved. Some unions hoped that a 'notional male rate' for employees in female-intensive work-places (possibly reflecting regional averages for males within broad employment categories) would provide a fair standard for setting female rates, but this interpretation was not generally accepted, and the criteria for evaluation have remained uncertain.

A single focus : social policy dominant approach holds that the goal of social wellbeing takes precedence over any considerations of economic efficiency. The nature of the social goals pursued will obviously affect the choice of policies. If, for example, society places great value on the strength of the traditional family unit, then equal pay might be seen as undermining this goal by tempting women out of the home and threatening the male's status as bread-winner.

Conversely, there are compelling reasons for arguing that equity demands equal pay for equal work for men and women. But more than this, a fully-developed argument on social grounds would demand a range of equal opportunity policies, perhaps accompanied by affirmative action policies to rectify past injustices.

The economic costs of such policies (in terms of increased wage bills, provision for child-care facilities and expanded—and accessible—training and educational opportunities) would be regarded as subordinate to the primary goal of full recognition and reward for women's contributions.

A dual focus : reactive model recognises that both economic and social goals are important, but attempts to pursue them separately. Under this approach, these goals' relative priorities may be swapped, or different policies' effects may conflict.

Using this model, any economic effects (such as higher wage bills, income redistribution, and possible effects on costs and prices) resulting from the implementation of equal pay for social ends would either be left where they fell, or would be dealt with by further reactive policies.

Conversely, the introduction of equal pay on efficiency grounds will generate social consequences. These could include demands for equal opportunity, or steps to address the issues raised by increased participation. If a reactive approach was being taken by Government, such demands would be dealt with by social welfare,

health, education and other agencies charged with responsibility for developing and implementing social policy.

The danger is that without reference to any integrated notion of women's roles within the wider socio-economic context, economic and social policies may conflict. One result could be that many women become or remain concentrated in lower-paid, more marginal employment.

A dual focus : coordinated approach pursues both economic and social goals simultaneously, recognising the interactions between them, and incorporating consideration of policy interactions at the stage of policy design.

This paper has indicated some of these interactions in the sphere of equal pay. The impact of equal pay is difficult to separate from other forces changing the role of women in the work-place and society, and one lesson of a dual focus approach is that it is unrealistic to expect too much of either economic or social policy in isolation.

In particular, the institutional framework within which people work needs to be taken into consideration when evaluating policy options. To what extent are the apparently 'non-discriminatory' factors that constrain women's opportunities composed of these institutional elements?

The values and structures within which work patterns have evolved in modern industrial societies may constitute a powerful limit on women's opportunities and expectations. The structure of the working day and week, for example, allows very little flexibility for women with young families to balance concurrent demands, or to gain enough training or continuity of employment to move up the ladder. As has been suggested, stereotyped views of female employment may also still influence employers' decisions. Human capital factors like education, for example, may be used as inappropriate screening devices excluding women with relevant but less quantifiable skills (Urban Research Associates *et al*, p. 13, 1987).

A co-ordinated policy would have to address these interactions. It would also have to look at the way that power is distributed in society. Legally sanctioned equal pay will be only a partial solution to growing occupational segregation. Similarly, while differentials within award rates have been rectified, women are still less likely to be unionised or are covered by weaker unions, leaving them with less leverage in bargaining for better conditions or above award rates.

The issues canvassed above extend far beyond equal pay. They do, nevertheless, point to the kind of social and economic questions a co-ordinated approach to the earnings gap would need to consider.

15 Maori Development

15.1 *Introduction*

In Part I of this paper we have argued that economic and social policy are inextricably linked. We have also argued that to ignore this fact during the policy design process results in additional costs. Maori development—the relative position of the Maori people and the development of their economic and social resources—is a case in point. For many years policies have been pursued which have not fully taken into account the impact they have on Maori. New Zealand now faces both social tensions and economic costs as a result. This paper collects some of the data on the present economic and social position of Maori in New Zealand in order to illustrate some of the interactions between policies.

15.2 *Statistics on the Position of Maori Today*

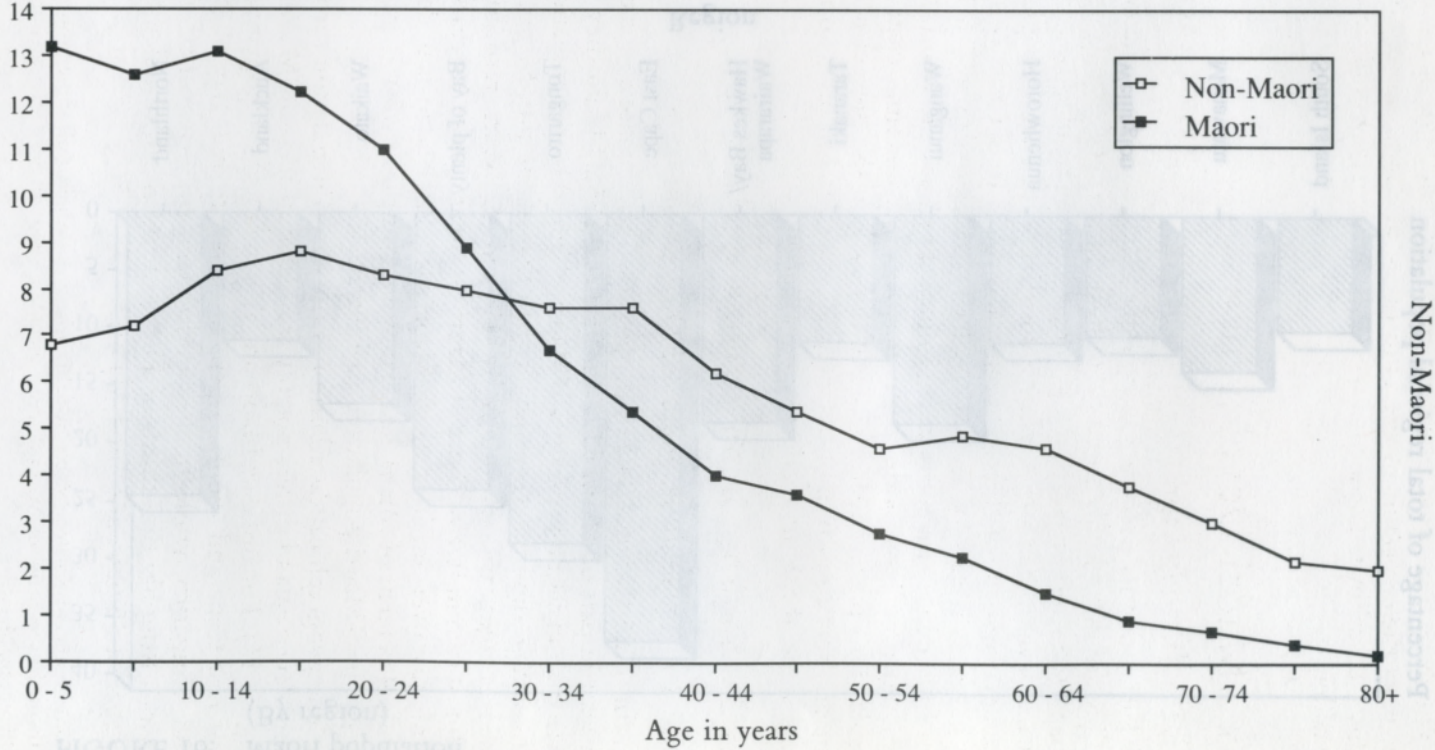
15.2.1 *Age and Geographical Distribution*

In the 1986 Census 404,778 people described themselves as being at least in part of Maori descent. Of these, 295,314 said they were 'Maori' and 94,884 'European/Maori'.[23] The Maori population is, on average significantly younger than that of the non-Maori. The median ages are approximately 19 and 32 years respectively. Almost two in five of those of Maori origin are under 15 years old. Only just over one in five non-Maori New Zealanders is under 15. Only 4 percent of Maori are 60 or over, compared with 16 percent of the non-Maori population. (see Figure 15).

The geographical distribution of the Maori population throughout New Zealand differs notably from that of the non-Maori. (see Figure 16). For instance Maori are 37 percent of the population of the East Cape and about 25 percent of Northland, Bay of Plenty and Tongariro, while in the South Island only one in twenty is Maori. Roughly two-thirds of all Maori live north of Lake Taupo as against 45 percent of non-Maori).

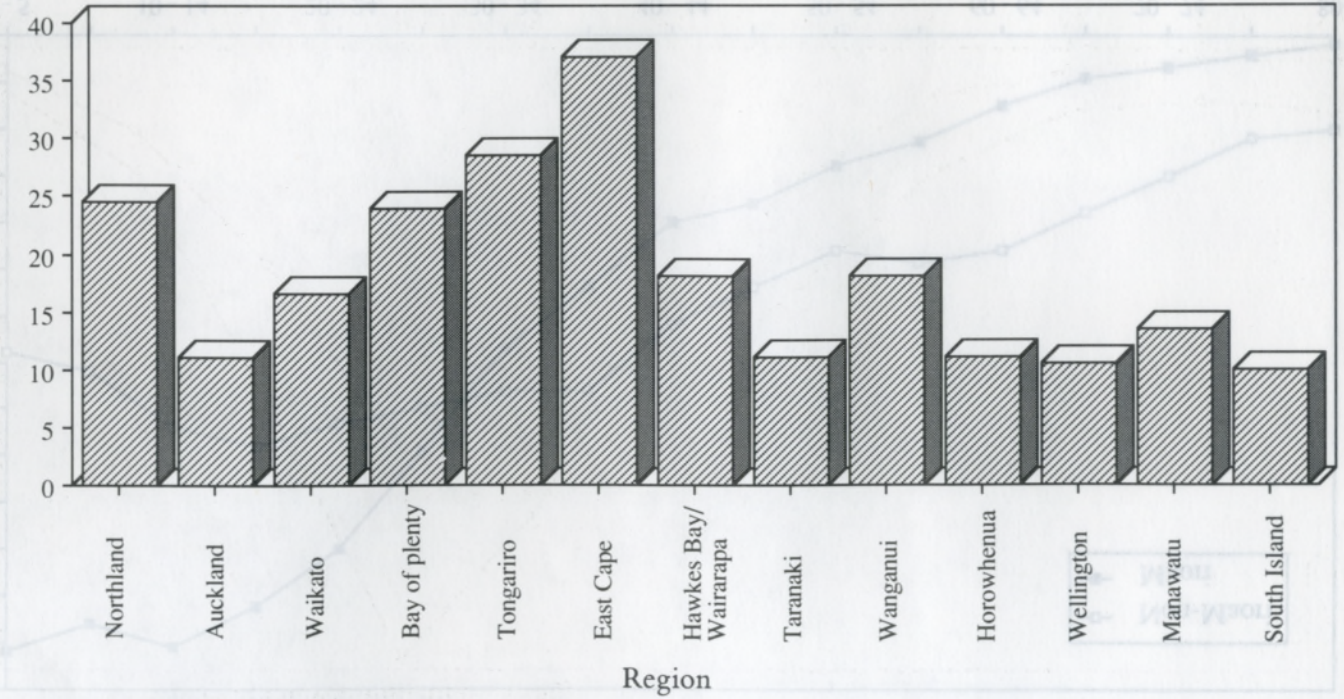
[23]Unless otherwise stated 'Maori' is defined here as including all those who classify themselves as being of Maori descent, including those who describe themselves as European/Maori.

FIGURE 15: Age distribution
(Maori and non-Maori)



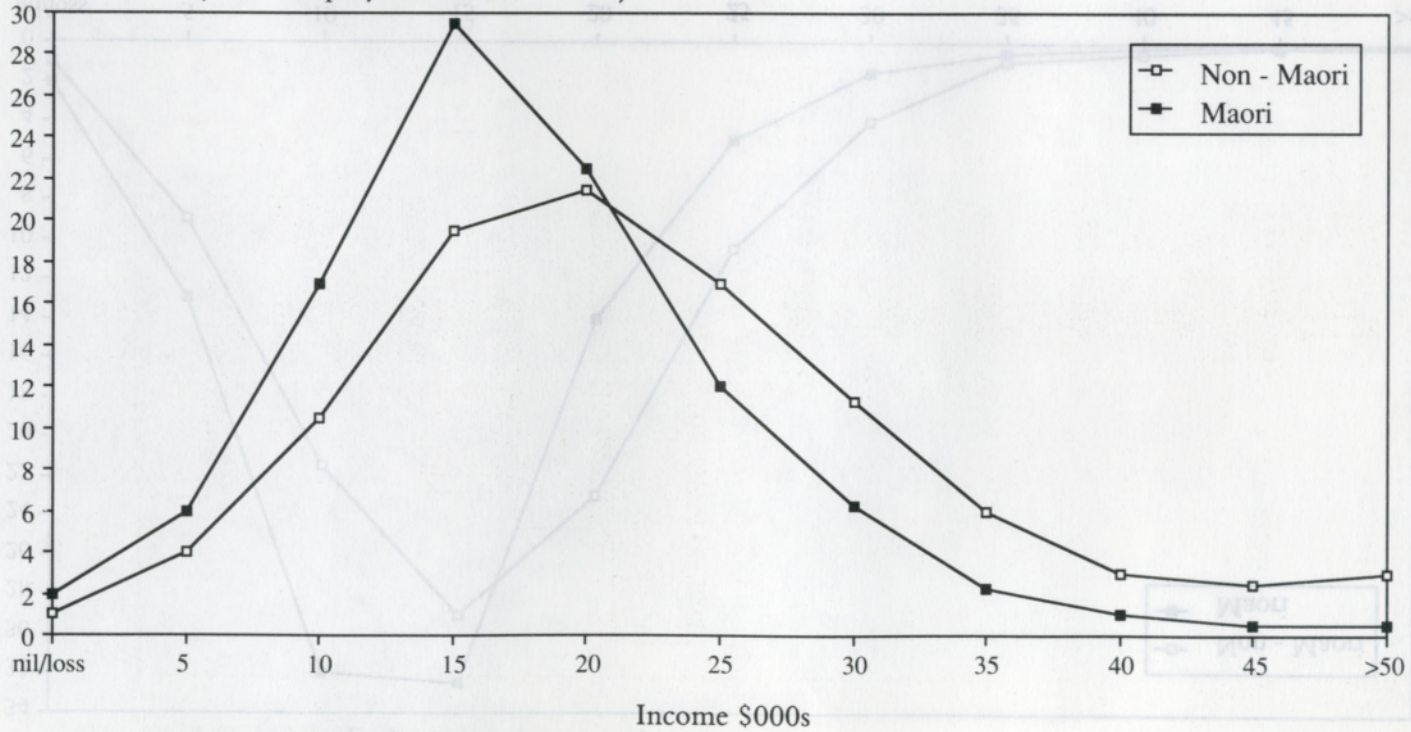
Source: Department of Statistics, Census 1986

FIGURE 16: Maori population
(By region)



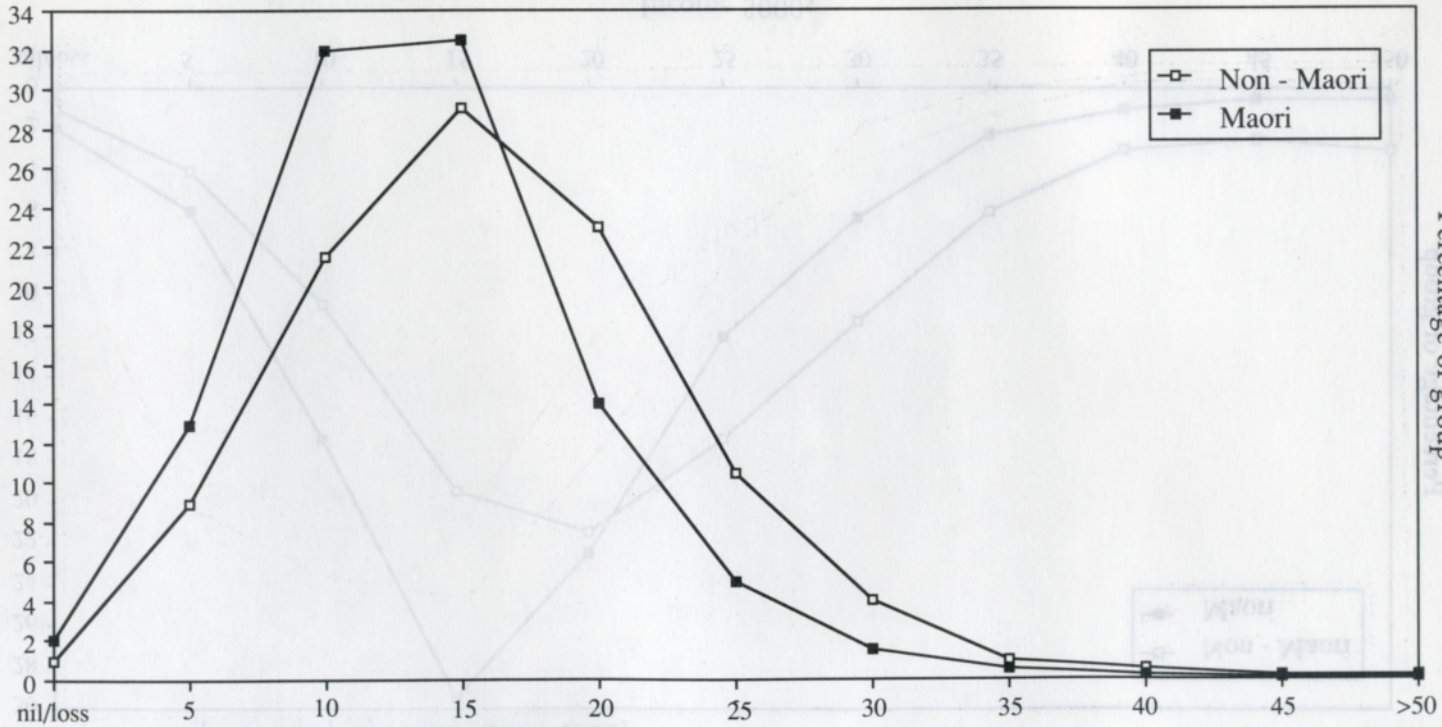
Source: Department of Statistics, Census 1986

FIGURE 17: Income distribution: Maori and non-Maori
(Males employed full-time - 1986)



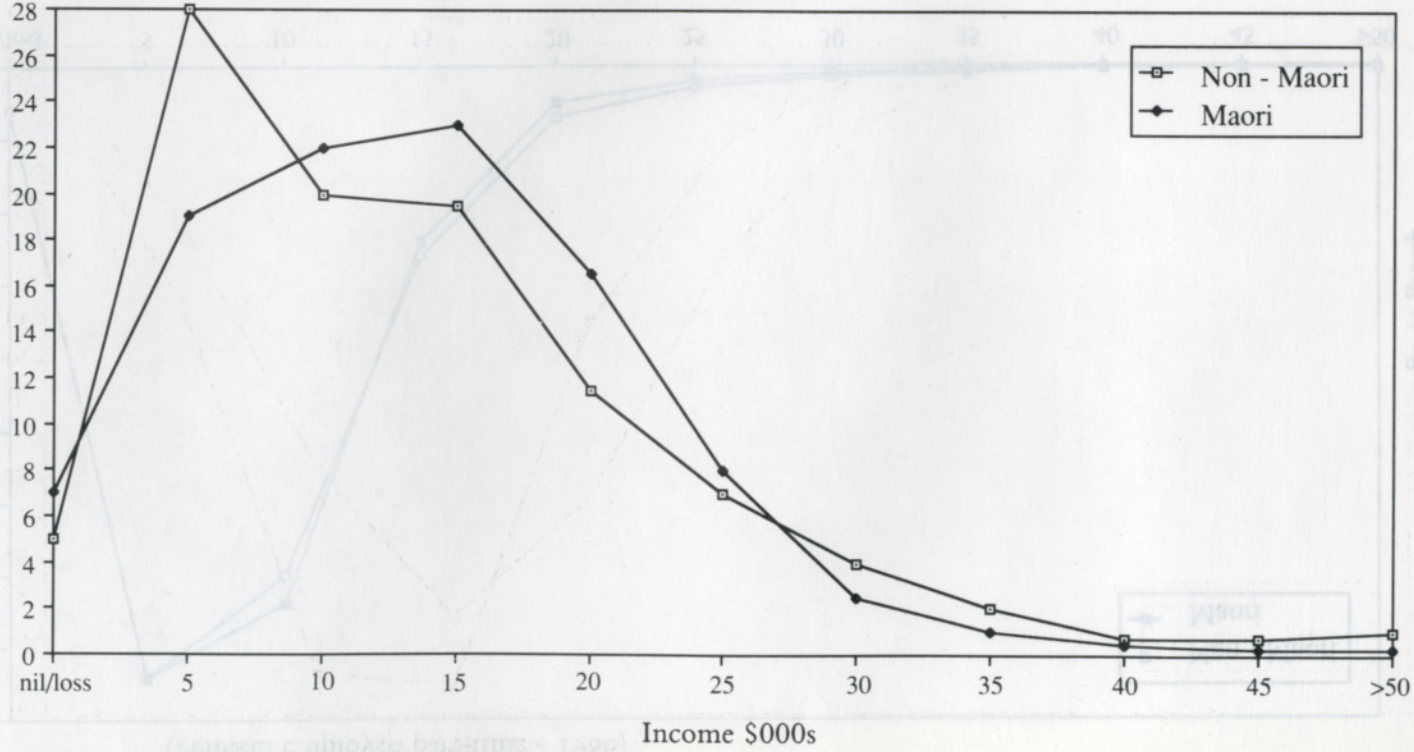
Source: Department of Statistics, Census 1986

FIGURE 18: Income distribution: Maori and non-Maori
(Females employed full-time - 1986)



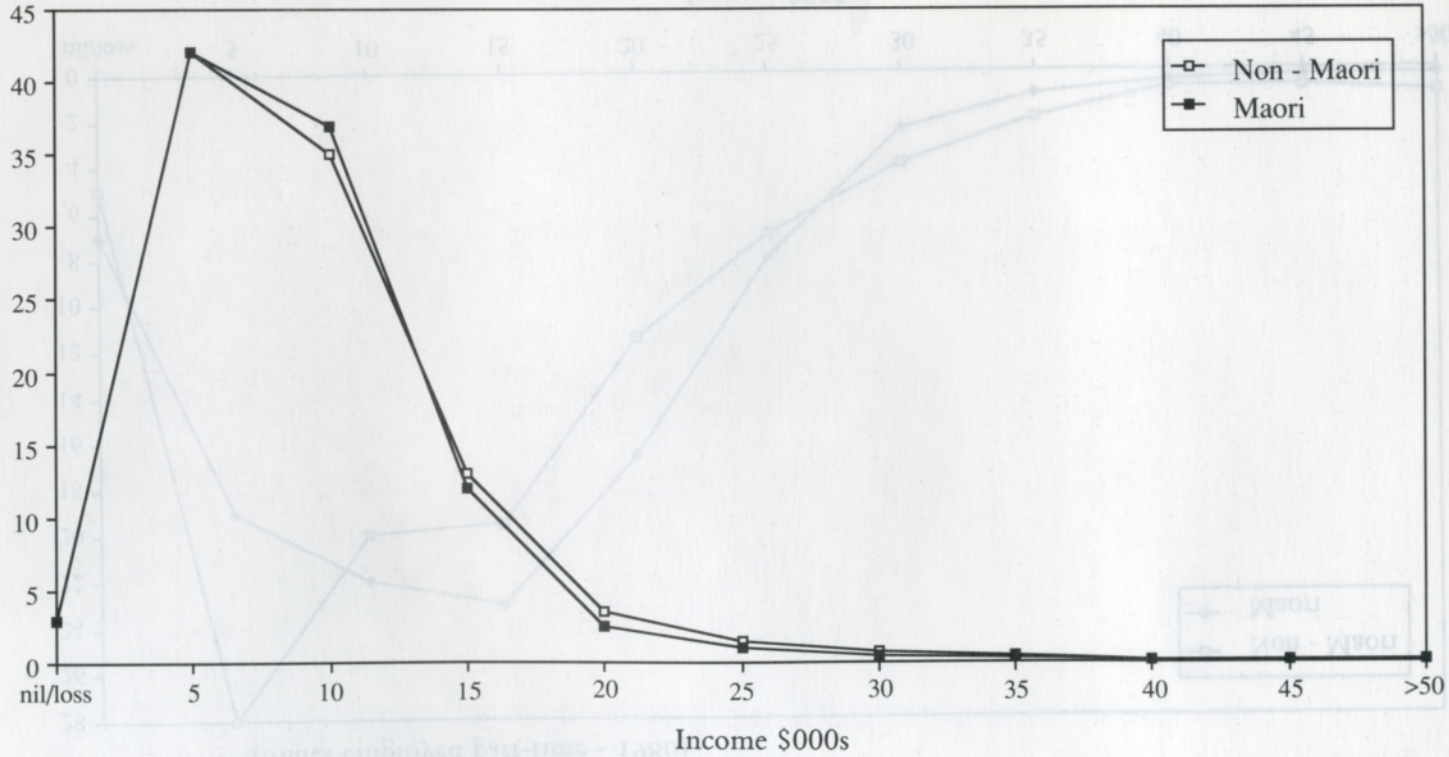
Source: Department of Statistics, Census 1986

FIGURE 19: Income distribution: Maori and non-Maori
(Males employed part-time - 1986)



Source: Department of Statistics, Census 1986

FIGURE 20: Income distribution: Maori and non-Maori
(Females employed part-time - 1986)



Source: Department of Statistics, Census 1986

15.2.2 *Income*

Not all the 1986 Census data is available yet. However, that which is indicates no improvement in the general pattern of lower incomes for Maori than for non-Maori. The graphs over show the distribution of income for full and part-time workers. Only in the case of part-time women workers is there no great difference between Maori and non-Maori (and that is a reflection of the low incomes of all part-time women workers). In 1986, 52 percent of Maori men employed full-time were earning less than $15,000 per annum compared with only 34 percent of non-Maori men. Similarly 8.4 percent of non-Maori men have incomes over $50,000, while under 2 percent of Maori men do. These figures reflect no improvement on the 1981 Census. In 1981, almost twice as many Maori were totally dependent on Social Welfare benefits as non-Maori.

15.2.3 *The Labour Market and Unemployment*

Maori workers are concentrated in low paid, low skill occupations. Maori are disproportionately represented in the production workers and labourers occupational classification and under represented as professional and technical workers. Maori women are also almost twice as likely as non-Maori women to be service workers.

Maori unemployment is almost three times that of non-Maori. The September 1987 HLFS put the unemployment rate of Maori at 11.1 percent while for non-Maori it was 3.4 percent. Maori unemployment is particularly high among under 25 year olds and those working in agriculture, forestry and fishing. (See Tables 16, 17, and 21).

15.2.4 *Educational Qualifications*

There is a huge disparity between Maori and non-Maori in academic school qualifications gained. Over half of Maori school-leavers leave with no formal qualification. That is two and a half times the proportion of non-Maori school-leavers (see Table Eighteen). In 1986, only about one in five Maori school leavers were awarded Sixth Form Certificate or a higher qualification. By comparison, over 50 percent of non-Maori school leavers had.

TABLE 16: Unemployment rates[1] of Maori and non-Maori persons by industry major groups, 1986

Major industry group	*Maori population*	*Non-Maori population*
Agriculture[2]	22.9	3.2
Mining, Quarrying & Manufacturing	7.0	3.3
Electricity, Gas, Building, Finance[3]	8.5	6.1
Trade[4]	15.3	5.5
Transport, Communication and Community Services[5]	13.6	3.3
Total	13.5	4.2

Notes:

[1]The number of unemployed expressed as a percentage of the Labour force in each industry major group.

[2]Includes hunting, forestry and fishing.

[3]Includes Insurance, real estate and business services.

[4]Includes wholesale and retail trade and restaurants and hotels.

[5]Includes social and personal services.

Source: Household Labour Force Survey, March Quarter 1986; reprinted from Savage, J. and Thompson, M-A (1987).

15.2.5 *Homeownership*

The proportion of Maori dwellings (that is, those where the declared household head is Maori) owned by their occupiers was only 45.3 percent in 1981. This compares with 72.9 percent of non-Maori dwellings. Between 1961 and 1981 the percentage of Maori dwellings owned by their occupiers actually fell slightly. Maori obtained over half of their rental housing from the Housing Corporation or other government department, compared with 30 percent for non-Maori.

15.2.6 *Health*

By most measures, Maori health status is lower than that of non-Maori. Life expectancy from birth is seven years less for men and eight and a half less for women, even despite a relative improvement by Maori over the last three decades. Infant mortality rates are 50 percent higher for Maori than for non-Maori and hospital admission rates for Maori infants (that is, under one year) were over twice that of non-Maori, with 8,417 admissions per 10,000 Maori infants in 1984.[24] Admissions to mental institutions were also higher for both Maori men and women and have been rising whereas non-Maori rates have been stable or declining.

[24] New Zealand Planning Council, 1987.

TABLE 17: Maori unemployment rates[1] by grouped employment districts and age, 1986

Districts	*Age Group (Years)* 15–24	25+	*Total*
Northern North Island[2]	19.8	7.4	12.5
Central North Island[3]	23.2	9.2	14.4
Southern North Island[4]	20.2	5.1	11.7
South Island	24.4	13.9	17.9
Total New Zealand	21.8	8.5	13.5

Notes:

[1]The number of unemployed is expressed as a percentage of the labour force in each age group.

[2]Includes Whangarei, Takapuna, Auckland and Manukau

[3]Includes Hamilton, Tauranga, Rotorua, Gisborne, Napier and Hastings.

[4]Includes New Plymouth, Wanganui, Palmerston North, Masterton, Wellington and Lower Hutt.

Source: Household Labour Force Survey, March Quarter, 1986; from: Savage, J. and M-A Thompson, 1987

15.2.7 *Imprisonment*

Since 1979 more than half of all sentenced prisoners have been Maori while Maori have been convicted of committing 37 percent of all offences. The Maori male imprisonment rate of 186 per 10,000 is 13.8 times greater than the non-Maori equivalent. At the end of 1986 there were 1293 Maori men in prison and 68 women.

15.2.8 *Maori Wealth and Land Ownership*

The exact size of Maori freehold land is not known.[25] Estimates vary but Asher and Naulls[26] cite the most recent estimate as 1.18 million hectares while the 1983 Yearbook put the figure at 1.3 million hectares or about 5 percent of the total land area of New Zealand. Table 20 gives estimates of Maori land ownership since 1840.

[25] Maori land, as discussed here is that land which is in collective Maori ownership as distinct from 'general land' which is owned either by the State or privately (including by Maori). Three types of Maori land are defined in law: customary i.e land not otherwise legally owned; reserve or vested land that is, land specifically designated as reserved; and freehold. The definitions present difficulties but in a broad sense Maori freehold land may be defined as land which the Maori Land Court has jurisdiction over. Asher and Naulls (NZ Planning Council, 1987) report that very little remains of customary and vested land and for the purposes of this paper we have confined ourselves to Maori freehold land.

[26] Asher, G. and D. Naulls, NZ Planning Council, 1987.

Maori do of course own general land as private homeowners and farmers. Unfortunately, it is not possible from Land Transfer Office records to establish just how much general land is owned by Maori. Although it is probably not a huge amount it will have been contributed to by the fact that laws governing Maori land were often aimed at finding ways to redefine Maori land as general land.

TABLE 18: Highest school qualification gained, 1986 school leavers

Qualification	*Non-Maori*		*Maori*	
	No.	*%*	*No.*	*%*
No Qualification	10,655	21.5	4,693	53.4
School Certificate	13,589	27.4	2,207	25.1
Sixth Form Certificate	14,638	29.5	1,401	15.9
Higher School Certificate	4,553	9.2	351	4.0
Bursary	5,977	12.1	133	1.5
Scholarship	184	0.4	2	0.0
Total	49,596	100.0	8,787	100.0

Source: Dept of Education

TABLE 19: Remaining expected years of life 1955–57 and 1980–82 (by ethnic group, sex and age)

Age	*Sex*	*1955–57*		*1980–82*	
		Non-M	*Maori*	*Non-M*	*Maori*
0	*Male*	68.9	57.2	70.8	63.8
	Female	73.9	58.7	77.0	68.5
20	*Male*	52.4	44.1	52.4	46.2
	Female	55.9	44.1	58.2	50.7
40	*Male*	32.8	27.3	33.7	28.1
	Female	36.6	26.6	38.9	31.9
60	*Male*	16.2	13.0	16.7	13.4
	Female	19.2	13.4	21.2	16.4

Source: Department of Statistics New Zealand Life Tables 1955–57 and 1980–82

TABLE 20: Maori land ownership 1840–1986

Year	*Hectares (000)*
1840	26,709
1852	13,770
1860	8,667
1891	4,487
1911	2,890
1920	1,939
1939	1,632
1975	1,215
1986	1,180

Source: Derived from Asher and Naulls, (1987)

Dyall in *Maori Wealth: A Comment*[27] states that because Maori economic authorities are heavily involved in the agricultural sector their rates of return have been low in recent years. He cites a sample of pastoral farm applications between 1983 and 1985 showing returns on capital before tax and interest payments of between 2 and 5 percent with levels of indebtedness ranging from 40 to 60 percent. Dyall lists 87 larger (i.e. with assets in excess of $2 million) Maori economic authorities, of which only eight have income other than from primary production. Some smaller Maori enterprises (Dyall estimates there are about 1,000 or so in total) are involved in non primary production industries but they are not yet of great significance overall).

15.2.9 *Government Assistance to Maori Development*

Direct government assistance to Maori Development is not great. The total expenditure of the Department of Maori Affairs represented about 0.4 percent ($149 million) of gross government expenditure in the 1986/7 year. Of this 24 percent went into Maori housing; land development and rural lending accounted for 9.2 percent ($13.7 million) and community development, 14 percent ($21.4 million). These totals are gross figures and after departmental receipts the expenditure of the department of Maori Affairs amounted to $61.5 million.

The MANA Enterprises Scheme which was funded in 1986/7 by the Department of Labour contributed $13,125,000 to Maori development in that year and according to the annual report of the

[27] New Zealand Planning Council, paper for Income Distribution Conference, 1987.

Department of Maori Affairs, resulted in the establishment of 133 new projects providing 407 full-time jobs. The Maori ACCESS programme spent $39 million on employment training for Maori.

Indirect assistance from other government departments has in the past been mainly in the form of employment opportunities for Maori (rather than specifically development of Maori resources). The Forestry Service, the electricity and mines divisions of the Ministry of Energy and Ministry of Agriculture and Fisheries have all been major sources of employment and income to Maori. Although nationwide figures are not available, the public sector corporatisation programme has resulted in a large scale loss of jobs and incomes for some (mainly rural) Maori communities. A preliminary social impact report completed in March 1987 showed that in the East Cape region 202 (or 89 percent) of the 227 Forestry Service wage workers were Maori. On the East Coast Maori make up 37 percent of the total population and in one county—Waiapu—77 percent of the population are Maori.

More recent assistance to Maori development has come in the form of the Maori Development Corporation with a capital base of $24 million ($13 million from Government, $7 million from the Maori trustee and $2m each from Brierley Investments Ltd and Fletcher Challenge Ltd) and the Poutama Trust with funding of $10 million for management support services for Maori enterprises.

15.3 *Interactions Between Policies*

The current position of relative disadvantage of Maori *visa vis* Pakeha has been one of the consequences of the economic and social development of Pakeha New Zealand. In early contacts between Maori and Pakeha, Maori traded successfully and profitably with the settlers, retaining and adapting their own social and economic structures. However early colonial development was deliberately funded through profits made by reselling land bought cheaply from the Maori. In the 20 years from 1840 two thirds of Maori land was alienated from Maori ownership. Subsequent fragmentation of ownership, encouraged by government policy, made communal development of remaining Maori land more difficult.

By 1939 only 6 percent of New Zealand remained in tribal ownership.

In the post war period this loss of the Maori resource base and the general loss of mana that accompanied it, together with the impacts of the monocultural education system and, during the 1950s and 60s, a steady growth in the demand for lowly skilled, largely urban workers have all interacted to form what Ngai Tahu Maori Trust Board Chairperson Tipene O'Regan has described as 'the high cost of being Maori'.[28] Policies have interacted to trap Maori development in a 'Catch 22'. For instance, until the last few years Maori could not borrow commercially against communal land because there was no individual title. What land Maori did have could not be developed for want of finance, unless more land was sold. Policy intervention could have found a way round this. Increasingly, too, as young Maori moved to the cities in search of work, Maori capital became separated from Maori labour. Mainly rural land could not easily be used to advance the interests of disadvantaged urban Maori. Thinking in terms of Pakeha economic concepts only, the land could have been sold to move the capital with the people but that is to ignore one of the most fundamental features of Maori society—the crucial role of land. The result has been that Maori resources—both capital and labour—have been under-utilised and a socially expensive cycle of disadvantage has been perpetuated.

15.4 *The Waitangi Tribunal and Maori Land Claims*

In 1975 the government formed the Waitangi Tribunal charging it with hearing grievances arising from the application of the Treaty and making recommendations. Only events occurring after the passage of the Act could be considered. The Treaty of Waitangi Amendment Act of 1985 enlarged the scope of the Tribunal by permitting it to hear cases dating back to 1840. The legal power of the Tribunal under that legislation is recommendatory but by allowing examination of the practical application of the Treaty principles from the date of signing, the amendment has opened up the possibility of Maori Tribal Authorities regaining considerable wealth. For example the Tribunal is currently hearing

[28] Radio New Zealand Interview, 6.2.88.

a claim brought by the Ngai Tahu people covering all Crown land in approximately 90 percent of the South Island. While some of this compensation (assuming the case is at least partially successful) can be expected to be the return of the land itself, part will also be cash compensation.

TABLE 21: Maori labour force and unemployment by region, 1986

	Total Maori[1] *labour force*		*Maori unemployed*[2]		*Unemployment*
	No.	*%*	*No*	*%*	*Rate*[3]
Northland	9,390	6.9	1,449	8.5	15.4
Auckland	36,783	27.0	4,128	24.1	11.2
Thames Valley	1,938	1.4	261	1.5	13.5
Bay of Pl	14,376	10.5	1,839	10.7	12.8
Waikato	12,666	9.3	1,761	10.3	13.9
Tongariro	3,648	2.7	528	3.1	14.5
East Cape	6,537	4.8	828	4.8	12.7
Hawkes Bay	8,052	5.9	1,182	6.9	14.7
Taranaki	3,852	2.8	687	4.0	17.8
Wanganui	3,825	2.8	480	2.8	12.5
Manawatu	3,792	2.8	543	3.2	14.3
Horowhenua	1,953	1.4	222	1.3	11.4
Wgton	13,398	9.8	1,263	7.4	9.4
Wairarapa	1,221	0.9	192	1.1	15.7
Nelson Bays	1,155	0.8	111	0.6	9.6
Marlborough	891	0.7	102	0.6	11.4
West Coast	696	0.5	90	0.5	12.9
Canterbury	6,198	4.5	735	4.3	11.9
Aorangi	858	0.6	96	0.6	11.2
Clutha-Cen Coastal	798	0.6	63	0.4	7.9
Nth Otago	1,659	1.2	264	1.5	15.9
Southland	2,625	1.9	291	1.7	11.1
Total	136,611	100.0	17,139	100.0	12.6

[1]Persons of Maori descent
[2]Percent in each region
[3]Unemployed as percent of labour force
Source: Household Labour Force Survey, March Quarter, 1986; from: Savage, J. and M-A Thompson, (1987)

The Tribunal claims are primarily legal and political matter (though with obvious economic and social implications) rather than matters of economic and social policy *per se*. However, economic and social policy interactions will have considerable bearing on what benefit is made of any compensation. For instance one impediment to Maori economic advancement currently is a shortage of

specialised managerial and professional expertise. The impact of past policies has meant that few Maori attain high levels of tertiary education and professional experience in business and industry. This in turn further reduces Maori ability to develop their own resources. If policy now is directed at providing Maori with the opportunity to gain these skills it will enable better use of resource more quickly and without the Tribal Authorities having to first invest part of any compensation in obtaining them.

This is one example of taking a proactive approach to policy formulation. A 'safety net' or reactive policy response, on the other hand, will succeed only in limiting damage while being of less assistance in providing longer term solutions.

16 Immigration

16.1 *Introduction*

Immigration policy is a particularly illuminating example of the complex inter-relationships between economic and social policies.

It affects all New Zealanders and, historically, has been a powerful influence on the shape of our society. One statistical indication of this is the fact that there are very few New Zealanders, if any, who do not have some foreign-born ancestors within the last four or five generations. Indeed, it is only those of Maori descent, about one eighth of the population, who can claim any New Zealand-born relatives further back than that. This may seem obvious to New Zealanders, but in the many societies, such as those of Europe and Asia, a much greater proportion of people have long ties linking them to their country of residence.

Immigration policies also have a very heavy impact upon some groups of New Zealanders. The greatest effect, of course, is upon the immigrants themselves, but members of minority ethnic communities, those with relatives who may wish to immigrate here and those living and working in communities which have a high immigrant population, can also be greatly affected

For the Maori, immigration is also of special relevance. The relationship between them as *tangata whenua* and the rest of the population is affected by both the numbers and the social and cultural

heritages of immigrants coming to New Zealand. Implementation of the Treaty of Waitangi is now an explicit part of policy and immigrants' appreciation of the principles entailed in the Treaty, of the concept of a partnership, will affect the development of biculturalism within New Zealand. For this reason it could be suggested that Maori as the *tangata whenua* have some special rights regarding formulation of immigration policy and entry requirements.

Another reason why immigration is especially relevant to a consideration of inter-relationships between economic and social policy is that it is, by its very nature, a good example of the inseparability of the two. It is not possible, at least in the context of New Zealand's geography, to bring in labour in pursuit of economic objectives without also bringing in the whole person, a social being with his or her own set of cultural and social attitudes and values. Nor is it possible to have a family reunification programme as part of social policy without also bringing in economic agents who will interact with the economy in all manner of ways.

The extent to which the public perceive immigration to be an important social issue was made clear to us from the submissions we received. More than 50 submissions dealt directly with immigration issues and many others touched on it. In this regard it should be noted here that we have been unable to cover anything like the full range of matters raised in submissions. Our discussion here is restricted to considering the topic as an illustration of ways in which social and economic policies interact with one another. Some other immigration issues are discussed in other papers, however the Commission is of a view that immigration is an area of policy deserving further research in the future.

The following discussion gives a brief outline of the current entry regulations and draws together statistical and demographic data on recent immigration.[29] (See also the paper on Immigration in Volume IV of this report).

[29] For the statistical material we are heavily indebted to a number of publications, especially the recent Institute of Policy Studies work, International Migration and the New Zealand Economy, (Poot, J., G. Nana and B. Philpott, 1988).

16.2 *Regulation of Immigration*

Laws controlling immigration in New Zealand date back to 1881 with the passage of the Chinese Immigration Act. Although policies to encourage British immigrants existed back to 1840. Regulations in the past have been driven by a combination of a need to provide a labour force for the developing economy and a desire to control the type of society which evolves by control over who enters. In many instances policy was overtly racist, ranging from the poll tax on Chinese immigrants last century to the more recent policy of favouring 'traditional source' immigrants. In recent years immigrants have been able to gain permanent residence in one of five ways:

(a) through the Occupational Priority List (OPL), that is where the immigrant has a job offer in an occupation in short-supply in New Zealand;

(b) under family reunification regulations, which allow the last remaining members of immigrant families to join their relatives in New Zealand;

(c) as refugees. Under United Nations High Commission for Refugees agreements, New Zealand takes an agreed number of refugees annually. In the 1980s the majority of these have come from South East Asia;

(d) on humanitarian grounds, or other special grounds. This is a residual category for special cases which do not fit other categories; or

(e) as entrepreneurs and business people who will create employment for New Zealanders. A variety of requirements have to be met, including for NZ $150,000 to meet establishment costs.

The table below shows the numbers of immigrants granted permanent entry or residence permits between 1982 and 1987.

16.3 *The Characteristics of the Immigrant Population*

The percentage of New Zealand residents born overseas—15.4 percent—is comparable to other similar countries (for example,

TABLE 22: Permanent entry or residence permits granted by type 1982–1987

Year	*Occupational*	*Reunification*	*Humanitarian*	*Refugee*	*Total*
1982	6514	3423	657	769	11363
1983	4335	3272	507	858	8965
1984	3994	3560	400	378	8332
1985	4349	3012	324	782	8467
1986	4027				194
1987	3477	3227	1564	571	8268

Note: Entrepreneurs are included as 'occupational' immigrants. To date, approximately 415 visas have been issued under this scheme since its inception in 1979.

Source: New Zealand Parliament, AJHR, GL2, 1986 (*Review of Immigratioin Policy)*

Australia 20.9 percent, Canada 16.1 percent and USA 6.2 percent).[30] That percentage has varied only slightly in the last 35 years (although it has fallen in the last two censuses) after dropping steadily from almost 50 percent in 1881 to a low of 13.7 percent in 1951. (See Table 23).

16.4 *Countries of Origin*

Figures from the 1986 census show a total of 482,553 overseas-born usually resident in New Zealand. Over half of these were born in the United Kingdom or Ireland (53 percent) with 15 percent born in the Pacific Islands and slightly fewer than 10 percent each coming from Australia and continental Europe. Relative to the total population only United Kingdom/Ireland (7.8 percent) and the Pacific Islands (2.2 percent) make up more than 2.1 percent of the total. (See Table 24).

16.5 *Regional Distribution*

While percentages such as these may seem low, they underrepresent the social and economic impacts immigrant groups can have. One aspect of this is the uneven regional distribution of immigrants. Table 25 gives the regional distribution of immigrants at the time of the 1981 census. Overall there is a strong tendency for immigrants to be concentrated in the main urban areas, a feature of immigration common throughout the world. Every group

[30]Zodgekar, 1986.

TABLE 23: New Zealand-born and overseas-born: number, percentage of total population, intercensal percentage increase and sex ratio, 1881–1981

	Number		*Percent*		*Intercensal % increase*		*Sex ratio*	
Census	*NZ born*	*Overseas born*	*NZ born*	*Overseas born*	*NZ born*	*Overseas born*	*Overseas born*	*NZ born*
1881	267,501	265,696	50.2	49.8			1,435	1,045
1886	342,159	273,263	55,3	44.7	27.9	4.0	1,378	1,026
1891	408,709	258,925	61.2	38.8	19.5	-6.3	1,347	1,020
1896	481,515	261,095	64.8	35.2	17.8	0.8	1,349	1,016
1901	559,249	256,171	68.6	31.4	16.1	-1.9	1,365	1,009
1906	653,978	281,978	69.9	30.1	16.9	10.0	1,448	1,016
1911	752,623	304,910	71.2	28.8	15.1	8.2	1,427	1,012
1916	843,915	303,702	73.5	26.5	12.1	-0.4	1,247	938
1921	959,034	311,977	75.5	24.5	13.6	2.7	1,256	989
1936	1,279,917	291,833	81.4	18.6	21.3	-9.9	1,190	998
1945	1,456,067	245,183	85.6	14.4	13.8	-16.0	1,116	933
1951	1,672,962	265,242	86.3	13.7	14.9	8.2	1,143	989
1956	1,863,344	309,541	85.8	14.2	11.4	136.7	1,143	991
1961	2,074,509	338,673	86.0	14.0	11.3	9.4	1,118	993
1966	2,259,994	394,943	85.2	14.8	9.9	16.6	1,094	993
1971	2,444,169	411,956	85.6	14.4	7.2	4.3	1,060	989
1976	2,609,649	508,125	83.7	16.3	6.8	23.3	1,043	987
1981	2,682,162	479,577	84.8	15.2	2.8	-5.6	1,034	980
1986	2,759,178	504,111	84.6	15.4	2.9	-5.1		976

Sex Ratio is expressed as the number of malels per 1,000 females
Source: Updated from Trlin and Spoonley, p 41

has a higher than proportional representation in Central Auckland, with almost two-thirds of Samoan and Cook Islands immigrants living there. Almost 90 percent of all New Zealand—resident Samoans (and three-quarters of Cook Islanders and Indians) live in either Auckland or Wellington. Only the Dutch are relatively evenly spread with a 'Dissimilarity Index' of 9.8 (that is, 9.8 percent of the Dutch population would have to be relocated throughout New Zealand to obtain a geographical distribution equal to that of the New Zealand-born).

16.6 *Occupational Distribution*

The occupational distribution of immigrants is broadly similar to that of the New Zealand-born, with two notable exceptions. The percentage of overseas-born males in the professional and technical

TABLE 24: Population resident in New Zealand: distribution by birthplace, 1986

	Male	*Female*	*Total*
Australia	21,807	25,401	47,208
Pacific Islands	35,976	36,987	72,963
UK and Ireland	129,378	126,381	255,762
Europe	25,689	20,754	46,446
North America	7,107	6,819	13,929
Asia	16,293	16,623	32,916
Other	6,477	6,852	13,332
Not specified	11,028	10,527	21,555
New Zealand	1,362,912	1,396,263	2,759,178
Total			3,263,286

Source: Department of Statistics, 1986 Census

TABLE 25: Geographical distribution within New Zealand by country of birth, 1981

Statistical areas	*NZ born*	*O'seas born*	*Austr*	*Engld*	*Scot*	*Nthlds*	*Samoa*	*Cook Isl*	*India*	*USA*
North Auckland	3.74	2.60	3.47	2.86	2.24	3.17	0.39	0.43	1.25	4.08
Central Auckland	23.68	40.29	35.70	38.96	30.82	28.66	64.56	64.44	46.46	32.06
South Auckland/ Bay of Plenty	16.15	11.62	13.65	12.29	11.55	18.50	2.67	11.10	11.71	10.91
East Coast	1.67	0.77	1.00	0.83	1.04	0.55	0.16	0.18	0.25	1.08
Hawkes Bay	4.92	3.22	3.40	3.85	3.66	3.20	0.87	3.30	1.40	2.31
Taranaki	3.58	1.90	2.44	2.19	2.12	2.24	0.21	0.38	1.69	2.11
Wellington	18.16	20.68	18.09	19.35	22.44	16.06	23.87	14.28	27.72	20.60
Total North Island	71.91	81.07	77.76	80.33	73.87	72.38	92.73	94.10	90.48	73.15
Marlborough	1.21	0.65	0.84	0.78	0.74	0.55	0.06	0.00	0.20	0.98
Nelson	2.50	1.93	2.56	2.28	2.01	2.28	0.16	0.35	1.00	2.80
Westland	0.78	0.34	0.57	0.34	0.51	0.35	0.05	0.04	0.10	0.44
Canterbury	13.83	10.63	11.44	11.51	12.52	16.32	4.71	1.57	5.78	15.54
Otago	6.06	3.87	4.56	3.54	7.41	5.83	1.23	1.83	1.79	5.36
Southland	3.71	1.51	2.27	1.22	2.94	2.29	1.07	2.09	0.55	1.72
Total South Island	28.09	18.93	22.24	19.67	26.13	27.62	7.28	5.88	9.52	26.84
Total	100.00	100.00	100.00	100.00	100.00	100.00	100.00	100.00	100.00	100.00
Index of dissimilarity	–	19.13	12.08	16.47	12.77	9.82	46.59	40.76	32.34	13.17

Source: Zodgekar p 49

TABLE 26: Full-time labour force (ages 15 years and over): percentage distribution by occupational groups for New Zealand-born and selected birthplaces 1981

Male	*Occupational groups*									
Birthplace	*1*	*2*	*3*	*4*	*5*	*6*	*7*	*8*	*9*	*Total*
New Zealand-born	10.9	4.5	7.5	8.8	5.5	15.0	44.2	0.5	2.9	100.0
Overseas-born	15.4	5.6	8.2	8.0	6.9	5.7	45.6	0.3	4.4	100.0
Australia	15.8	7.3	7.8	9.5	8.0	7.1	41.6	0.3	2.7	100.0
Samoa	2.5	0.6	4.4	1.3	3.7	0.7	75.6	0.4	10.8	100.0
Cook Islands	1.8	0.3	2.9	0.9	4.3	2.2	76.6	1.4	9.6	100.0
Fiji	14.5	3.6	9.4	5.0	7.0	11.8	45.4	0.3	3.0	100.0
England	17.8	6.9	10.3	9.1	7.0	4.7	42.3	0.2	1.6	100.0
Scotland	14.7	5.7	9.5	7.7	7.6	4.8	48.3	0.7	1.6	100.0
Wales	17.9	5.3	10.1	7.4	7.7	5.5	44.4	–	1.6	100.0
Northern Ireland	12.9	6.8	8.5	8.6	6.6	7.5	45.3	0.1	2.8	100.0
Netherlands	12.5	5.8	5.6	8.8	5.7	13.3	45.7	0.1	2.6	100.0
USA	39.5	6.0	6.6	7.5	6.1	7.0	23.2	0.4	3.8	100.0
Canada	24.1	5.0	7.9	9.2	6.6	8.3	35.3	0.6	3.1	100.0
India	19.9	4.7	10.0	20.5	4.3	5.0	32.1	0.1	3.4	100.0

Female	*Occupational groups*									
Birthplace	*1*	*2*	*3*	*4*	*5*	*6*	*7*	*8*	*9*	*Total*
New Zealand-born	17.9	0.8	32.5	11.5	12.2	7.2	14.1	1.1	2.7	100.0
Overseas-born	17.0	1.1	31.8	10.5	13.1	4.1	18.1	0.6	3.8	100.0
Australia	20.5	1.2	33.6	10.9	14.2	6.1	10.6	0.7	2.3	100.0
Samoa	5.9	0.2	12.4	2.1	22.8	0.3	46.2	0.7	9.3	100.0
Cook Islands	4.5	0.1	8.9	1.9	23.5	1.5	46.0	2.8	10.8	100.0
Fiji	15.1	1.5	32.7	7.2	14.1	3.0	22.0	1.0	3.5	100.0
England	18.6	1.1	40.6	11.7	10.2	3.4	12.5	0.4	1.4	100.0
Scotland	15.5	1.0	40.2	11.8	13.3	3.0	13.5	0.4	1.3	100.0
Wales	20.7	0.9	37.4	11.4	12.6	5.1	9.9	0.3	1.8	100.0
Northern Ireland	16.6	1.1	34.0	11.3	15.0	4.0	16.4	0.3	1.3	100.0
Netherlands	16.3	1.3	23.0	15.2	13.5	11.1	17.0	0.2	2.3	100.0
USA	40.5	1.7	26.1	7.0	7.0	6.4	6.4	1.0	4.0	100.0
Canada	29.4	1.6	34.3	8.5	9.2	7.8	6.5	1.0	1.6	100.0
India	13.8	1.7	24.9	24.9	5.2	4.5	21.6	0.5	2.9	100.0

Key:

1 Professional, technical and related workers.
2 Administrative and managerial workers.
3 Clerical and related workers.
4 Sales workers.
5 Service workers.
6 Agricultural and animal husbandry, forestry, fishermen and hunters.
7 Production and related workers, transport equipment operators, labourers.
8 New workers seeking employment
9 Undefined and not reporting

Source: Zodgekar, 1986, pp. 52–3

group is 40 percent higher than for the New Zealand-born population whilst the proportion of immigrant men working in agriculture, fishing and forestry is some 160 percent lower (see Table 26).

However, within the immigrant population there are considerable differences according to country of origin. Three-quarters of male Samoans and Cook Islanders are production workers and labourers as against 23 percent of Americans and 44 percent of the New Zealand-born. 40 percent of American and 24 percent of Canadian male immigrants are professional or technical workers while the equivalent figures for Samoans and Cook Islanders are 2.5 percent and 1.8 percent respectively. Indian immigrants of both sexes are clustered disproportionately in the sales workers group. Samoan and Cook Island women are three times more likely than New Zealand born women to be production workers and almost twice as likely to be service workers. Only two immigrant groups are well represented in the agricultural sector, the Dutch and Fijian men. Zodgekar suggests that the former are mainly self-employed farmers and the latter farm labourers.

16.7 *Age Composition*

A further significant characteristic of immigrants as a group is their age structure (see Table 29, Appendix A). New immigrants are predominately in the 25 to 44 year age group with an increasingly large percentage being between 15 and 24. Very few immigrants are over 44 and, in numbers, this category has fallen consistently in the post-war period. The youthfulness of immigrants is offset in times of low, or negative, net immigration by the even younger age profile of emigrants who are particularly concentrated in the 15 to 25 age range. From the table it can be seen that although the percentage of the whole population aged between 15 and 24 and between 25 and 44 were 18.3 percent and 26.6 percent respectively. The equivalent figures for immigrants were 30.9 percent and 39.4 percent and for emigrants were 38.8 percent and 34.4 percent. For the period 1946/7 to 1980/1 there was a net gain of 119,365 migrants aged 25 to 44.

16.8 *The Labour Market*

Immigration has a big impact on the host country's market. This has both supply and demand consequences. It is perhaps the most

TABLE 27: Full-time labour force participation and unemployment rates March quarter 1986

Country of Birth	*Participation Rate %*	*Unemployment Rate %*
New Zealand	53.9	4.2
Australia	55.9	4.7
England	48.8	2.8
Scotland	41.5	2.5
Netherlands	51.2	0.2
Western Samoa	60.9	6.3
Cook Islands	62.7	4.4
Years in New Zealand		
Males		
0–4	76.6	3.9
5–9	89.5	4.3
10–19	43.4	3.1
20 or more	23.3	2.8

Source: Poot et al, 1988

important variable in determining the living standards of the immigrants themselves and social relations between the immigrants and the New Zealand-born population.

A recent study done for the Institute of Policy Studies (Poot, Nana and Philpott, 1988) analyses the labour force characteristics of some immigrant groups by country of origin (see Table 27). These show varied participation rates compared with the New Zealand-born. Labour force participation rates for Cook Islanders, Samoans and Australians are higher than for the New Zealand-born. Unemployment rates are also higher for these groups, most especially for Samoans. The IPS study also compared recent immigrants (defined as having been in New Zealand between 1 and 2 years) with the New Zealand-born after standardising for age. The results (Table 28) show that labour force participation is not consistently higher for all groups. Only North Americans have high rates for both male and female, full and part-time participation rates. This group also has very low unemployment rates. This result is consistent with the high concentration of North American immigrants in the professional and technical occupational category. Full-time labour force participation by Pacific Island immigrants who have been in New Zealand between one and two years is lower than for similarly aged New Zealand-born which is probably related to the fact that their unemployment rates are

approaching three times that of locally-born workers. None of this group is recorded as self-employed.

The IPS study points out that some of the labour market characteristics of immigrants can be explained primarily as a function of immigration regulations which means, for instance, that the majority of American immigrants get access to New Zealand via the Occupational Priority List (the OPL allows entry into New Zealand for those with skills which are in short supply here). The fact that other avenues for entry exist for Pacific Island immigrants (special quotas, free entry) would also go some way toward explaining their different occupational pattern and high unemployment rates.

Perhaps more important than a static picture of labour force participation and unemployment rates one to two years after arrival is how immigrants adjust over time to labour market conditions. Using a 10 percent sample of the 1981 census, the IPS study gives some indication that for the three groups studied (United Kingdom, Australia and the Pacific Islands) there is a higher likelihood of immigrants being unemployed in the first few years but that this falls markedly, so that for Australians and the United Kingdom-born the unemployment rates of those resident in New Zealand three to four years are equal for below that of the comparably aged New Zealand-born workforce.[31]

For Pacific Island immigrants the same trend is observed but the unemployment rate starts much higher for both men and women and it is only for those who have been in New Zealand 15 to 20 years that the chances of unemployment are roughly similar to (but still slightly higher than) New Zealand-born workers of the same age (Poot, Nana and Philpott, 1988, pp 30–35).

There are also important differences in patterns of labour force participation for the three groups. Labour force participation rates for United Kingdom and Australian born men are roughly similar to those of New Zealand born men of the same age irrespective of length of residence. Women from those countries exhibit quite different patterns, however. Australian women have notably higher rates for new and recent arrivals but this falls to below the (age-

[31] Data of this type needs to be interpreted carefully as it is based on only one census. The experiences of people who arrived in New Zealand at different times will not necessarily be the same as those arriving now. Nor do patterns exhibited by past immigrants necessarily tell us anything about those who may settle in New Zealand in the future.

adjusted) New Zealand-born equivalent for those in New Zealand between 5 and 14 years. Beyond that, Australian women tend to participate more in the full-time workforce at a time when New Zealand-born women's participation is dropping away. Conversely, United Kingdom-born women have a low participation rate as new arrivals, but the proportion in full-time work rises with length of residence so that those who have been in New Zealand three to four years have the same participation rate as new Zealand-born women. For longer durations of residence (up to 40 years) the proportion of British-born women working full-time (or seeking full-time work) remains higher than that of similarly aged New Zealand-born women. Pacific Island immigrants have participation patterns which differ from both the United Kingdom and the Australian ones. New and recent arrivals, of both sexes have lower participation rates than the equivalent New Zealand-born population. However rates for this group rise to above that of the New Zealand-born as duration of residence reaches 3 to 4 years for women and 5 to 9 years for men and thereafter remain higher.

TABLE 28: Labour market characteristics of recent immigrants and a comparison with New Zealand born of the same ages, 1981

Country of Birth	*Full-time*		*Part-time*		*Unemployed*		*Self-employed*	
	M	*F*	*M*	*F*	*M*	*F*	*M*	*F*
New Zealand	86.4	46.2	1.4	8.9	4.3	5.1	14.8	7.4
Australia	85.7	53.5	3.9	7.9	6.1	9.8	6.1	1.6
United Kingdom	82.5	43.5	0.8	8.0	5.1	5.8	7.6	3.9
Rest of Europe	78.9	53.2	1.8	8.5	4.4	8.0	17.8	20.0
Pacific Islands	77.8	39.9	4.0	3.3	13.3	13.1	0.0	0.0
Asia	63.3	47.7	3.3	3.8	4.2	3.2	0.0	7.9
North America	90.0	43.8	5.0	12.5	2.8	0.0	5.6	14.3
Other Countries	72.7	47.8	0.0	0.0	6.3	9.1	12.5	0.0

Source: Poot, Nana and Philpott, 1988 (from unpublished tabulations from a ten percent sample of 1981 Census records)

16.9 *Some Implications for Inter-relationships Between Policies*

Slow or inadequate assimilation of immigrants into New Zealand life has a range of costs attached to it. These costs are borne by the immigrants themselves, the ethnic community within New Zealand to which they belong and the New Zealand population at

large. These costs include the psychological stress and ill-health associated with 'culture-shock', extended or recurrent periods of unemployment, poverty, anti-social behaviour and crime and the social costs connected with social disharmony and a racial backlash by the host population. These problems can potentially be self-perpetuating from one generation to the next leading to the possibility of social disadvantage becoming more firmly entrenched. In this regard the age structure of immigrant populations is of special relevance—immigrants are strongly concentrated in the childbearing age group and are likely to have children when they arrive or to form families within a few years of immigration. Their experiences in their first years in New Zealand are liable to have considerable impact on their children. Put differently, the extent to which we as a community ensure that policy attends to the social and economic integration of immigrants will to some degree influence social cohesion and wellbeing in the future.

A wide range of policy areas are involved in these issues, including education, housing, labour market training and retraining, health services and the government's ability to have some influence over public attitudes towards immigrants. Specific programmes to assist in the early stages of the integration process such as English-as-a-Second-Language and induction courses and support programmes are of particular importance. At present the major responsibility for this falls on the separate immigrant communities and upon church and voluntary organisations. Official assistance to new immigrants is limited and concentrated in the short-term.

As is reflected in the statistical material above, the needs of different immigrant groups are different. All immigrants obviously face some degree of culture shock and a period of adjustment to life in a new country, but where the method of gaining entry has been the OPL there is probably less difficulty in adjusting for several reasons. Gaining permanent residence through the OPL implies by definition a greater likelihood of security in the labour force—an initial job is a prerequisite and the immigrant's skills are in short supply reducing the risk of unemployment. The chances are higher that the immigrant has had a relatively high level of education and will also be able to command a relatively high income. The immigrant probably has a good knowledge of English, in most cases as his or her first language and, in reality if not in theory, probably comes from a culture relatively similar to the Anglo-Saxon based one predominant in New Zealand. (It should however be noted

that the position of the spouse and children of an OPL immigrant may well be more difficult.)

These factors are all less likely for immigrants who gain permanent residence by other means. The link with one central feature of social status and material security in New Zealand society, namely employment, is far less certain or secure. Even under special quota schemes such as that with Western Samoa, where a promise of employment is a prerequisite, the jobs gained are liable to be lower paid, less secure over time and, in the case of Western Samoan immigrants, the income required to provide for a larger household. Refugees face even greater integration hurdles. To begin, their immigration is forced upon them rather than being voluntary in the normal sense. They come without having employment arranged or necessarily having any knowledge of English or familiarity with New Zealand culture. In practice refugees (of whom there were an annual average of 699 in the years to 1985) are heavily reliant upon Government assistance, their own ethnic communities and the Inter-church Commission on Immigration and Refugee Resettlement. The financial assistance from Government in aiding the resettlement of refugees is not great (the Review of Immigration Policy cites a figure of $3.2 million (plus Department of Labour resettlement and training services) expenditure on the 1985–86 intake of 720 Indo-Chinese refugees or $4,444 per person.

The question arises that as well as alleviating individual stress and social tensions, a greater Government involvement in assisting the speedier and smoother integration of some immigrant groups would benefit economic growth by making better use of immigrants' skills and labour and by reducing subsequent negative expenditure. One problem which arises here is that of 'policy invisibility' where empirically known effects are not being accommodated in policy programmes because the concept does not exist within the policy formulation process to allow them to be adressed. An example of this is the difficulties faced by the children of immigrants. Immigrants—especially those whose native language is not English—tend to settle close to existing communities of their own ethnic group. Consequently, some schools have a high number of immigrants' children who have special language and learning needs. Although this may be well recognised by the local community and the school principal and teachers, it is not readily apparent

to the policy formulation process which tends to concentrate on the short-term needs of the immigrants.

A separate but related issue is that of a ensuring a sustainable minimum size for an ethnic community. Submissions to the Royal Commisison from a number of ethnic Associations point out that immigration policy does not recognise that below a certain minimum number an ethnic community is too small to sustain the social and cultural needs of its members. Current entry provisions are only concerned with the individual's circumstances. It may be appropriate to also consider the overall situation of the ethnic group of which the prospective immigrant is a member.

16.10 *The Policy Approaches*

At various times in our history, immigration policy could have been categorised in each of the four policy approaches developed in Part I. (Although it is arguable the degree to which a co-ordinated dual-focus approach has ever been successfully implemented.)

In recent years, immigration policy has been based upon a reactive approach to policy formulation, with economic policy goals reacting to social ones and vice versa.

Many immigrants come into New Zealand under the provisions of the OPL, essentially an economic policy related to labour market conditions. Very little consideration is given *in advance* to the social consequences for both the immigrants and the host population. This part of immigration policy relies upon existing social policies (for example, the income maintenance system, housing assistance) to respond reactively to the social needs generated.

Other immigrants enter New Zealand by way of what are primarily social policies (for example, humanitarian and family reunification entry provisions). In the main these immigrants' interaction with the economy is not considered as part of the policy formulation process and the economic impacts (for example, on the labour market, demand for services) are dealt with (if at all) reactively.

The nature of immigration is such that a co-ordinated approach focusing on both economic and social policies, will never be easy to achieve. However, it is for exactly the same reasons that the benefits, in human terms and in dollars, are great.

Appendix A

TABLE 29: Permanent and long-term migrants by age, 1946–1947 to 1980–1981, and the age composition of the population of New Zealand, 1945 and 1981

1 April to 31 March year	Number					Percentage distribution				
	0–14	15–24	25–44	45 and over	total	0–14	15–24	25–44	45+	Total
Immigrants										
1946/47 to 1950/51	11 762	13 592	27 765	11 957	65 076a	18.1	20.9	42.7	18.4	100
1951/52 to 1955/56	21 754	28 205	51 961	17 234	119 154a	18.3	23.7	43.6	14.5	100
1956/57 to 1960/61	23 557	27 988	46 607	17 702	115 854a	20.3	24.2	40.2	15.3	100
1961/62 to 1965/66	37 325	47 309	60 937	24 764	170 335	21.9	27.8	35.8	14.5	100
1966/67 to 1970/71	35 714	46 067	55 132	22 173	159 086	22.4	29.0	34.7	13.9	100
1971/72 to 1975/76	67 348	82 878	103 513	30 186	283 925	23.7	29.2	36.5	10.6	100
1976/77 to 1980/81	40 638	62 312	79 242	19 180	201 372	20.2	30.9	39.4	9.5	100
Total	238 098	308 351	425 157	143 196	1 114 802	21.4	27.7	38.1	12.8	100
Emigrants										
1946/47 to 1950/51	5 233	7 402	13 820	6 718	33 173a	15.8	22.3	41.7	20.3	100
1951/52 to 1955/56	6 604	9 286	16 423	6 754	39 067a	16.9	23.8	42.0	17.3	100
1956/57 to 1960/61	10 819	15 209	22 281	8 272	56 581a	19.1	26.9	39.4	14.6	100
1961/62 to 1965/66	15 771	26 342	26 708	9 976	78 797	20.0	33.4	33.9	12.7	100
1966/67 to 1970/71	30 226	57 955	45 558	13 650	147 389	20.5	39.3	30.9	9.3	100
1971/72 to 1975/76	35 406	86 976	61 816	17 790	201 988	17.5	43.1	30.6	8.8	100
1976/77 to 1980/81	66 221	134 307	119 186	26 880	346 594	19.1	38.8	34.4	7.8	100
Total	170 280	337 477	305 792	90 040	903 589	18.8	37.3	33.8	10.0	100

Appendix A

TABLE 29: Permanent and long-term migrants by age, 1946–1947 to 1980–1981, and the age composition of the population of New Zealand, 1945 and 1981—*continued*

1 April to 31 March year	Number					Percentage distribution				
	0–14	15–24	25–44	45 and over	total	0–14	15–24	25–44	45 and over	Total
					Net migration					
1946/47 to 1950/51	6 529	6 190	13 945	5 239	31 903					
1951/52 to 1955/56	15 150	18 919	35 538	10 480	80 087					
1956/57 to 1960/61	12 738	12 779	24 326	9 430	59 273					
1961/62 to 1965/66	21 554	20 967	34 229	14 788	91 538					
1966/67 to 1970/71	5 488	−11 888	9 574	8 523	11 697					
1971/72 to 1975/76	31 942	−4 098	41 697	12 396	81 937					
1976/77 to 1980/81	−25 583	−71 995	−39 944	−7 700	−145 222					
Total	67 818	−29 126	119 365	53 156	211 213					
Census					*Population of New Zealand*					
1945	413 450	241 029	462 874	486 201	1 603 554b	25.8	15.0	28.9	30.3	100 b
1981	848 574	581 247	845 694	900 222	3 175 737	26.7	18.3	26.6	28.3	100

Notes: (a) Migrants from 1946/47 to 1958/59 of not stated adult ages have been proportionately distributed over the age groups 15–24 and above.

(b) Persons of not stated ages have been proportionately distributed over all age groups.

Source: Economic and Social Commission for Asia and the Pacific (1985)

17 The Disincentive Effects of the Unemployment Benefit

17.1 *Introduction*

The idea that the unemployment benefit acts as a disincentive to the unemployed to take work is often presented as a prime example of a clash between economic and social policy. On the one hand we want to ensure, for social reasons, that the unemployed have a reasonable level of income and on the other we do not want a system that discourages them from seeking and taking work quickly. The clash is made more complicated because there is some economic advantage in allowing the unemployed adequate income to give them time to search for the most appropriate job for their skills and abilities, that is, to promote the best match of skills and vacancies. However, the question still arises: at what point do the costs outweigh the gains? How should encouragement to take work be balanced against assistance in effective job search?

The problem becomes more marked when there is rising and persistent unemployment and falling real wages at the same time as benefits are indexed to price movements. It is these conditions, existing throughout nearly all the 1980s, which have lead to a widely-publicised (but not necessarily widely-held) belief that the shrinking gap between the unemployment benefit and wages is interfering with labour market adjustment by discouraging the unemployed from seeking work.

This paper attempts to analyse briefly to what extent a disincentive may exist and whom it most affects. The method used is to calculate approximate replacement ratios, that is, the ratio of benefit income to wage income. However the impact of the replacement ratio on actual behaviour has not been tested. Predicting behaviour from replacement ratios is hazardous, as the characteristics and circumstances of the beneficiary may have as large if not greater effects than the effect of the benefit income itself. For instance, a person with a family and fixed financial commitments may be under greater pressure to take work, even though the net gain in moving from a benefit to wage income may be smaller for him or her than for a single person. A main finding of this paper is that

only unemployment beneficiaries with dependants have replacement ratios high enough to be considered as a potential disincentive. This comes about through targeted family assistance measures and is not a function of the unemployment benefit itself. A second main finding is that unemployment beneficiaries with high replacement rates, that is, those with dependants, make up only a small subset (17.7 percent) of all those in receipt of the unemployment benefit.

The scope of this analysis should be noted at the outset. No attempt is made to account for other possible incentives (or disincentives) to find work. Social benefits attached to paid employment, such as self respect, status, self-realisation and fulfilment, independence and social interaction, are not considered in this paper which is concerned only with direct financial disincentives.

We do not know to what extent people's behaviour actually is affected by high replacement ratios. That is an empirical question requiring further research and only the potential for behavioural effects can be identified here. Indeed as the beneficiaries facing the highest replacement ratios are those with dependants it is quite plausible that the disincentive effect is outweighed by need, in other words that even a small net gain is considered worthwhile by beneficiaries struggling to make ends meet. Some evidence of this is provided by a British study which showed that the greatest hardship among beneficiaries is experienced by those with the most dependants.[32]

17.2 *Income Replacement Ratios*

17.2.1 *Benefits*

At any one time 75 percent of those registered with the Department of Labour's Job Seeker Register are in receipt of the unemployment benefit. Of all those who register, though, only 41 percent receive a benefit (and only 53 percent apply). There are a number of probable reasons for this difference including that the register is open to anyone seeking work, irrespective of whether they are unemployed, that those whose spouses earn over a certain amount are not entitled to a benefit, that there is a stand-down period before entitlement, that many workers may find, and expect to find, a new job quickly, and that some unemployed people may prefer to live off savings rather than take up a benefit.

[32] D.J. Smith, 'How Unemployment Makes The Poor Poorer,' Policy Studies, Vol.1, Part 1, 1980 p24.

The table below gives the weekly rates of benefit which applied between April and October 1987. These rates have been used in order to match the wage data, which is available only to October 1987 (see Appendix 1 for current benefit rates). Family Support is included where applicable. The benefit is not taxable for beneficiaries with dependent chidren. Figures are net of tax for beneficiaries without dependent children.

TABLE 30: Unemployment benefit rates

	U/B	*F.S.*	*Total*
Single, under 20 (net)	$99.86	—	$99.86
Single, 20+ (net)	$123.20	—	$123.20
Single, 1 child	$192.08	$36	$228.08
Single, 2 children	$192.08	$52	$244.08
Single, 3 children	$192.08	$68	$260.08
Single, 4 children	$192.08	$84	$276.08
Married, no child (net)	$185.52	—	$185.08
Married, 1 child	$214.08	$36	$250.08
Married, 2 children	$214.08	$52	$266.08
Married, 3 children	$214.08	$68	$282.08
Married, 4 children	$214.08	$84	$298.08

Source: Department of Social Welfare

17.2.2 *Wage Rates*

A variety of wage figures could be used as the basis of the comparison with benefits. The argument about the disincentive effects of the unemployment benefit, however, is principally in relation to low wages, that is, that the benefit rate is interfering with the bottom end of the wage spectrum. Some measure is therefore needed of low rates of pay that reflects a realistic low wage at the bottom end of what an unemployed person could expect to be offered. An exact figure is not possible as it would require knowledge of all the possible pay offers available to the unemployed. For the purposes of this paper two rates have been chosen from which to calculate replacement ratios. They are the median of minimum award rates (adjusted for under 20 year olds to account for awards with youth rates) and the rate which marks the boundary of the lowest quartile of minimum award rates. Both figures are proxies but comparison with the minimum adult wage in certain large awards such as the Metal Trades Award ($250.00) and the Clerical Workers Award ($240.69) suggests that they are probably a reasonable indication of

the minimum level of wages an unemployed person could expect to be offered.

17.2.3 *Income Replacement Ratios*

The table below compares wage and benefit figures and calculates replacement ratios based on the two wage measurements. Family Benefit, Family Support and the Guaranteed Minimum Family Income are included where relevant. Transfers paid to the principal care-giver rather than the earner are included.

It can be seen from the table that, with one exception, replacement ratios for those without children are sufficiently low to discount the possibility of disincentive effect. Income available from the unemployment benefit is no more than 60 percent of wage income and in cash, there is an immediate gain in taking even a low paid job of between $80 and $110 per week.

TABLE 31: Wage rates

	As at	*Gross $*	*Net $*
Average ordinary weekly wage	May 87	408.85	314.05
Median minimum adult award rate	Aug 87	263.88	212.58
Lowest quartile min. adult rate	Aug 87	250.82	203.42
Minimum statutory adult wage	1987	210.00	174.71

The exception is married people without dependent children. In this case the replacement ratio must be regarded as representing that for one adult with one dependant, since either one spouse is dependent on the income of the other or they are equivalent to two single people without dependants and their replacement ratios should be based on two wages. What is involved here is that the unit of assessment used by the Department of Social Welfare in calculating benefit entitlements is the family not the individual. The fact that the benefit for a married couple without children is not the same as for two single people (who may live in the same house) could be said to imply some notion of dependency even though a good proportion of this group are likely to be in a position where both partners are available for work. At 31 December 1987, 3,283, unemployment beneficiaries were married without dependent children. This represented 4.1 percent of the total number of unemployment beneficiaries.

Beneficiaries with dependent children account for 17.7 percent of the total, or 13 968 out of 79 039 (at 31 December 1987). So

that, even assuming a high replacement ratio is a strong disincentive to work, the dimensions of the clash between economic and social policy in this case are not large.

TABLE 32: Income replacement ratios (after tax)

	Unemployment Benefit including transfers $	*Median award rate, including transfers* $	*Lower Quartile award rate, including transfers* $	*Replacement ratio One*[1] %	*Replacement ratio Two*[2] %
Case 1: 18 years Single No dependents	99.86	209.83	195.44	47.59	51.09
Case 2: 19 years Single No dependents	99.86	211.50	201.90	47.22	49.46
Case 3: 20+ years Single No dependents	123.29	212.58	203.44	58.00	60.60
Case 4: 20+ years Single 1 child	234.08	270.00	270.00	86.70	86.70
Case 5: 20+ years Single 2 children	256.08	292.00	292.00	86.70	87.70
Case 6: 20+ years Married No children	185.52	212.58	203.44	87.27	91.19
Case 7: 20+ years Married 1 child	256.08	270.00	270.00	95.84	94.84
Case 8: 20+ years Married 2 children	278.08	292.00	292.00	95.23	95.23
Case 9: 20+ years Married 4 children	322.08	336.00	355.00	95.83	95.83

[1]Replacement ratio 1 = (U/B + transfers) / (Median Award Wage + transfers)
[2]Replacement ratio 2 = (U/B + transfers) / (Lower Quartile Award Wage + transfers)

Two other factors which may also affect the real impact of the disincentive should be noted. First, the replacement ratios used here are based on *minimum* likely wage rates. To the extent that individual unemployed are able to secure higher paid jobs their replacement ratios are correspondingly lower and the incentive to find work will be greater. It is possible that unemployed people with children are on average older and have more work skills and experience which may make the range of wage offers open to them higher than the minimum.

The other point to note is that, given that the ratios calculated here are based on *award* minimums, they are more likely to reflect replacement ratios for provincial and rural workers. The incidence of above-award rates of pay and 'second tier' agreements is greater

in the main cities: replacement ratios, on average, will therefore be lower. For a variety of reasons, it is possible that there is a disproportionate number of unemployment beneficiaries with dependants in provincial and rural areas. Mobility costs are likely to be higher for families, who are more likely to be home-owners and may find the equity from selling their house insufficient to finance them into a comparable house in urban areas. Also those with dependent children are probably older and more settled with stronger links to the community. In recent times, large scale closures and redundancies from the corporatisation programme and from economic liberalisation policies have meant big increases in regional unemployment. These increases are likely to have been distributed across the workforce, thus affecting people with families more than in the past, when the 'last in, first out' principle would have operated for employment at the margin. The distribution of unemployment beneficiaries by Social Welfare Department district as at 31 December 1987 is attached.

In conclusion, the above suggests that the conflict between economic and social policy goals in this example is small by comparison with other policy areas such as macro-economic policy or structural reform for instance. For the majority of unemployment beneficiaries replacement ratios are sufficiently low as to be unlikely to be having any significant negative effects on the unemployed person's job searching behaviour. Where replacement ratios are high, it is not as a consequence of the unemployment benefit directly but of policy relating to the support of unemployed people's dependants.

TABLE 33: Unemployment benefits by status and district at 31 December 1987

Social Welfare District by region	*Single*		*Married*				*Percentage of total with children*
	Without children	*With children*	*Without children*	*With children*	*Youth*	*Total*	
Kaitaia	587	17	87	351	256	1298	28.35
Whangarei	1349	56	156	722	652	2935	26.51
Kaikohe	559	6	54	284	254	1157	25.06
Dargaville	148	3	33	113	98	395	29.37
Takapuna	161	5	11	39	68	284	15.49
Orewa	42		3	14	17	76	18.42
Auckland	1440	25	66	236	373	2140	12.20
Grey Lynn	839	14	22	82	213	1170	8.21
Panmure	271	6	12	80	124	493	17.44
Sub total North region	5396	132	444	1921	2055	9948	20.64
Henderson	592	13	35	207	298	1145	19.21
New Lynn	627	8	38	131	290	1094	12.71
Otahuhu	1365	64	94	356	655	2534	16.57
Manukau	722	46	59	294	437	1558	21.82
Papakura	937	34	77	297	555	1900	17.42
Sub total South-west Auckland region	4243	165	303	1285	2235	8231	17.62
Paeroa	484	10	58	218	199	969	23.53
Thames	318	2	31	93	112	556	17.09
Tauranga	1139	24	84	291	621	2159	14.59
Hamilton	2237	62	144	638	1239	4320	16.20
Huntly	323	14	26	158	185	706	24.36
Tokoroa	455	18	54	201	266	994	22.03
Te Kuiti	286	3	29	117	133	568	21.13
Whakatane	745	37	51	279	417	1529	20.67
Rotorua	1326	74	120	454	776	2750	19.20
Kawerau	262	3	11	93	218	587	16.35
Taupo	399	10	32	157	222	820	20.37
Gisborne	1028	83	64	362	540	2077	21.43
Taumaranui	202	12	21	87	113	435	22.76
Sub total central North region	9204	352	725	3148	5041	18470	18.95
Wairoa	207	10	18	97	113	445	24.04
Napier	1195	63	93	254	626	2231	14.21
Hastings	1189	72	87	376	531	2255	19.87
Waipukurau	85	3	3	36	63	190	20.53
New Plymouth	1181	8	71	322	645	2227	14.82
Stratford	241	3	26	119	136	525	23.24
Hawera	304	5	27	136	162	634	22.24
Wanganui	1094	39	111	355	596	2195	17.95
Taihape	118	2	12	51	65	248	21.37
Palmerston Nth.	1346	42	79	219	676	2362	11.05

continued

TABLE 33: Unemployment benefits by status and district at 31 December 1987—*continued*

Social Welfare District by region	Single		Married				Percentage of total with children
	Without children	With children	Without children	With children	Youth	Total	
Dannevirke	133	6	5	41	86	271	17.34
Feilding	165	6	6	62	104	343	19.83
Levin	507	19	47	175	258	1006	19.28
Sub total Central region	7765	278	585	2243	4061	14932	16.88
Masterton	579	30	83	346	361	1399	26.88
Porirua	696	35	31	183	423	1368	15.94
Lower Hutt	545	14	26	137	290	1012	14.92
Upper Hutt	210	3	8	33	104	358	10.06
Wellington	234	17	21	72	321	665	13.38
Nelson	772	7	72	201	441	1493	13.93
Motueka	286	8	53	147	94	588	26.36
Blenheim	479	9	60	182	259	989	19.31
Sub total Central South region	4801	123	354	1301	2293	8872	16.05
Greymouth	413	5	54	192	200	864	22.80
Westport	223	1	36	147	95	502	29.48
Christchurch	4626	48	308	977	1856	7815	13.12
Rangiora	200	5	28	104	117	454	24.01
Timaru	585	6	84	245	413	1333	18.83
Ashburton	138	6	25	67	127	363	20.11
Oamaru	247	2	28	116	157	550	21.45
Dunedin	2095	38	132	508	755	3528	15.48
Alexandra	149	3	9	39	54	254	16.54
Balclutha	147	8	14	76	92	337	24.93
Invercargill	981	35	123	317	539	1995	17.64
Gore	147	6	19	51	101	324	17.59
Sub total South region	9951	163	860	2839	4506	18319	16.39
Total	41448	1213	3283	12755	20340	79039	17.67

Part III

18 General Conclusions and Recommendations

This section briefly summarises the main conclusions reached in the theoretical part of this paper, and concludes by listing its recommendations.

Economic and social policy are interdependent and complementary means of achieving the same over-arching goal—that of improving social wellbeing. Social policy has as its goal improving the level and distribution of socially valued states and resources, while economic policy is oriented towards the improvement of material welfare.

While this paper concludes that economic and social policy are necessarily interdependent in both conceptual and practical ways, it also points out the considerable difficulties in defining such terms as 'welfare' or 'wellbeing'. There may, for example, be problems inherent in using a concept like Gross Domestic Product to measure material welfare or economically productive activity. We need to address critically when, for whom and at what level a distribution of material welfare can be considered 'efficient'.

The whole issue of the distribution of socially valued states and resources has major implications. We need resources above a minimum level in order to participate and achieve our potential in society. More specifically, the distribution helps to define the range of possibilities open to a society. An unequal distribution of resources is likely to be self-reinforcing, as it confers different degrees of economic power. Distribution is also relevant to our ability to achieve a higher level of GDP. Too great a degree of inequality could inhibit the cohesion and productivity requisite for growth.

These are not only economic and social considerations; they relate to more fundamental questions of justice and ethics (as discussed in the paper *Standards and Foundations for Social Policy* by Maxine Barrett in volume III).

A further important conclusion is that because the amount and nature of output generated in the economy is dependent on the initial distribution of resources, we cannot say what will be an efficient position for an economy without knowing about the distribution of resources. This implies that efficiency cannot be pursued first and redistribution after. If economic policy precedes social policy in this way, then social choices about distribution will already have been largely pre-empted by the more significant redistribution of resources generated by economic policy.

Temporal and locational dimensions must form a part of this conceptual framework. Economic theory often finds it hard to deal with the transitional path from the present to the future. However, it is important to note that economic and social policies influence where people live and have an impact on different groups' and individuals' savings and investment decisions over time, thus influencing the transitional path. Adjustment is not instant. We need to consider the ways in which costs and benefits fall during this period; an exercise complicated by the difficulties inherent in evaluating the losses and gains of different people at different times.

We also need to take a longer view as a society than as private individuals if we are to make sensible decisions for the future and safeguard the interests of future generations. In our view, the value placed on money and resources by private markets yields too narrow and limited an horizon for social policy considerations. Market outcomes are themselves heavily influenced by the rules governing private transactions such as town planning procedures, environmental protections and the laws of contract. This framework of rules embodies ideas about fairness and procedural justice and needs to be revised from time to time in the light of our evolving views about rights and obligations in society and what we owe to future generations. Hence both distributive and efficiency effects of a market solution are socially conditioned. The market cannot be regarded as neutral.

This paper has also reiterated that neo-classical economic theory's model of 'economic man' (sic) as a single rational maximiser is based on assumptions which are not realised in practice and which paint too restrictive a picture of individuals and their behaviour. While the individual is of fundamental value, the fact that individuals exist in a social context demands a broader and more interdisciplinary approach to what people's wants and needs may be.

The principal thrust of the points summarised above is that economic and social policy are inextricably linked. Accordingly we recommend: *The adoption in New Zealand of an integrated and co-ordinated policy approach (paragraphs 7.4.6–14 in Part I, section 7). Within this general approach, we further recommend a better and more humane balance between economic and social policy considerations than has occurred in the past. As a precondition of this approach, it is essential that overall societal goals are identified first. Efficiency and distributional objectives cannot otherwise be appropriately specified.*

Support for these main recommendations comes from a number of sources. As noted above, Part I explored the theoretical basis for this conclusion, delineating a conceptual framework in which neither economic nor social considerations can be seen in isolation. The case studies contained in Part II lent further support for a co-ordinated approach, illustrating the interdependency of social and economic policy in people's lives, and pointing to the need to consider these interactions when policy is being designed. This view is also supported by those submissions which specifically reject single-focus or reactive policy approaches in favour of one that takes early account of its social and economic effects. Submissions also recognise the interdependency and pluralist values of society's constituent members and the case for addressing the distributive issues raised in Part I.

The achievement of such a substantial recommendation requires a series of procedural reforms. While it is important to note that an integrated approach does not prescribe what our economic and social goals will be, it should provide a broader and more sensitive framework for both choosing and implementing these goals. Accordingly, we recommend:

(a) *That processes for monitoring and feedback are set up so that policy design can be iteratively improved.*

(b) *We also recommend that measures are taken to provide information (including information from the monitoring process) to policy-makers and to the public and to set up institutional structures which will encourage informed debate and the opportunity for all members of the community to participate in debate and to make their views heard, for the following reasons:*

- *A co-ordinated policy approach is impossible in practice without certain underpinnings. Ignorance of the ways in which economic and social policy interact would ensure partial and*

uneven policy design. It is therefore important to treat the supply and general availability of information as a necessary adjunct to efficient policy design.

- *Improved institutional structures and methods would also contribute to improved policy design and implementation. A further important requirement is an explicit commitment to review all aspects of policy proposals. Few matters can be settled in an a priori way. It is our belief that circumstances alter cases and that analysis must be related to context.*
- *Further consideration should be given to the co-ordination of social policy concerns within Government in a way which draws on the insights and evidence of a number of disciplines.*
- *Further consideration should also be given to mechanisms for facilitating informed debate in the community on the views and evidence relevant to economic and social policy decisions.*

Annex A

19 Efficiency in Achieving Socially Valued Outcomes

Despite the limited range of economic analysis in dealing with some social spheres, it has a great deal to offer in considering how to achieve higher levels of efficiency when social outcomes are desired that the market cannot or will not supply. That is, it provides guidance on appropriate and efficient ways of addressing issues of public goods, and market failure, when the sum total of individual actions does not lead to the best solution attainable for those individuals or for society; and of dealing with market outcomes that are socially unacceptable.

This Annex has two parts: part A1 discusses the conditions under which a collective mechanism will be required in order to achieve socially valued outcomes; part A2 discusses efficient methods of achieving those outcomes.

19.3 *Part A1—When the market cannot or will not deliver socially valued outcomes efficiently*

19.3.1 *Externalities*

Externalities in production and consumption arise when the costs and benefits of an action are not felt solely by the person who is responsible for them or who gave rise to them. Familiar examples are factory or radio-active pollution; infectious diseases; house values (affected by the availability of public transport or a good local school, or tidy frontages in the rest of the street). Positive externalities also arise when benefits flow to the society in general as well as to the individual. For instance, we all benefit from living in a more rather than less educated or healthy society. There is also the 'caring' externality, mentioned in section 6 above. This occurs when people care about what happens to others.

When decisions are left to the market, outcomes are inefficient in the presence of such externalities because the full social cost or benefit does not face the person making the decision. As a result more or less of the good or state in question will be produced than should be, given the actual pattern of preferences and costs of all those affected. Alternatively something will be produced which

would not be wanted at all, overall, if all the costs and benefits were sheeted home; or, conversely, something may not be produced at all although its social benefits would outweigh its social costs.

Externalities can be dealt with in various ways: by regulation; enabling people to trade so as to arrive at a suitable level of compensation tax or subsidy; or direct intervention. The most efficient method depends on the case.[33]

19.3.2 *Public Goods*

The existence of 'public goods' is another justification for the collective provision of goods and services in kind, either directly or indirectly. A public good is a good for which there is no adequate market means of revealing the level of individuals' preferences. Further, once produced, it cannot be withheld from one person without withholding it from all; and consumption by one person does not impede consumption by others.

Defence is a common example of a public good. The market cannot be relied on to reveal the demand for defence. Once it is provided, it is not possible to exclude particular individuals from benefiting from it. Even if income were given to individuals to enable them to purchase some defence services, the absence of a functioning market for defence means that there is no way for their demands to be registered except through the political mechanism of government.

Other examples of public goods are democratic institutions, the legal system, and street lighting.

The establishment of a case for collective provision does not always entail that the collective provision should be made by government. There are other formal and informal ways of deciding on the preferred level of output and means of delivering it which exist outside the realm of government (For discussion of this see the *Social Provision: Access and Delivery* paper in this volume).

Difficult cases arise when a good has some public good aspects but also has private market characteristics. Education is a case in

[33]For an interesting and entertaining discussion of the issue of externalities, see Cheung (1973). Cheung describes a situation where beekeepers and orchardists bargain to determine who should pay whom. Beekeepers are willing to pay orchardists to allow them to locate hives in their orchards because of the increased flow of honey that would result. However, orchardists are also willing to pay for the pollination services supplied by the bees. The direction and size of payment will reflect the balance of externalities, and will vary in different cases.

point. Private benefits accrue from education, and private supply can and does exist. However, education also has public good characteristics and society has a concern about equal access to it. How these considerations should be balanced is a matter for analysis—including how the market works in the case of education—and finally for political and social decision.

Another reason for choosing collective provision is cost effectiveness: it may be cheaper for society to provide some goods and services through the public sector than by market provision. Insurance markets for health services or income benefits are one example of this. As discussed in the papers on *Income Maintenance and Taxation*, private insurance is not always an efficient means of attaining the desired ends. Work done at the OECD on pension provision indicates that countries with a mix of insurance and assistance schemes devoted proportionately more public resources to ensuring coverage of the relevant population than did those such as New Zealand, with its general revenue scheme.

Where there are substantial economies of scale it may also be more efficient to provide a good or service collectively.

19.3.3 *Monopolistic or other Types of Market Failure*

Monopoly results in lower output and higher prices than would hold in a more competitive market. Both these effects are socially undesirable. However, it is sometimes argued that monopoly confers dynamic efficiency benefits which counter its social costs. This is a point which needs to be argued with reference to particular cases. For these purposes, it is sufficient to note that a prima facie case exists that intervention may be appropriate to ensure that social outcomes are attained at lower cost than would have occurred if the market was left to operate.

When demand and supply are interdependent, the market also fails to deliver an efficient solution. (Health markets are a good example of this.)

19.3.4 *'Incompetent Agents'*

There is a further justification of direct Government provision in the case where individuals are not able to make decisions about their own economic activity. Such difficulties may arise from a number of causes. First, the complexity of the information required to make sensible decisions in a market may be so great as to render many individuals unable to evaluate it. The market for

health care is one market where information is specialist and complex, and the recipient is often under such stress as to make normal decision-making impossible. (This is not to say that recipients of health care should not participate as far as possible in decisions affecting their welfare.)

A second reason for lack of capability to make or implement economic decisions is extreme youth, frail age, or mental handicap. In any of these cases, the Government may either intervene to serve the interests of the person by providing goods and services directly, or it may delegate or contract others to do so; or it may trust those acting on behalf of the person, the doctor or carer in the above examples, to act in the best interests of that person.

This raises a number of questions about the interests of those acting on behalf of the person, and whether structures can be designed to maximise the chances that the interests of the person, rather than his or her agent, are in fact served. This set of problems is dealt with by principal/agent theory.

19.3.5 *Unacceptable Outcomes*

For a variety of reasons society may reject outcomes delivered by the market. The most obvious example is the distribution of income and wealth. Government may then attempt to ensure that goals of horizontal, vertical and inter-generational equity are met.

Other undesirable market outcomes may include predatory pricing, insider trading, intimidation, and exploitation, which can be dealt with in a variety of legal and other ways. The main point for the purpose of this discussion is that some collective mechanism is required in such cases ti define and implement the socially preferred outcome.

19.4 *Part A2*

When a case for intervention has been identified, economic analysis supplies a means of determining whether there is a cost-effective intervention, that is, one whose benefits will outweigh the cost of intervention. If such a solution does not exist, it is socially preferable to leave the problem alone.

19.4.1 *Range of Interventions*

The Government has a range of means at its disposal to achieve its social objectives, The range is wide. One option is to remove economic and social constraints which prevent individuals from obtaining what is their due or satisfying their needs. This may take the form of income maintenance to relieve financial constraints; or the Government ensuring that institutions exist to register the needs and preferences of all individuals, whether or not they are translated into market demands; or the provision of information. In some cases, the Government may use its powers of exhortation; in others, pass laws or regulations to specify the particular behaviour that is required and prevent abuse.

Finally, the Government may choose to guarantee the provision of certain goods and services to which it is felt individuals have a right, or which the Government feels should be guaranteed to individuals on the basis of desert or need. The guarantee can be in the form of an entitlement, such as a voucher, or can be direct provision.

19.4.2 *Income Maintenance*

In many cases, the provision of income maintenance to relieve financial constraints will be sufficient to empower individuals to improve their wellbeing. Income maintenance has the advantage of allowing the individual to decide how best to satisfy his or her needs, rather than requiring the government to prescribe what would be best for the individual, as would be the case if the government were to guarantee or provide goods and services directly.

An income transfer also enables the individual to reach the highest level of satisfaction possible for him or her at the level of income; that is, it is an efficient method of intervention, as long as the markets facing that individual work well and the goods and services wanted are available in them. This is an important proviso.

There is a general inclination to prefer income transfers because they seem less paternalistic. Freedom of choice for the individual is preserved. However, if the choice proves illusory, the objectives of the policy will not be attained, and direct provision may be the most efficient solution.

Reasons why the choice may prove illusory are explored below. In general, it is not possible to tell whether an income transfer will be an an efficient method of delivery without careful analysis of

the kind of market in which the recipient of a social policy or programme would be operating, the nature of demand and supply in that market, and the amount of economic purchasing power of the beneficiary. (refer to the discussion of monopoly above, and discussion below).

There are other reasons why income maintenance may not always achieve the aims the Government wishes to pursue. In the case of education, for instance, government policy is intended to ensure that children receive a good education, not the income equivalent of a good education. (Kelman, 1986). The fact that markets are not efficient at providing education for all is a further reason not to rely on an income transfer to be used in the market.

Similarly, income maintenance is an inadequate substitute for government-provided goods and services where the entitlement to those goods and services is on the basis of rights. If individuals or groups have a right to something, there is an obligation for it to be provided. If it is not otherwise provided, the Government must take responsibility for the obligation and make a direct provision. This obligation may not be fulfilled if income alone were transferred. An example of this would be justice and the legal system.

Finally, the nature of supply and demand in a market may make it desirable to provide assistance in the form of goods and services rather than income. Under monopolistic competition, suppliers tend to restrict supply and raise price. An increase in demand is thus unlikely to be fully reflected in an increase in output: part of the response is a higher price. By this means the monopolist transfers or 'captures' some of the benefit in income to himself or herself; there may be little increase in output for beneficiaries. How much this happens depends on how sensitive to price demand and supply are in the particular market.

A well-known instance of this was the provision of soft loans to buy homes and farms. Concessionary finance became capitalised into the prices of the houses or farms and was thus received by the seller, not the buyer at whom the assistance was aimed (for example, young couples and young farmers starting out). This is the kind of effect that is feared in some markets for socially valued goods and services, such as, for instance, housing, health and child-care.

For instance, in the market for child-care, the amount and availability of child-care facilities provided may not respond much to the provision of income transfers for child-care. Even if more

people were able to demand child-care, access would not be increased if the effect was to raise the price of the child-care available rather than to increase the supply. The net effect of the income maintenance solution would be that the suppliers of child-care would have received a subsidy, by providing the same or similar amount of service at a higher price.

The distribution of child-care would also be likely to change, as those who could afford to top up the income transfer would command a greater share of the supply. Hence, when both monopolistic and distributional considerations are important, direct provision is likely to be an efficient method of attaining the socially desired goal.

How likely the effects canvassed above are to occur depends on how easy it is to enter the market, how profitable it is, how responsive demand and supply are to income levels and to prices charged, and on the impact on total demand made in that market by beneficiaries.

A contrasting problem can occur if the combined purchasing power of benefits makes little dent on supply. For example, at the level of demand generated by their income transfers for a service or appliance wanted by a small number of disabled people, the private market might not find it profitable to supply.

Direct provision may also be the efficient solution when the cost of changing the income distribution so as to ensure that all had enough money for some essential good or service was higher than the cost of providing the good or service directly. In this case, direct provision could be seen as part of the income available to the person. For this reason, the availability of, and access to, socially provided output should be taken into account when considering the desired income distribution. It is helpful to widen the definition of income to include goods and services in kind as well as money income.

The general conclusion is that there are reasons to expect that markets will not always deliver socially valued output in an efficient way. Whether a cost-effective intervention is available, and what form it should take, depend on the nature of the output wanted, the desired distribution and the way in which the relevant market operates. These are matters for analysis and ultimately for political choice. However, it is important to note that there can be no presumption, a priori, that income transfers will be an efficient means of reaching social objectives.

Annex B

20 Relevant Submissions

The submissions considered here are not a representative sample. Rather, this Annex examines a selection of abstracts, with the aim of illustrating how some of the theoretical issues discussed in Part I have been reflected in the concerns of a range of individuals and groups.

20.1 *The Sorting Process*

A list of approximately 550 key words in the submissions was searched, and additional words of interest in the abstracts noted. Key words considered relevant to this phase were selected, and printouts of the abstracts containing these words (adjusted to try to avoid duplication) were obtained.

Of these sets of abstracts (each set having one or more key words in common) the ones considered of most relevance to the issues in Part 1 (and the number in each category) were:

- 'Economic' and 'Social' ('Impact', 'Wellbeing', 'Reform' or 'Policy') 80
- 'Efficiency' and 'Economics' 6
- 'Free' or 'Market' 45
- 'Income Distribution' 51
- 'Individual(ism)' 50
- 'Corporation' or 'Privatisation' 46
- 'Liberal(ism)' 4
- 'Waitangi' and 'Land', or 'Maori' and 'Land' 74

The abstracts above were initially sorted into several groups.

Those making recommendations about the future shape of New Zealand social and economic policy. Subdivided according to which of the four policy approaches in the typology best characterises the policy thrust of each abstract's recommendations:

- Single focus : economic policy dominates
- Single focus : social policy dominates
- Dual focus : reactive
- Dual focus : co-ordinated

Those not of immediate use for a variety of reasons, including:

(a) those limiting their comments to current events without making recommendations;

(b) those focused on specific topic areas without relating these to wider questions of social and/or economic policy; and
(c) those with insufficient information on which to base an assessment.

It can be seen that each stage in the sorting process incorporates a series of judgements, as in:

- The original selection and definitions of key words to reflect the context of the submissions (for example, what is, liberalism' taken to mean?)
- The choice of which key words are 'relevant' to the issues raised in this paper, and which are chosen for more extensive examination.
- The division of submissions into the categories as described above. In particular, it is difficult, given an abstract of only a few lines, to make hard and fast decisions about which typology fits best, or how accurate a summary the abstract is of the submission.

While it was initially decided to sort submissions in terms of both their analysis of current economic and social conditions and their recommendations for the future, only the latter has been attempted. Apart from time constraints, this is because a larger proportion of the abstracts make recommendations with little analysis of the current situation than vice versa.

20.2 *The Abstracts and the Typology*

Some initial comments on the abstracts as they relate to the typology (with sample quotations from the abstracts) are listed below:

Economic Policy Dominates Of the half-dozen abstracts under this heading, the primary emphasis is on considerations of economic efficiency, as in:

- 'Specifically, [the submission] says that implementation of social policy is dependent upon economic policy and that there is always a need for 'trade offs' as there isn't always enough money to fund social policy. It contains no substantial recommendations on social policy.' (Treasury, Social Policy and Government Services Branch)
- 'In partnership with the private sector the Institute believes that the public sector should strive to pursue a positive approach to housing policy which aims to achieve: the full implementation of policies consistent with the principle that

> the most efficient allocation of resources occurs in a free market environment where there is a voluntary exchange of goods and services between interested parties . . . ; the achievement of both a low rate of inflation and correspondingly low real interest rates which ensure more affordable access to housing on a consistent, sustainable basis . . . ' (Real Estate Institute of NZ)

The typology does not specify the policy instruments that will best deliver the goal of increased material production. While the free-market is one method, more interventionist approaches could be used. It is, however, difficult to tell from the abstracts if interventionist methods are being advocated on efficiency (rather than social) grounds.

Social Policy Dominates The typology is neutral is to the social goals deemed most important, and there are unsurprisingly a wide range of social goals encompassed by the approximately 50 abstracts grouped under this heading, such as:

- Bicultural/Maori values
- Moral/family values
- Spiritual/Christian/religious values
- Individual fulfilment or rights (to a job etc)
- Community values
- Justice, 'fairness', income redistribution etc
- A range of more general comments, along the lines that social policy should determine economic policy. Examples include:

> The Association stresses the need for social policy to determine economic policy, not vice versa; and that this must have the increased status of women and their enhanced role in society as a high priority. (*YMCA of NZ*)
>
> This submission wants to further the cause of biculturalism and wants economic policy to have as its focus social conditions. (*NZ Federation of Voluntary Welfare Organisations*)
>
> This submission wants the state to oversee and ensure that the inequalities in society are removed, influencing supply and cost where necessary. (*Auckland Methodist Central Mission*)
>
> This submission is concerned with policy which evolves from the concept of human dignity which is viewed as the central issue. (*Roman Catholic Dioceses of Auckland*)

Dual Focus : Reactive The approximately 45 submissions grouped under this heading consider social and economic policies in isolation from each other. In practical terms, this usually involves the

advocacy of piecemeal social or economic programmes to deal with some of the consequences of earlier policies. For example:

> This submission is strongly opposed to the current levels of unemployment. The writer wants either a return to protectionist policies for New Zealand manufacturers or implementation of job sharing as a firm policy. (*E P Stocker*)
>
> [This submission] wants tax incentives to live and work in Southland to prevent social and economic collapse. (*G Carson*)
>
> It urges government to control interest rates to make it impossible for companies to charge more than the standard bank rates and that serious consideration be given to providing easier access to small loans from the Department of Social Welfare for people on benefits or low incomes. (*Newtown Community and Cultural Centre*)

It is difficult to decide what sort of submissions are best covered by this heading. Probably a lot more of the submissions could be assessed as advocating a 'reactive' approach. But there is also the danger that anyone whose more personal or specific areas of concern mean that they do not express an overarching vision of what their social and economic policy goals are, may be described as articulating a 'reactive' course.

Dual Focus : Co-ordinated Most of the approximately 60 submissions grouped under this heading pay some attention to the necessity for social and economic considerations to be interrelated in the policy making process. In many abstracts, this merely involves a brief sentence or phrase to this effect, although the major concerns of the submission may be much more specific.

Examples of co-ordinated prescriptions include:

> Social policy should be an integral part of any policy consideration . . . Its aim should be to work towards the redundancy of its own support mechanism by promoting a form of society which no longer needs a 'safety net' but rather a 'spring board' . . . (*David Gregory*)
>
> This submission highlights the need for a closer relationship between social and economic policy. The authors feel that social policy needs to be given a higher priority, for this to be achieved there is a need for greater efficiency and co-operation in the social research process. (*Wellington Regional Council*)
>
> In terms of policy making, the understanding that social and economic policies are inseparable must be taken into account, with unemployment preceding inflation as the Government's top priority. (*Employment Resource Centre*)

More detailed examination of those submissions belonging in this category reveals a wide range of opinion on the shape and focus of

economic and social policy. Some of the more relevant concerns with quotations from submissions are summarised below:

A number of submissions call for an integrated approach to be given weight through the initiation of procedual reforms. Research and planning data are needed to avoid the poor targeting of resources. This may require an effective social policy unit to co-ordinate and monitor the gamut of state activity. Numerous submissions make the observation that present structures are too compartmentalised and unwieldy. A number also comment on the unsatisfactory nature of 'social impact' assessment. Rather, 'social policy should be an inherent part of policy formulation and as such requires a tracing through of consequences as policies are constructed.'

The drawbacks of a re-active approach are also explicitly addressed. The triennial disruption of elections is seen as one factor militating against a commitment to cohesive long-term policies. The social welfare system's safety-net role is also found wanting by many submissions: 'Instead of social impact work acting as an ambulance at the bottom of the cliff, or even at the top, we should be working towards achieving a situation where we are taking preventative measures so that the ambulance is not needed at all.'

The problems inherent in concepts like 'efficiency' are another issue confronted by a number of submissions. The efficiency of a system should not be measured solely in terms of economic productivity, but also in terms of its contribution to the fulfilment of fundamental human needs. The distributive issues raised in Part 1 are also noted: as one submission makes clear, 'All the talk about economic efficiency as a general concept obscures the fact that there are different economically efficient resource allocation solutions for different income distributions.'

Concerns about 'efficiency' are also related to a widespread dissatisfaction with market models of human behaviour. The shortcomings of the material dimension are constantly expressed, with many submissions advocating a more holistic approach to the social and economic spheres. In noting that a narrowly economic framework ' . . . tends to collapse all social phenomena into the doctrine of 'rational economic man'—and relies on some dubious assumptions about the nature of human behaviour and the structure of the social system', one contribution articulates the concerns of a significant segment of opinion. In contrast to a single-focus reliance on

economic efficiency, the submissions provide a glimpse at an enormous range of proposals for state intervention in the pursuit of diverse social goals.

The need to recognise the pluralist character of society is another predominant concern of the submissions. The existence of disadvantaged groups within such a society must be recognised by policy makers. In particular, the realities of a multi-cultural society should be incorporated into policy design as a step in a change in social attitudes. A co-ordinated approach should provide a framework within which institutions and services are more responsive to the needs of 'clients, consumers and community'. The call for a change in attitudes forms part of a wider concern raised by a number of submissions; namely the need for a more informed debate about what sort of society New Zealander's want.

20.3 *Limitations*

As noted above, categorisation in terms of the typology is somewhat arbitrary, given the subjectivity and lack of information involved.

There are other limitations. How, for example, do we approach those submissions which limit themselves to discussing solely social (as opposed to social and economic) policy without necessarily specifying that social goals are most important?

A question of wider interest is the debate, in political science in particular, over the extent to which people's political and social views can be said to be structured in 'ideological' ways (in the sense that they hold a consistent set of values and beliefs, and advocate a coherent strategy for achieving them). The submissions offer mixed evidence on this point; while some abstracts express an overarching idea of what social and/or economic policy should be, others express more disjointed lists of recommendations (an impression that may be overemphasised by the summary nature of the abstracts). The typology may, by its very nature, assume that people's worldviews and recommendations are structured in ideological ways.

However, it is clear that a number of submissions support a co-ordinated approach, and a wide range of social goals is seen as important in the submissions.

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SOCIAL WELLBEING

Social Wellbeing

1 Introduction

1.1 In the Terms of Reference set for the Royal Commission social wellbeing enjoys a prominent place. In essence it is linked closely to the attainment of a fair society. Each of the 'standards of a fair society' enumerated in the Terms of Reference suggest different aspects of social wellbeing: dignity and self-determination; participation and belonging; development of potential; distribution of resources; tolerance and respect for cultural diversity.

Specific tasks requested of the Royal Commission concern the appropriate sharing of responsibility for social wellbeing and the development of guidelines for the application of consistent social policy objectives to each area of social wellbeing.

1.2 This area of the Royal Commission's work was based on material drawn from a number of sources. Of primary importance were the written and oral submissions. These provided a broad sense of direction and inspiration to the work, both in the content of the material and in the unique process of analysis and review adopted. This is described at greater length later, but suffice it to say at this stage that it set a tone of partnership and of listening carefully.

1.3 Besides the analysis of the submissions, a number of other research papers were commissioned. These, together with relevant background papers and literature, formed the basis for this section. Other work of the Royal Commission was also essential in that it helped place this section in a wider context.

1.4 The orientation adopted is that the promotion of social wellbeing is the broad purpose of social policy. Once social wellbeing is adequately defined it becomes possible to identify and clarify the ultimate objectives of social policy. Therefore, underlying the discussion that follows is the assumption that our notions of social wellbeing have to be developed in such a way as to provide clear,

useful and practical guidelines for the future development of social policy.

1.5 The significance of social wellbeing is that it provides a focus for social policy that is independent of the various agencies that control and deliver our social services. Social policy can be identified in terms of broad social objectives—that is, the promotion of social wellbeing—rather than the means used in the pursuit of those objectives.

1.6 In the sections that follow an initial working definition of social wellbeing is first sketched, followed by a discussion of the material available from the submissions and other research papers. An analysis of the implications for social wellbeing to be drawn from other areas dealt with in Volume II precedes a final discussion of social wellbeing and its relevance for social policy.

2 A Working Definition

2.1 The idea that there is a preferred or ideal set of social arrangements towards which societies can strive has a long and distinguished pedigree. Whether it be philosophers and thinkers imagining the 'good life' or leaders and activists forging the 'good society', history has recorded a succession of visions and strivings that have motivated peoples, ranging from entire societies to small social movements.

The notion that our social arrangements can and should be evaluated and modified in the light of certain desired objectives, therefore, is not new. What is new is the attempt to place such a project on the firmer foundations of systematic social analysis and to integrate such endeavours into the apparatus of the modern state.

These 2 features of recent social policy were exemplified in the programme when the OECD began in the 1970s to develop a framework and a set of specific methodologies for the measurement of what was termed 'social wellbeing'. It is from this programme that much official thinking has derived. Academic and popular discourse have also had a strong influence on developments.

2.2 Wellbeing refers to the quality of life. In its simplest and most straightforward interpretation it means a state of contentment or happiness. In its social dimension, however, it must refer to a state that is enjoyed in specifically social activities.

The important criterion is that people function fully and effectively in the range of social roles that they occupy, for example, as parents, partners, neighbours, friends, citizens, workers, students and employers.

2.3 Once we accept that social wellbeing refers to activities and aspirations rooted in, and drawn from, membership of society we can consider the potential range of such dimensions of life. This was the first task of the OECD programme and involved a systematic search for major areas of common social concern. These dimensions of life were defined as 'aspirations or concern(s) of fundamental and direct importance to human wellbeing'. Eight were identified. They were: health, education and learning, employment and the quality of working life, time and leisure, command over goods and services, physical environment, social environment, and personal safety. The term social wellbeing was used to refer to the aggregate, or overall wellbeing of individuals across a range of such social concerns.

2.4 The areas of wellbeing identified by the OECD are a blend of social goals that might be valued as states in their own right and means or resources to the attainment of these goals. Health, for example, is valued in itself, but is also essential for achieving many of the other aspects of a worthwhile life. Access to all 8 dimensions is crucial to wellbeing.

2.5 As social wellbeing concerns a mix of valued states and resources, it also embraces their distribution in society. A major reason for the high value placed on certain social states and resources is their scarcity (for example, wealth and other material resources). In other cases value derives from moral and symbolic significance (for example, dignity and self-determination). In both instances it can confidently be said that the social distribution of these states and resources matters. It would be inconceivable to imagine New Zealanders had attained a state of social wellbeing without also considering the social distribution of the various states and resources identified as important to life.

2.6 Take the recreational use of leisure time as an example. As a society we may agree that we place a high value on leisure time and its use for recreational purposes. We may believe this because we wish everybody to develop their potential to the full—whether that potential be expressed in art, music, sport or hobbies. In other words, and to quote the OECD reports, this is is seen as an 'aspiration of fundamental importance to human wellbeing'.

Given this fundamental commitment to a particular dimension of what we take to be the quality of life, we seek to explore its specifically social significance by determining its distribution. Again, judgement comes into play. What groups should we compare? What significance do we attach to any variations and how do we go about evaluating them in terms of basic concepts of justice, fairness, acceptability? Do women have much less leisure time than men? Is this to be deplored or accepted? Do children of lower socio-economic and Maori and Pacific Island backgrounds have fewer recreational achievements—and is this because they have poor access to the requisite facilities?

Wellbeing refers to the quality of life. Considered in a social context wellbeing refers to socially valued dimensions of life considered both in aggregate and distributed across significant social groups. In order to be relevant to social policy, wellbeing has to have a wider social significance than a mere state of contentment or happiness. That wider social significance has to be gauged both in the content of the concept and in its distribution.

Hence, as a preliminary working definition we take social wellbeing to be concerned with the level and distribution of socially valued states and resources that are important to the quality of life. In other words, the Royal Commission believes that social wellbeing should be the goal of all policy and may be recognised by the extent to which all have a reasonable expectation of achieving those things which are generally accepted as necessary for a healthy and happy life.

3 The Submissions

3.1 *Method—'Let the People Speak: Me aro ki te Ha o te Tangata'*

More than 6,000 submissions were made to the Royal Commission in a variety of ways, written and oral. Because many of these submissions were received towards the end of the period set aside for hearings, only about half of the total number were available initially for analysis. From the first 3,000 a sample was drawn of nearly 700 written submissions, 700 freephone submissions and less than a hundred radio talkback and public hearings. This produced a grand total of over 1,500, documents which were then analysed for the major themes and social concerns they raised. This

generated clear patterns that were repeated and echoed again and again, albeit on a great variety of topics and in a great range of idioms and accents. All submissions received by the Royal Commission have now been analysed and coded, and an analysis of a sample of the subsequent 2,000 submissions suggests that the underlying patterns were very much the same towards the end of the hearings as they were at the beginning.

The philosophy inspiring this analysis can be summarised as 'partnership' and 'listening'. Two New Zealand women collaborated in the research, one Maori and one non-Maori. This is reflected in the joint naming of patterns. Furthermore, instead of approaching the submissions with a specific framework in mind, the research workers listened to what was said and allowed it to create a pattern.

What emerges from this analysis is what the 2 research workers in this project liken to a cloak. As they suggest:

> The blocks/patches of feathers represent groups of weavers throughout New Zealand. Some are small groups, some are large. Throughout their activities each group strengthens the fabric of our society and weaves creative colour and energy in the life of our communities.

Three patterns emerged: *voice, choice,* and *safe prospect.*

3.2 *Voice—mana o te reo, kia tu tangata*

People wanted to be able to name the world, to be heard and understood, to have someone who would listen, to have their say in matters which affected them directly, to have their say in policy issues, to be accorded respect when they spoke, not to be impeded from speaking either physically or spiritually, to have someone act as their agent or advocate when necessary, to have places where their voice could be heard, to have access to information to make their case, to have a fair hearing, and, above all, to be sure that the weakest voice could be heard.

3.3 *Choice—kia orite te tangata*

People wanted to be in a position to choose freely from amongst alternatives, to have alternatives available, to value diversity, not to have majority views imposed willy-nilly, to be able to contribute to their own destiny, to have their right to hold a particular belief respected, to have a fair start, partnership and opportunities for independence.

3.4 *Safe Prospect—hauora*

Safe prospect, for individuals, for groups, or for New Zealand and New Zealanders as a whole, had 3 major parts: guardianship of the people resource (te tangata); guardianship of the physical resource (whenua, ngahere, moana, awa); guardianship of the nation (kaitiaki o nga motu).

3.5 *Implications*

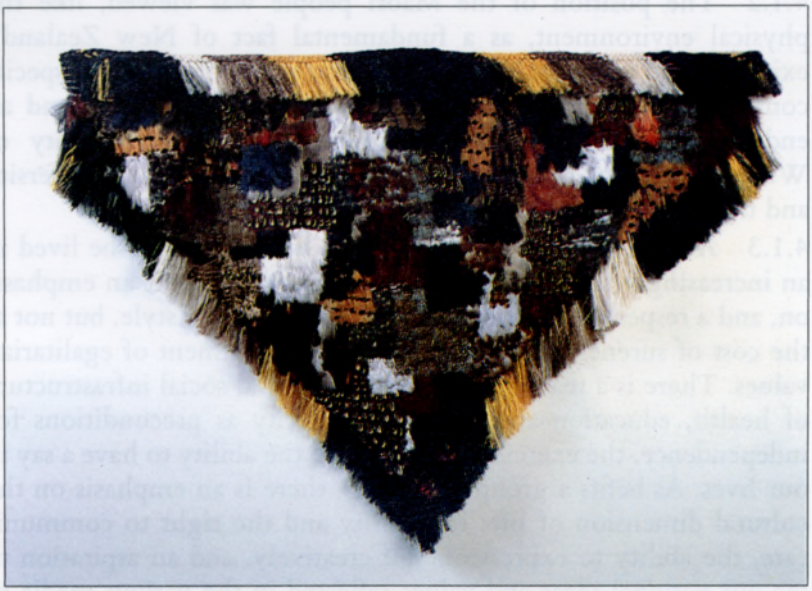
It is impossible in a summary of this sort to do full justice to the wealth and intricacy of detail that come through in the analysis of the submissions. Underlying it all, however, is a uniquely New Zealand statement of the good society; it is one in which one has a say and a chance to determine one's destiny, where there is opportunity to strike out and express a choice, but where in the end there is a sense of community responsibility and collective values that provide an environment of security.

4 Other Working Papers

4.1 *The Writers*

The submissions provided an insight into the concerns of ordinary New Zealanders. By the very nature of the Royal Commission process, many of these concerns issued from anxiety, a sense of grievance or the feeling that something needed to be remedied. It was in order to correct this potentially negative bias that we first turned to the work of 6 major New Zealand novelists. We sought from them, their vision of what is valued and valuable in society. These writers were diverse in background—men and women; Maori and non-Maori; old and young; rural and urban—but certain common themes emerged from the interviews and from analysis of their work.

4.1.1 A primary theme was the special character of New Zealand as a country of great natural beauty and resources. This land first moulded the life patterns of the Maori, and of the migrants and settlers who followed, and it still shapes our way of life and our values. There was a strong emphasis on the conservation of New Zealand's land, forests and coastlines both as values in themselves and as primal sources of identity and independence.



Submission number 5836, the Cloak 'Tu Tangata' made by Mrs Erenora Puketapu Hetet of Te Ati Awa.

Maori weaving is full of symbolism and hidden meanings, embued with the spiritual values and beliefs of the Maori people. Tu Tangata (the korowai illustrated) is a non verbal statement. . . . The blocks/patches of feathers represent groups of weavers throughout New Zealand. Some are small groups, some are large. Throughout their activities each group strengthens the fabric of our society and weaves creative colour and energy into the life of their communities. . . .

The triangular shape (of Tu Tangata) symbolises the bureaucratic hierarchical structure. The apex represents the head of the hierarchical structure or the decision makers. The base represents the flax roots of the community. . . .

The weaving Tu Tangata is born of a dream that those at the flax roots will once again control their own destiny . . .

It is a hope that the present decision makers (bureaucratic powers that be) will take a good long look at their policies and allow the 'artists' to make their own decisions . . . Who better to give direction than the flax roots!

Ma te huruhuru te manu Ka rere
Feathers enable the bird to fly.

Erenora Puketapu Hetet
Weaver.

4.1.2 The position of the Maori people was viewed, like the physical environment, as a fundamental fact of New Zealand's existence and identity. There was a clear recognition of the special contribution to the New Zealand heritage of the Maori and an endorsement of their claims to justice under the Treaty of Waitangi. Out of this, arises a new revelling in cultural diversity and the richness it can lend to life.

4.1.3 A third major theme concerned life as it might be lived in an increasingly fast-paced, urbanised society. There is an emphasis on, and a respect for, diversity and tolerance in life style, but not at the cost of sureness of identity nor to the detriment of egalitarian values. There is a reaffirmation of the essential social infrastructure of health, education and economic security as preconditions for independence, the exercise of choice and the ability to have a say in our lives. As befits a group of writers, there is an emphasis on the cultural dimension of life: the ability and the right to communicate, the ability to express oneself creatively, and an aspiration to see our national ideas and values reflected in the various media of life, television and the visual and performing arts.

4.1.4 Overall the writers seemed to be trying to establish a sense of identity and of a place in the world, for citizen and nation alike. This search has to be conducted through an exploration of history, through the arts and the media, through life itself, and through New Zealand's Pacific neighbourhood. Such a sureness of identity seemed to lie at the heart of the 'good life' in which people could feel self-respect, exercise choices, feel comfortable with diversity, and determine their own destiny.

4.2 *Conserving Communities*

The visions of the novelists and the voices of the submissions represent broad social aspirations. They are statements of values and of a social philosophy of a rather general kind. How do such broad values relate to the actual setting of standards and the working through of attempts that we might make to secure social wellbeing?

A recent example of such social values in action is given by the attempt to assess and manage the social impact of the major changes undertaken in the state trading sector in late 1985. Underpinning this social impact assessment was the belief that such major reorganisation should be evaluated on something more than purely commercial objectives. A working paper evaluates the experience.

4.2.1 Firstly it concludes that, while standard economic models work on the assumption that the individual is the key focus for policy, a social analysis gives weight to the complex of group, institutional and community relationships that surround, buttress and envelope the individual. 'No one is an island' is the philosophy, an approach that stresses the interdependent and holistic nature of human communities.

4.2.2 A second, and related, assumption basic to social analysis is that individuals, insofar as they are the focus of our concern, are not motivated purely by economic or materialistic considerations. People have needs and satisfactions related to identity, status, self-worth, belonging, and sense of achievement.

4.2.3 Finally, underlying the sense of grievance and unease among those affected by the restructuring of the state trading sector was the feeling that they had not been consulted about, or involved in, these far-reaching changes. In other words, the way in which the changes were carried out was perhaps just as important as the unsettling impact of the changes themselves.

4.2.4 The conclusions of the social impact assessment underlined those fundamental elements of wellbeing that cannot be reduced to a simple economic calculus. They were, in the words of the paper:

> . . .for people to have a sense of control over their lives—information, participation, time, access to land, employment, housing, basic services—and the value people place on their sense of belonging with other people and a place they know as home. (see *Restructuring the State:* Vol. III)

4.3 *Achieving Citizenship*

A sharper demonstration of the impact of both group membership and the essential 'non-economic' dimensions of social wellbeing is provided in the research paper expounding the philosophy of 'normalisation'; that is, returning to full and 'normal' citizenship in society the members of certain dependent groups who have been isolated and segregated from the mainstream, either physically in distinct institutional settings, or socially in circumscribed, devalued and dependent social roles.

The philosophy was first developed in the 1960s as applying to the position of the intellectually handicapped in Scandinavia. Building on the 1948 United Nations Declaration of Rights, Bengt Nirje outlined the following principles of normalisation:

> Making available to all persons with disabilities or other handicaps, patterns of life and conditions of everyday living which are as close as possible to, or indeed the same as the regular circumstances and way of life of society.

4.3.1 In the first instance the philosophy of normalisation asserts the essential humanity of the intellectually handicapped. As the paper says: '[they] are people first, having the same human value as anyone else and therefore the same human rights'.

4.3.2 Accepting the essential human value of the intellectually handicapped carries with it a recognition of their human potential. This means recognising 'a need and a right to continuing personal growth and development'.

4.3.3 The recognition of basic humanity is one thing. Its assertion and maintenance requires the exercise of those basic civil rights that are acknowledged as being due to all citizens. This may require advocacy.

4.3.4 Although originally developed to apply to the living circumstances of the intellectually handicapped, the principle of normalisation can be extended to other forms of handicap, to the elderly, and to those who have suffered mental problems or drug and alcohol abuse. As Alan Tyne points out:

> What all these people share is the likelihood that on the basis of their devalued characteristics they will be treated substantially differently in life generally, unless thoughtful, purposeful and determined steps are taken to see this doesn't happen.
>
> *Tyne, A (adaptor),* Principle of Normalisation, *(1981) CMH/CMHERA, London.*

What this case study highlights, firstly, is the qualitative nature of much that we value in life and take for granted; the right to dignity, self-respect, and other human and civil rights are highly valued dimensions of wellbeing that are at the same time very difficult to weigh or quantify.

Secondly, this case study demonstrates the fundamental importance of a thorough social analysis that identifies key social groups, institutions and patterns of living. What is important about the strategy of normalisation is the method of social analysis that is used to identify the living circumstances of certain devalued and disadvantaged groups and to link those dimensions of disadvantage to causative social processes and administrative arrangements that trap such groups in dependency and isolation.

Thirdly, it shows that changes in public perception and in power relations are often required to remedy dependency. The conclusion

is that the public is now less willing to connive in the enforced dependency and devalued social status of certain marginal groups. It is also more willing to accept the empowerment of these groups.

4.4 *The Dimension of the Human Spirit*

In the paper prepared for the Royal Commission, Catherine Benland draws our attention to the fact that social policy contains and reflects not only measurable entities such as physical states but also the hopes, wishes, values and aspirations people express in their life and work. Her paper posits, that there is something more, which, though it defies measurement, has such reality and importance that to discount it is perilous and that to provide for it is good. She names this something: the 'S-Factor'. She describes it as:

- anything more than the sum of body, brain and breath in the case of the individual person;
- anything more than the sum of the population in the case of society;
- anything more than the usefulness to the human species of other species and of matter, in the case of the environment.

She challenges the belief of social scientists, planners, and policy makers who discount the realities and the importance of this dimension to society and the individual, and makes practical recommendations on how this factor may be taken into account.

Kuni Jenkins writing from a Maori perspective also asks what is the spiritual dimension and answers 'in essence the nature of the spiritual dimension is about power over physical dimensions.' 'The spiritual dimension is also a power, that intangible quality that links the generations, that prevails over the impossible situations, that gives the inner strength a person needs to handle those difficult encounters. It is that awareness of a higher power than that of the temporal forces that control us':

> The life principles that should be protected by the laws of tapu are spiritual gifts handed on to the human race from Io-Matua-Kore (the supreme god without parentage) which are:
>
> 1 Mauri uto (the life force in objects)
>
> 2 Mauri ira tangata (the life force in people)
>
> With the destruction of tapu the life forces in the society are debased and all life form is impoverished. Traditional Maori society relied heavily on the protection of wairuatanga to conserve and preserve its cultural lifestyle. Replacement by other cultural programmes has been supremely detrimental to its spiritual dimension while perhaps catering for the material wellbeing of the race.

Benland also says people need inspiration and that if they do not perceive the S-Factor in the framing of legislation, the functioning of government and the outcomes of social policy they will question the validity of these and not co-operate. Ultimately they will withdraw their mandate. In her view economic policy without the S-Factor is soul destroying:

> Social work and delivery of social services without the S-Factor is seen as cold charity or bureaucratic and impersonal. Housing without the S-Factor is not conducive to home pride and community formation. Health care without the S-Factor treats symptoms mechanically leaving profound malaise producing other symptoms. Transport without the S-Factor neglects important community links, aesthetics, and individual empowerment. Education without the S-Factor gives a new generation no raison d'etre, no choice, no self-love, no altruism, no creativity, no criteria for morality, and no hope. Prisons without the S-Factor can only punish, they cannot transform or rehabilitate. Mental hospitals without the S-Factor cannot heal or cure or comfort as they should.
>
> But perhaps most importantly, when people are appointed to positions of power as planners and policy makers and bureaucrats they need to have an appreciation of the reality of the importance of the S-Factor in themselves and in those they serve.

Benland says that if they have not they are very dangerous people and likely to be tunnel-visioned, shortsighted or indeed blind.

Jenkins has some very practical suggestions for implementing what will appear to many people to be 'an impractical' aspect of life. She says these suggestions would lead, she believes, to a natural way forward. They are dealt with in detail in Volume III.

For Jenkins the planning of a social policy that might fit the needs of society at large giving due consideration to the indigenous people is an affirmation of the just society as it seeks for co-operation and peace in bringing about the harmonious balance in society where integrity governs the care over all creations. For her Aotearoa might then be at last the place in the sun where all the people are indeed free to enjoy the wealth and the glory of this god given land. 'The Gods zone, social wellbeing and spiritual wellbeing abiding.'

4.5 *Social Indicators*

The Department of Statistics and the Population Monitoring Group of the Planning Council are 2 bodies in New Zealand that have sought to document key social goals within a framework that is useful for public policy. In so doing they have drawn substantially on the notion of social indicators as a special type of social

statistic that permits the assessment of changes in the quality of life. A discussion of this approach and an analysis of data from the Social Indicators Survey are presented in Volume III in a supporting paper. ('Using Social Statistics'—Davis)

4.5.1 The approach adopted by the Department of Statistics in its social indicators programme of the early 1980s was to identify 'areas of social concern', drawing on an OECD consensus exercise directed at the identification of 24 fundamental social concerns grouped into 8 goal areas.

The approach used by the Social Monitoring Group in its publication *From Birth to Death* is to use the individual's life-cycle as a theme around which to organise a range of social statistics. The indicators are linked in a natural way to the life-cycle as the individual passes through key status changes and comes into contact with, and is shaped by, a number of major social institutions. A comparison of the 2 approaches is outlined in the table below.

TABLE 1: Key Social Concerns Compared

Social Indicators Survey	*Social Monitoring Group*
Employment	Employment
Income/Standard of Living	Standard of Living
Health	Health and Health Care
Education and Learning	Education and Leisure
Personal Safety	Personal Security
Social Participation/Family	Social Participation
Housing and Neighbourhood	Care
Leisure	Freedom and Autonomy

Sources: Adapted from: Department of Statistics, *Report on the Social Indicators Survey 1980–81*, Department of Statistics, Wellington, 1984; Social monitoring group *From Birth to Death*, New Zealand Planning Council, Wellington, 1985.

4.5.2 The attractive aspect of the life-cycle approach is the way in which it brings to the fore the sociological underpinnings of citizenship and wellbeing. In the course of a lifetime, individuals pass through a series of key social roles. The requirements and expectations of an individual's behaviour in each one of these roles helps define what it means to be an active and accepted member of society. Associated with each role there are rights and duties and fulfilments.

TABLE 2: Monitoring the Social Life-Cycle

Life-Cycle Stages	*Social Concerns*	*Social Groups*
Birth	Standard of Living Care and Security Health Care	Ethnic Group Socio-economic
Starting School	Standard of Living Education Care and Security	Ethnic Group Socio-economic
Becoming a Teenager	Standard of Living Health Care and Care Education and Leisure Freedom / Security / Participation	Gender Ethnic Group Socio-economic
Starting Paid Work	Education Occupation Security Participation	Gender Ethnic Group Socio-economic
Setting up as a couple	Security / Participation / Freedom Standard of Living Housing	Age Gender Ethnic Group Socio-economic Ethnic Group
Becoming a Parent	Security and Support Standard of Living Health Care	Age Socio-economic
Retirement	Standard of Living Safety Participation / Occupation	Age Gender Ethnic Group Socio-economic

Source: Social monitoring Group, *From Birth to Death*, New Zealand Planning Council, Wellington 1985

The ability to perform these roles fully and with satisfaction is, in a sense, at the heart of social citizenship. Much of social policy is aimed at enhancing citizenship by facilitating the performance of key social roles through the elimination of obstacles like material deprivation, sickness, unemployment, discrimination, disability, isolation, oppression, and cultural rootlessness. This is the approach adopted by the Social Monitoring Group and is outlined in the table above.

The approach used by the Social Monitoring Group emphasises the key status changes that people go through in life. Even though people are involved in playing a range of roles in different parts of their lives at each stage of life, these transitions can be seen as marking a change in the one major role that shapes a person's social identity.

4.5.3 People not only fill different roles in life, they also belong to quite distinct social groups. In many instances their membership of such groups materially affects their chances of carrying out their roles satisfactorily. Hence, a baby's chances of thriving or a child's chances of doing well at school will be affected by the parents' ethnic group and by their socio-economic status because these factors will shape the home environment and affect their access to important social, cultural and economic resources. These are outlined in the third column of Table 2.

The Social Monitoring Group are aware of the importance of wider social group factors, but they are restricted to existing published sources. The Social Indicators Survey, however, provides an unrivalled set of information on both subjective and objective measures of wellbeing and their relationship to key social groups. As the working paper shows, it is possible to identify potentially vulnerable social groups and assess their performance on a range of indicators. The table below outlines the methodology for 4 sets of social comparisons.

4.5.4 A framework of this kind can be used to identify key dimensions of wellbeing and social concern, setting them in the social context that makes them significant for policy purposes. Hence, the enhancement of social wellbeing can be seen in the extent to which certain socially valued goals are maximised over the course of the life cycle, following the methodology adopted by the Social Monitoring Group. A further dimension of social wellbeing is addressed by monitoring the social distribution of these values for key social groups.

4.5.5 These matters are discussed in greater depth in the report on the phase 'Policy Development, Assessment and Monitoring' in this volume.

TABLE 3: Social Comparisons

Social Groups	*'Index Group'*	*Social Concerns*
Age	The Retired	Health Income Family
Gender	Women	Education Income Leisure Participation
Ethnic Group	Maori Pacific Islanders	Housing Education Income
Socio-Economic Group (SES)	SES Groups 5 and 6	Housing Neighbourhood Income Employment

5 Other Areas of the Commission's Work

5.1 *The Treaty of Waitangi*

The status of the Treaty of Waitangi and its implications for social policy have been a significant theme in the work of this Royal Commission. As a covenant between the Crown and the Maori people, the Treaty is the nearest thing New Zealand has to a constitutional starting point and a source of legitimacy for the organs and forms of the state that have emerged since colonisation and settlement. It lays down a relationship of partnership between Maori people and the Crown; it provides for protection of cultural integrity and for the participation of Maori and other New Zealanders within New Zealand society. In prescribing for the special status of Maori people in New Zealand it raises important principles, including partnership, at all levels and in all policies. Consideration of culture in relationship to social wellbeing, however, need not depend entirely on the Treaty. Indeed, all social policies should reflect the cultural values that contribute to the diversity of New Zealand.

If the full implications of the Treaty of Waitangi are to be taken seriously, then the notion of 'valued states and resources' must be extended beyond its conventional interpretation as life chances—meaning advantages and disadvantages—to include cultural patterns or life styles. In other words, this key phrase may have to be taken to mean something in addition to social states, civil rights and material and non-material resources. It may also have to encompass a valued way of life or life style. Hence, whanau / hapu / iwi may be valued as a basis for social organisation both in themselves and as indicative of a way of life that is held to be precious.

5.2 *Standards and Foundations*

The Treaty of Waitangi is a significant historical starting point. It is also a convenient point from which to begin discussing basic values and principles underlying New Zealand society. This theme is developed fully in the section of the Commission's work on 'Standards and Foundations'. Given the fundamental importance of this theme, and in the light of the special constitutional and symbolic significance of the Treaty of Waitangi, it is only fitting that the topic has been approached in the spirit of partnership, with 2 distinct papers introducing Maori and western perspectives.

From the paper on the western tradition emerges a concept of social wellbeing that, however imperfectly, informs social policy in the modern, democratic state: the promotion of wellbeing is seen as the proper and true objective of social policy; the ultimate source or touchstone of wellbeing is to be found in the individual, but in the individual as a social, not a private, being; the assessment of wellbeing relies on notions of justice whereby the social distribution of advantage and disadvantage is seen in some way as just and legitimate; such claims to legitimacy derive from established rights (such as those of citizenship) or from merit (further education for example) or need (say, health care and income maintenance).

From the paper on the Maori tradition the pursuit of wellbeing is set in the context of a social order and a web of social relationships and beliefs that are valued in themselves and for themselves and that provide the legitimacy for individual actions and states. It is probably impossible to conceive of any given individual's rights, deserts or needs in Maori society independently of the position that that individual occupies in the social order, especially in the network of kinship. Hence, the individual's wellbeing cannot be separated—even analytically— from the state of the kinship and tribal

community of which he or she is a member, nor can it be considered independently of that individual's rightful (or culturally appropriate) position in the social order.

In considering the implications of these concepts for social wellbeing, as presented in these papers 2 major differences between Maori and western traditions stand out: there is the difference in the practical significance accorded to the group as a potential bearer of interests, and there is a difference in emphasis on spirituality as a dimension of social life. While in theory and in principle these 2 traditions seem to be some distance apart, in the pragmatics of everyday, non-theoretical discourse about social wellbeing, the differences may well be more apparent than real. In practice the western tradition recognises group-based entitlements (pension rights for those aged 60 and over, civil rights for the intellectually handicapped); in practice the Maori use the imagery of individual wellbeing in asserting collective or group rights (individual examples of injustice); in practice the western tradition accepts the significance of non-measurable qualities (the quality of life, social solidarity); in practice the Maori tradition uses the imagery of measurable indicators of need to make claims about the significance of spiritual and cultural integrity in relation to health, education and housing.

5.3 *Work*

Through work we participate in the community and sustain ourselves and others. Work, both that which is paid and that which is unpaid, is profoundly social—it sets up a web of exchange relationships in society. It is the role of social policy to step in when the exchanges are grossly unequal, or mean people are too dependent, exploited or insufficiently rewarded.

A fraction of the work performed in society is paid, but such work takes on a considerable social importance because of the role money plays as a medium of exchange. Of those in paid employment, probably only a minority enjoys a position where all reasonable requirements for a comfortable existence can simply and easily be sustained through income received in the course of employment. All other groups require some form of exchange relationship that cannot readily be provided through the labour market. The low-paid, the unemployed, those providing domestic labour like childcare and housework, children, the retired, the disabled, the

handicapped and the chronically sick all find themselves in relationships of economic dependency or social obligation *vis-à-vis* kin, voluntary organisations or the state.

This is not to say that those in paid employment are not also dependent on unpaid work provided by others. The relationship of obligation is in principle reciprocal. But where the sense of obligation breaks down, it is difficult to enforce (unlike contractual relationships in the labour market). In some instances legal remedies are available—as in divorce proceedings—but in other cases the individual is almost completely reliant on a sense of social obligation that does not have the certainty of legal sanction (for example, children wishing to be supported in education after the statutory leaving age or elderly relatives wanting support in retirement). It is in such instances that the state has typically played a major role in industrial societies.

This exposition of the role of work suggests a number of things about social wellbeing. Firstly, the importance of paid work as a source of independence is underlined. Typically full employment has been an important social policy goal, if only because of the economic independence it can afford to those in paid work. Although the importance of non-economic sources of support cannot be overlooked, submissions to the Royal Commission reflect the high value all New Zealanders place on paid employment.

Secondly, aside from its impact on independence through the exchange relationships it generates, work has its own intrinsic qualities that influence social wellbeing through the satisfaction and self-esteem that it can provide.

Finally, because of its primary role in systems of exchange, work allows us to identify socially significant groups in society that are important in monitoring the distribution of socially valued states and resources. Different kinds of paid work enjoy varying levels of material and non-material benefit, depending on their location and status in the labour market. This gives rise to contrasting socio-economic groups or social classes that may differ markedly in levels of social wellbeing. Historically this has been important in the genesis of the modern welfare state. Similarly, comparisons among groups of paid and unpaid workers and among various dependency groups like children and the retired will also provide an important dimension in assessing the distribution of material and other advantages and disadvantages in society.

5.4 *Women*

Traditionally women have been involved in carrying the load of unpaid work in society. Whether it be housework, childcare, or the care of sick or elderly relatives, economic forces and political pressures have acted powerfully to make these realms of 'women's work'.

Even when women do enter paid employment, either with or without dependent children or relatives to support, they are most likely to be in those sections of the labour market where it is difficult to achieve independence through employment income.

Aside from issues of work, paid and unpaid, the other aspect of women's experience that touch upon wellbeing relate to caring, the family environment, health, sexuality, and specific vulnerabilities, like violence in the home.

What implications does this discussion have for the assessment of social wellbeing? In the main, it highlights the fluidity and complexity of relationships of social obligation. While such relationships remain widely accepted and reliably elicit support without fostering exploitation, they constitute an essential component of social wellbeing.

This suggests that we must approach the definition of 'socially valued states and resources' with some caution. Is the performance of unpaid housework and childcare an expression of enforced and resented dependency, or is it the expression of a highly valued, if frequently implicit, relationship of reciprocity and mutual obligation? Our decision on this must turn, in the first place, on how the parties involved themselves define the relationship. It must also be influenced by an objective assessment of the balance of advantage and disadvantage in the relationship and whether it seems equitable. Beyond this, however, we will have to consider the wider implications of such arrangements for the position of women, especially their access to important resources such as status, influence, power and participation.

5.5 *The Inter-relationship of Social and Economic Policy*

Another phase in the deliberation of the Royal Commission which has a direct bearing on the consideration of social wellbeing as a goal for social policy is that on the interrelationship of social and economic policy. The theme that emerges from this phase is that economic and social policy are not only related but inseparable:

> There are both theoretical and practical reasons why economic and social policy cannot be regarded as separable. Not only are the objectives of the two types of policy ultimately identical, but in practice the effects of one type of policy are likely to have a large impact on the domain of the other. *The Inter-relationship of Economic and Social Policy* (in this volume)

Submissions to the Royal Commission confirm that this is also the view of the public:

> Social policy cannot be seen in a vacuum. Economic policy is indivisible from it. *Submission 300*

This theme is developed in a number of submissions. One writer speaks of 'the dignity of the individual person' being 'submerged by the needs of big business and the Government to rationalise and restructure with consequent loss of her or his livelihood.' Another referred to groups of people who had lived at a particular locality for several generations, where recent economic changes meant there was no longer employment:

> The question of market forces places that structure of society, not at risk—it is already down the tubes.

Another submission claimed that the Royal Commission 'must assert this inseparability, particularly in the light of personal and community adjustment to the rapid pace of change to certain aspects of economic policy.'

Social wellbeing is not achieved by material production and growth on their own. How these are distributed, what they are expended on, and how they relate to other resources, such as power, personal values and social status, are all important. The very fact of having a job can be a source of wellbeing, as the overview paper suggests:

> The economy is perhaps the biggest single delivery mechanism for social wellbeing, and not only in the material sense. Participation in the paid workforce is the biggest source of income support available and also for many people yields self esteem, a sense of worth and identity and access to activities of various kinds.
>
> *The Inter-relationship of Economic and Social Policy* (in this volume)

Some believe that the labour market within which work is paid should be made as flexible and efficient as possible in order to maximise economic wellbeing and therefore provide a solid foundation for social policy.

But although the economy is the potential source of many dimensions of wellbeing, social wellbeing will not be fully served unless we also attend to the way in which social goods are distributed. It is not sufficient to increase the level of employment in the

population, even though employment is a source of independence and self worth, if the new opportunities go disproportionately to those who are already advantaged, leaving others further disadvantaged.

Economic change may be another factor affecting social wellbeing:

> . . . economic policy may fundamentally change the structure of society, thus affecting both the aims of social policy, and possibly the longer term potential for wellbeing.
>
> *The Inter-relationship of Economic and Social Policy* (in this volume)

For example, changes in tax policy may have far reaching effects on the distribution of resources. The impact of an energy strategy could have significant effects on the way people live. Likewise, immigration, which may be encouraged in times of high economic growth, may also have the effect of changing the nature of society.

6 Social Wellbeing and Social Policy

6.1 Social wellbeing starts from the premise that what is important about people is that they are social beings. People are social insofar as they enter relationships with others. They belong to families, communities, organisations and networks, and they draw identity from wider social groups such as ethnic groups, social classes, regions, generations, and gender.

People can achieve their full potential only as members of society. Even the most basic requirements of food and shelter require co-operation with others. How much more is this true for intellectual development, language, culture, identity, self-worth, status, achievement, confidence, versatility, all of which are irreducibly social and all of which define different aspects of the roles that any one individual can fill?

The standards of a fair and just society indicated by the Terms of Reference include dignity and self-determination, participation and sense of belonging, and development of potential. The submissions highlight voice, choice and safe prospect, and the writers, the search for identity, a place in the world, and independence.

Talk of fulfilling the individual's potential, however, needs to be set in the context of a discussion of specifically social policy. The interests of social policy are only elicited where the fulfilment of potential is socially distributed and structured in some systematic

way. Hence, the Terms of Reference speak of 'genuine opportunity for all people, of whatever age, race, gender, social and economic position or abilities to develop their own potential'.

In the discussion of social policy, therefore, social wellbeing is concerns more than the fulfilment of people's social potential. The Terms of Reference while alluding to social potential, also refer to 'a fair distribution of the wealth and resources of the nation including access to resources which contribute to social wellbeing'. It is also an issue, perhaps raised only implicitly, in the life-cycle comparisons of the Social Monitoring Group and the social group comparisons drawn from the Social Indicators Survey.

6.2 The fulfilment of social potential is the touchstone of social wellbeing. There are aspects of this ideal that seem to be quite basic to what we take to be fundamental human rights—dignity and self-determination, participation and sense of belonging. There are other areas of social wellbeing which, while they are valued in their own right, can also be seen as resources in achieving full and effective social functioning. Aside from material resources, there are human resources like health and educational and skill levels, the physical environment such as housing, and aspects of social life such as leisure, family and neighbourhood relationships.

Finally, there are those aspects of social wellbeing that may be valued in their own right but that are crucial in determining access to the necessary resources for full social functioning: employment (which generates income); health and social care (in times of functional and social dependency); and educational services.

Taken together, these seem to define the core social concerns of the community in defining the dimensions of social wellbeing.

6.3 Merely to enumerate the different areas of social wellbeing is not enough. It is necessary also to document their distribution—in the community, cross-nationally, and through time. Judgements of social wellbeing are, by their very nature, relative. Over and above the irreducible minimum required for survival, the standards that we set for 'acceptable social functioning' are bound to be relative. What is acceptable in one country may not be acceptable in another; what passes for normal in one period of history may not pass in another. Similarly, in a given society our notions of adequate health, housing, social participation and contact can only be determined by making social comparisons. Wellbeing, and hence its converse deprivation, is relative. It is relative because it is social

and therefore subject to cultural and social variation across countries, over time and within the same society.

6.4 In dealing with social wellbeing we are grappling with a relative concept. This does not mean that social wellbeing is any less objective or measurable, but it does mean that its dimensions cannot be established in any absolute and unchanging sense. This is because wellbeing in its social context is socially defined and so is subject to definition and redefinition by different groups, at different times and in different cultural settings.

7 Conclusions

The object of this phase has been to document social wellbeing within a framework that will be useful to policy makers, and to suggest how it might be made explicit and used to judge social goals.

We have found social wellbeing to be distinctive. It refers to the satisfaction of social goals and cannot be reduced to any of the standard economic measures of welfare. It is the product of a good society. It includes but is greater than social security, often described as freedom from unemployment and want.

From the thousands of submissions the Royal Commission has gained a clear insight into what people in New Zealand feel they need, and often lack, for the good life.

They have said that they need a sound base of material support including housing, health, education and worthwhile work. A good society is seen as one which allows people to be heard, to have a say in their future, and choices in life.

But social wellbeing goes beyond the private concerns of individuals to a dimension of public and collective significance.

From the submissions come recognition that these are times of economic uncertainty and constant change. Many are experiencing a sense of bewilderment, powerlessness and alienation. Many feel unfairly treated. Many, especially those who have done well, feel their due entitlement threatened by claims to economic and social justice from those who have lost or never attained the status of worker and taxpayer. New Zealanders of the eighties have said that they value an atmosphere of community responsibility and an environment of security. For them social wellbeing includes that sense

of belonging that affirms their dignity and identity and allows them to function in their many everyday roles.

For them, social wellbeing is the criterion by which all policy must be judged.

WORK

WORK

1 Introduction

1.1 The Terms of Reference of the Royal Commission on Social Policy require the Commission to investigate 'the extent to which existing instruments of policy meet the needs of New Zealanders, and report on what fundamental or significant reformation or changes are necessary or desirable in existing policies, administration, institutions or systems to secure a more fair, humanitarian, consistent, efficient and economical social policy which will meet the changed and changing needs of this country and achieve a more just society.'

1.2 This section of the report examines the role of work in our society and suggests some directions for change to meet the needs of New Zealanders. As a first priority, the Commission has focused in this paper on issues relating to the *distribution of work*.

1.3 Several sources have been used in developing the views and conclusions which follow:

- the oral and written submissions;
- official statistics particularly the five yearly Census of Population and Dwellings carried out by the Department of Statistics and the Department of Statistics quarterly Household Labour Force Survey;
- a research programme undertaken within the Commission which included consultation and discussion with statutory organisations and interest groups;
- specially commissioned papers, in particular those by D. Mabbett, G. Bertram, and B. Easton.

1.4 The submissions reveal that New Zealanders are in no doubt about the centrality of work to their social and economic well-being. The significance that New Zealanders attach to work is described and analysed in section 2 of this paper.

1.5 In addition to the significance of work, submissions covered the following areas:

- *the importance of choice* New Zealanders want to be able to choose whether to work in the paid workforce or outside it or to combine both. They want to be able to choose the location of their work and there is widespread apprehension at current regional disparities in the availability of paid employment;
- *the value attached to work* New Zealanders want recognition of the contribution made to society by all types of work including that done in the home and in the community;
- *the importance of genuine opportunity* to enter the paid workforce and once there to progress within it—and the need therefore to eliminate all forms of impediment to entry to the labour market and discrimination within the labour market;
- *the right to paid employment* which enables people to support themselves financially and to develop their potential. Unemployment was of great concern generally, and youth and Maori unemployment was of particular concern;
- *the desirability of local community control* over investment and programmes, whether private sector or public, which may generate employment opportunities.
- *the role of unions and employer organisations* in the fair and efficient functioning of the labour market and in the development of a constructive partnership which would enable New Zealand's economic and social problems to be addressed in a positive and consensual way.

1.6 Within these broad headings many and varied issues were raised including some relating to technological change, health and safety, training and education, and working time.

1.7 Structure of the Paper

- Section 1, *The Introduction,* sets the material in the context of the Terms of Reference; lists the key sources; identifies the main themes from the submissions; outlines the structure of the paper; and then summarises the Commission's main conclusions.

- Section 2, *The Significance of Work,* draws heavily on the submissions in considering the centrality of work to the economic and social development of society as a whole as well as its contribution to the wellbeing of each of us.
- Section 3, *Trends,* surveys the current distribution of work in New Zealand; outlines definitions of employment and unemployment; and considers future prospects in reducing unemployment;
- Section 4, *Economic Policy and Work,* examines the trends in paid and unpaid work in the context of current economic policy and considers the likely social policy implications of current trends in the labour market.
- Section 5, *International Experiences,* surveys the economic experiences of other countries with respect to employment.
- Section 6, *The Inter-relationship of Paid and Unpaid Work,* examines the organisation of work and measures needed to enable people to meet and share the demands of work both within and outside employment.
- Section 7, *Unemployment and Active Labour Market Policies,* concentrates on positive measure to address unemployment and job insecurity and examines the role of the unemployment benefit in New Zealand.
- Section 8, *The Elimination of Inequalities,*considers legislative and other changes to promote genuine equality of access to, and within, the paid workforce and facilitate the more equitable sharing of unpaid work.

1.8 Summary of Conclusions

The Commission is convinced that work is central to the wellbeing of New Zealanders. Through work we participate in the community and sustain ourselves and others.

How work is distributed, the conditions under which it is performed, and the significance attributed to it, have an impact on every other aspect of social policy.

The Commissioners' main conclusions fall into three broad categories: the relationship between paid and unpaid work, the role of employment, and the elimination of inequalities.

The relationship between paid and unpaid work: In this and other phases of its work (notably those on Women, on Social Provision:

Access and Delivery and on Assessment and Monitoring) the Commission has looked closely at the relationship between paid and unpaid work.

In so doing we have sought to make absolutely transparent the essential nature of much unpaid work, in particular unpaid caring work. We have found that all too often the cost of unpaid work for those who do it, (who are in the main women), is long-term financial hardship and general vulnerability.

The reality is that waged and unwaged work are interdependent and neither can take place without the other. The distribution of paid and unpaid work throughout the community is critical to the development of a social policy which is not only more fair, humanitarian and consistent, but equally one which is more efficient and economical.

This conclusion gives rise to three recommendations which are developed in some detail in this and other papers.

They are:

- *that there is an urgent need to develop adequate measurements of unpaid work so that this work may be properly taken into account in the formulation of policy* (see also Assessment and Monitoring);
- *that certain work which is currently unpaid should be paid.* Provision for a carer's allowance is taken up in the Income Maintenance and Taxation papers;
- *that the state has a responsibility to ensure that the labour market operates in such a way that it enables people to combine both paid and unpaid work in their own interests, and in the interest of wider society, and to work in an environment free of discrimination where they have the opportunity to develop their potential to the fullest extent.*

Employment

As we set out in Section 2 of this paper, paid work is important in providing an income so that people can buy what they need to survive. But its significance goes well beyond that. Among other things it contributes to people's sense of belonging and worth. Further, employment is crucial to the success of other social polices, particularly those involving measures to enhance the quality of life for groups such as the disabled.

We concur with those submissions which see unemployment as a source of 'depression, violence and social tension'. We agree with the submission of the Auckland Manufacturer's Association which argues that without gainful employment for all 'society's framework becomes fragmented, loses direction and develops tensions and frustrations which subsequently manifest into a breakdown of community standards'.

Therefore, we believe that *the primary instrument for achieving a fairer society must be economic and social policies designed to provide wide employment opportunities.*

All New Zealanders are entitled to a job which enables them to participate in and have a sense of belonging to the community; which allows them to support themselves with dignity and to develop their potential—in short to live a life they find fulfilling.

Economic policies are the most significant determinant of the extent, range and distribution of employment in New Zealand.

In its work on the Inter-Relationships Between Economic and Social Policy, the Commission recommended a much better balance between economic and social policy consideration than has occurred in the past.

In the interests of a fair and just society, of social wellbeing and cohesion and balanced economic growth, we now recommend that full employment must rank alongside and at least equal with low inflation and economic growth, as the key objective of all policy.

Within the framework of economic policies which have as a primary objective full employment there will still be a requirement for a varied range of active labour market policies and these are examined in Section 7 of this paper. However, without the appropriate economic framework no amount of labour market modification will provide sustainable employment growth.

Further the Commission identifies the areas of youth, Maori and female unemployment as warranting particular measures. Some of these are developed in this paper and in the Commission's work on the Treaty of Waitangi, Women, and Education.

Elimination of Inequalities:

Given the importance of employment to personal and social wellbeing, the Commission is emphatic that all discrimination in the labour market must be eliminated:

- positive measures need to be put into place for those groups we have identified in Section 8 of this paper as having unequal access to, and within, paid employment; specifically Maori people, Pacific Islanders, people with disabilities, lesbians, gays, women, and the aged; and
- the Human Rights Commission Act should be amended to outlaw discrimination in employment on the grounds of disability, sexuality, and age.

Within the main conclusions outlined above the Commission has developed a number of specific proposals. These are contained within each section of this paper.

2 The Significance of Work

2.1 Work, both paid and unpaid, is central to the wellbeing of New Zealanders.

2.2 Submissions to the Commission make this point repeatedly, identifying the crucial role of work in the achievement of each of the standards of a fair society as listed in our Terms of Reference. Work impacts on:

- dignity and self-determination for individuals, families and communities;
- maintenance of a standard of living sufficient to ensure that everybody can participate in and have a sense of belonging to the community;
- genuine opportunity for all people, of whatever age, race, gender, social and economic position or abilities to develop their own potential;
- a fair distribution of the wealth and resources of the nation including access to the resources which contribute to social wellbeing; and
- acceptance of the identity and cultures of different peoples within the community, and understanding and respect for cultural diversity.

2.3 Work is at the very basis of the economy and the interdependence of social and economic policy is nowhere more apparent than in the area of work. Hence, the distribution of work, both paid and unpaid, throughout the community is critical to the development of a social policy which is not only more fair, humanitarian and consistent but equally one which is more efficient and economical.

2.4 Through work we participate in the community and sustain ourselves and others. However, what constitutes work and the value ascribed to work has varied over time and may vary according to ones culture, gender, age and position in society.

2.5 New Zealand's greatest asset is its people. They have the abilities, talents and skills to produce the goods and services to satisfy their own and other people's wants and needs. Those involved in paid work produce some kind of goods or provide some kind of service desired by New Zealanders or New Zealand's trading partners. Paid work is important in providing an income in order that people can purchase the goods and services they require for survival. Employment provides more than just a wage or salary. Access to housing finance and other forms of credit may well depend upon the receipt of an assured income from employment. A steady income from paid work which provides a measure of certainty allows forward planning. The level of Accident Compensation payments available to those unable to work for a period of time because of injury depends directly upon the level of income earned in employment. Many employees also benefit from private superannuation schemes and enjoy other welfare benefits as a condition of their employment.

> The opportunity to work and earn an income is fundamental to individual and social goals. The market in which labour services are offered and employed is crucial to the operation of the economy and to objectives of social justice. (N.Z. Business Roundtable Submission on 'Industrial Relations A Framework for Review', 1986)

2.6 Unpaid work also plays an important role in our society. It underpins a great deal of paid employment by freeing up the time of those in the paid workforce. Domestic child care is crucial in the development of the potential of the future workforce. Work outside the home is an important avenue for participation in the wider community. Voluntary work and community work provide necessary welfare services and a voice, representative of the community, in decision making. Reference to submissions shows the significance and variety of such work.

> The list of unpaid work done by Ruatahuna people reflects not only the Maori and rural way of life, but also the lack of access to many social services:
>
> – usual domestic household duties
> – care of other's children
> – care of the aged
> – care of the disabled
> – transporting those without vehicles (little public transport)
> – attention to medicinal and health requirements
> – spiritual blessing and guidance

– catering for tangi, hui
– establishment and maintenance of marae
– fundraising for marae
– fundraising for other community projects.

> Consider there are 10 marae in Ruatahuna and the work involved with the marae is overwhelming. (Tuhoe submission 2, by Jack Tawa. No. 2865)

While the amount of unpaid work undertaken in rural and Maori communities is great, similar work is required in our towns and cities though perhaps to a lesser extent.

> Community work picks up where social policy breaks down, community workers are unrecognised by government but government departments use them. . . . Community work is compatible with the life and ways of working with Maori initiatives such as kohanga reo. Government should take more responsibility and front up with the money if they wish this work to continue. (Manawatu Community Workers Association. No. 694)

2.7 Work provides an opportunity for people to develop and use their abilities, talents, and skills. Work imposes a time structure on the day, provides social contacts with people outside the family and may provide people with goals which extend beyond those set for themselves.

> Work, for the people we assist, is firstly the place where the very basic human needs of feeling useful, gaining status and social respect, companionship, learning of new skills, and growth in self-esteem take place. Secondly, it is a legitimate way they gain their access to the financial resources necessary to meet their needs of clothing, shelter, food, health care, etc, for them and their families. Lastly, work, especially in a group setting is in our view, the most effective means of empowering the people with whom we work to deal with and resolve the many difficulties and social problems that impede the full enjoyment of their lives. (Group Employment Liaison Service Field-Workers No. 3279)

In a developed economy paid work has assumed particular importance.

> A primary vehicle for making a contribution to society is through employment'. (Textile and Garment Manufacturers Federation No. 4664)

> Employment gives people a sense of belonging and esteem. (Manakau City Council No. 4652)

2.8 On the other hand, work may be viewed in a negative light. Often work is simply something that must be done for survival. If a person is involved in work that is boring or unsatisfying, it may well diminish that person's sense of worth. Work also takes up a

large proportion of people's time, and as such reduces the time available for recreational and shared activities with family and friends. An over-reliance on one's job for personal identity may be harmful to the individual and disadvantage others excluded by it. Similarly, categorising a person by the job they do fails to give a complete picture of an individual.

2.9 Work is so central to our society that the effects of any changes in how it is done are considerable and extend well beyond individuals. This is most clearly understood in the context of unemployment.

> Without this opportunity (for gainful employment) society's framework becomes fragmented, loses direction and develops tensions and frustrations which subsequently manifest into a breakdown of community standards',

and

> The advocacy for 'free market' philosophy may appeal to the purist, but means little to the unemployed. Policy formation must accord a higher priority to work formation, even if this means an element of intervention in other areas. (The Auckland Manufacturers Association. No. 4774)

> Negative social status within the community can lead to outright hostility towards the community. This hostility might be expressed as individual and gang crime, which has many costs including costs to the victims, to the justice system and to the peace of mind of the wider public. Such hostility can also express itself as domestic violence, alcoholism, depression etc. All of these bear significant ... social costs'. (Advent Information Systems Ltd No. 1984)

> In the past decade we have seen a rise in juvenile crime: so much so that to date it has become the cause of many of our policing problems. The decline in job opportunities, rising unemployment and a greater social disillusionment has led to an increase in the young of all ethnic groups truanting and adopting a 'street culture'. (New Zealand Police. No. 155)

2.10 There is a correlation between unemployment and ill-health:

> Youth unemployment is atrocious and inexcusable. It is a major health hazard that creates depression, violence and racial tension. In some areas, 50 percent of school leavers can't find work. The future is so uncertain that it is destroying them. We must provide employment and a meaningful life experience for our young people. We have to stop this hopelessness, (Taranaki Unemployed Rights Centre. No 4903 quoting Dr Max Abbot, Director of the Mental Health Foundation)

and between unemployment and family stress:

> (Unemployment) . . . has profound effects on the families of those concerned and is a soul-destroying experience. . . . (Andrew Forsyth No. 860)

2.11 Employment is the life-blood of regional prosperity.

> With 2000 unemployed, approximately one family in four or five is dealing with an unemployed member. Many of the people who have left the district are 'enablers' . . . professional people, Government employees redirected etc. So there are fewer people left to act in a creative role. (District Council of Social Services. Gisborne/East Coast No. 715)

> Generally younger people who wish to be employed need to move away from Patea. (Mallory Crawford et al No. 647)

2.12 Employment also needs to be considered in the context of obligations arising from the Treaty of Waitangi.

> The most insidious effect of unemployment for Maori people is that in their search for work they have been drawn away from the traditional homelands, marae and way of life. This has caused the loss or decreasing of the Maori language and culture for many. (Tama Nikora No. 2873)

2.13 Within the community there are differing views on what people want from work and how it should be organised.

> Marae enterprises are an alternative to the high-tech, capital-intensive, production-orientated business which to be successful, must hold down labour costs and which therefore has very little potential for dealing with either the numbers of unemployed or the fact that they are largely unskilled. Marae enterprises such as the clothing factories in Opotiki and Rotorua can be geared flexibly to different time arrangements providing there is work for those who need it, when they want it. Such enterprises allow people ways of organising employment that have Maori cultural objectives, that are part of our tradition and not just ways of fitting Maori people into the Pakeha economy. (Tainui Maori Trust Board. No. 199)

2.14 Employment is crucial to the success of other social policies. Measures to enhance the quality of life for relatively disadvantaged groups in society such as disabled people are less likely to succeed if there are insufficient employment opportunities available.

> (A programme) should recognise that an important means of providing people with disabilities with the opportunity of achieving dignity, self-respect, material and social wellbeing is to ensure that they have the same opportunity as others to engage in appropriate and personally satisfying employment. (Disabled Persons Assembly (N.Z) Inc. No. 142)

2.15 Equality of opportunity within employment contributes to social and economic wellbeing.

> The Federation favours the term 'positive action' to promote equality of opportunity in the workplace. This term makes explicit the need for employers to adopt a pro-active and dynamic approach to the promotion and implementation of equal opportunity so as to capitalise on the skill potential of all the workforce. (N.Z. Employers Federations Inc. No. 3270)

2.16 There are many features of the labour market other than unemployment which have an impact beyond the labour market. For example, a certain level of income is necessary to ensure that everybody can participate in and have a sense of belonging to the community. If wages are too low increased public expenditure in the form of income maintenance may be required.

> There is the need for wage adjustments that defend the living standards of workers. We do not believe. . . . that cuts in real wages can be used to correct basic economic imbalances. It is not possible to control inflation, or to promote employment, or to balance the external accounts by constantly lowering the spending power of workers. (CSU/FOL No. 3049)

2.17 Similarly, failure to ensure safe and healthy working conditions results not only in suffering to individuals but in costs to society through lost or reduced output and through the need for medical care and income maintenance. Discrimination or inequality on the job affects people's sense of wellbeing beyond the immediate workplace.

> Lack of protection under the Human Rights Commission Act means we are refused jobs, fired from jobs, not promoted in jobs, and often 'spoken to' by superiors because of our lesbianism. Even if she has not directly experienced this, every lesbian knows of it happening to others and fears it may happen to her. (National Lesbian Consultative Committee. No. 3329)

> We need to ensure Pacific Island youth get help to get employed. Often they are not considered until all others are placed, making them feel they do not possess any skill. (Hutt Valley Pacifica Inc. No. 3981)

> Given a belief that we reward with wages an accepted socially perceived value of work, the wages women receive not only affects their economic position, but affects their status, confidence and self worth. (Clerical Workers Union No. 3278)

2.18 Work is the basis of the economy. It is central to the wellbeing of New Zealanders. How work is distributed, the conditions under which it is done and the significance attributed to it has an impact upon every other aspect of social policy.

> We want an employment package that will enable the people to care for one another in all aspects of their living. (Tainui Maori Trust Board. No. 199)

3 Work Trends

Introduction

3.1 This section surveys the current distribution of work in New Zealand and discusses future prospects. It will be helpful to read this section in conjunction with our earlier publication *Work: Its Nature, Role and Value,* (Discussion Booklet Number 3) which contains useful statistical material as does the *Statistical Profile of Work*, contained in Volume III of this Report.

3.2 Unpaid Work

As the role of unpaid work is discussed in Section 6 only the salient features of it are noted here.

3.2.1 Women are more likely to be involved in unpaid work than men. In December 1987, 15 percent of women over the age of 15 stated their main activity to be 'at home looking after children', compared with less than 1 percent of men. A further 8 percent of women and 1 percent of men were 'at home not looking after children'. (Household Labour Force Survey (HLFS) December 1987).

3.2.2 Those who work part-time are likely to spend a large proportion of their time in unpaid work. (Horsfield [forthcoming, p.67]). More women (22 percent) than men (9.5 percent) are employed part-time. In all 85 percent of working-age men (15 and over) are in paid employment compared to only 63 percent of working-age women. (HLFS December 1987).

3.2.3 Not only do women undertake more household work than men, but they generally undertake a wider range of tasks (Fletcher, 1978).

3.2.4 Information regarding the distribution of community and voluntary work is limited and subject to dispute over its interpretation. It seems, however, that much unpaid work outside the home is in the provision of social services, such as helping the elderly, and is largely performed by women. Men are more likely to be involved in policing and emergency work. (Horsfield [forthcoming], Social Advisory Council 1986).

3.2.5 Studies also suggest that women are most likely to be involved in unwaged work outside the home if they are married and/or not employed.

3.3 Employment and Unemployment: General

3.3.1 Full employment can be defined in a number of ways. In general, full employment is taken to mean an absence of unemployment. But unemployment is difficult to define. For example, we might define unemployment as a situation where not all those who want paid work can get paid work. In striving for a fair and just society, we have concluded that full employment is only reached when all those desiring paid employment are not only employed but are employed in adequately paid worthwhile jobs allowing 'realisation of full potential' in terms of skill development.

3.3.2 There is no single measure of unemployment in New Zealand. Three definitions are used in this paper, each of which gives a different picture of unemployment:

(a) *The registered unemployed* are those people registered with the Department of Labour as unemployed. People will register if they wish to use the Department's placement service and/or are entitled to claim the unemployment benefit. Some people, such as those with employed spouses who are generally not eligible for the unemployment benefit, and those who do not feel that the Department of Labour will help them find work, will not register and will therefore not be counted as unemployed. Using this definition, as at March 1986, 34,826 (4 percent of the full-time labour force) males and 19,354 females (4.2 percent) were unemployed: a total of 54,180 people, or 4 percent of the full-time labour force. By January 1988, a total of 71,023

males (8.1 percent) and 35,426 females (7.6 percent) or 101,398 New Zealanders (7.6 percent) were registered as unemployed.

(b) *The Household Labour Force Survey (HLFS)* defines a person as unemployed if they are without a paid job, had actively sought work in the four weeks up to and including the survey week, or have a new job to start within four weeks. Using this definition 67,000 people were unemployed (4.1 percent of the labour force) as at December 1987. This definition of unemployment is considered, by some, to be overly restrictive (Waldgrave & Coventry, 1987,p. 82). If all those available for work but not actively seeking employment (32,600) are included and those actively seeking but not available for work (17,200), unemployment would rise to 116,800 or 7.2 percent of the labour force. Further, all those part-time workers who would like to work more hours or full-time (47,200) might also be included, in which case unemployment would rise to 164,000 or 10.1 percent of the labour force.

(c) *The New Zealand Census of Population and Dwelling* found 48,180 males (5.2 percent of the total male labour force) and 60,588 females (9.0 percent of the total female labour force) to be unemployed and seeking work as at March 1986: a total of 108,768 people or 6.8 percent of the labour force.

3.3.3 It is the position of women that is most affected by these different definitions. Married women, especially, may not register as unemployed as they may not be entitled to the unemployment benefit. Furthermore, they may not be counted as unemployed in the Household Labour Force Survey, because of the Survey's restrictive definition of unemployment which rests on being both available for work and actively seeking work.

3.3.4 New Zealand's performance in the labour market historically has been measured by the number of registered unemployed. As shown in Table 1, registered unemployment has increased over time.

3.3.5 This increase in unemployment has also been accompanied by a relative increase in the proportion of the unemployed who have been unemployed for long periods of time. In June 1982, 15 percent of those unemployed had been so for six months or more. By January 1988, this proportion had increased to 26.1 percent:

26,435 people have been registered as unemployed for more than six months. A further 18,834 people have been unemployed for between three and six months (18.6 percent of the register).

3.3.6 The proportion of long-term unemployed, however, may be under or over-stated because of the nature of the data. Those unemployed who are lapsed from the register for whatever reason (for example, if they find short-term employment) and then re-register at a later date will be counted as newly unemployed: that is, the duration of unemployment for such people will be understated. On the other hand, there may well be a significant proportion of people unemployed for relatively short periods of time who do not register as unemployed. On balance, it is difficult to determine whether the actual proportion of long-term unemployed is lesser or greater than that indicated.

TABLE 1: Registered unemployed in New Zealand 1960–1988

Year	*% Unemployed*
1960–1964	0.1
1965–1969	0.3
1970–1974	0.2
1975–1979	0.9
1980–1984	4.1
1985	4.1
1986	4.9
1987	6.4
1988 (January)	7.6

Source: OECD Labour Force Statistics, 1965–1985, Table 5.1, p.30. For 1986 and 1987, and January 1988 average unemployment, Department of Labour *Monthly Employment Operations*

3.3.7 In comparison with a number of other countries, New Zealand's registered unemployment rate has remained fairly low. (see Section 5). Changes in the rate of unemployment are the result of changes in both the supply of labour and in employment (demand for labour). On the supply side, the labour force size is determined by the natural increase in the working age population, migration to and from New Zealand, and changes in the labour force participation rates of the working age population. Labour force growth in New Zealand has been significantly higher than in

other countries; the natural increase in the working age population has contributed greatly to this growth (Department of Statistics, *The People of New Zealand*1987). Migration has accounted for an increase in the labour force over the entire 1965–1984 period, although in individual years net outward migration has reduced the labour force, and hence unemployment pressures (OECD New Zealand Economic Survey, 1986/87, p. 19).

3.3.8 The OECD notes that changes in the overall participation rate have contributed little to overall labour force growth (ibid). The overall participation rate rose slightly in the 1960s, but has since stabilised between 65 percent and 66.5 percent (ibid)

3.3.9 However, there have been substantial changes in the labour force participation of young people (aged 15–19), women (especially those aged between 35 and 44), and older workers. In 1956, 63.8 percent of females and 68.2 percent of males aged 15–19 were in the labour force; by 1981, participation of females had fallen to 49.5 percent, and that of males to 56.6 percent. The main factor contributing to this pattern has been the increased tendency of young people to remain in schooling (Department of Statistics, 1987, p. 9.4).

3.3.10 Female participation rates have tended to increase over time for all age groups except for 15–19 year olds and over 65 year olds. Male participation rates have declined marginally for all those aged between 20 and 54. However, the largest increases in female participation have occurred for the 35–44 year old age group; between 1956 and 1981 participation rates for this group increased by 122 percent. Meanwhile, the proportion of 55–64 year old males in the labour force has declined from 80.3 percent in 1956 to 67 percent in 1981. Although the introduction of National Superannuation in 1977 may have contributed to this decline, it is clear from the data that prior to 1977 the decline in participation amongst older males had already commenced. Further, the Statistics Department notes that this phenomenon is occurring in other countries, where superannuation schemes are not as freely available (Census vol. 12, 1981, p.52).

3.3.11 These changes in the working age population, in net migration and in labour force participation have all had an impact on the supply of labour. Between 1951 and 1961 and 1966–1971 the labour force grew by an average of almost 2 percent every year. Between 1961 and 1966 and 1971–1976, labour force growth averaged more than 2.5 percent each year. However, labour force

growth slowed down to less than 1 percent between 1976 and 1981. It subsequently picked up, averaging almost 1.7 percent annual growth between 1981 and 1986 (Department of Statistics, 1987, p.9.2).

3.3.12 Employment growth kept up with the growth in the labour supply between 1955 and 1976. Since then, employment growth has tapered off as Table 2 shows.

TABLE 2: Growth in employment in New Zealand 1956–1986

Year	*Average Annual % change in Employment*
1965–1970	2.0
1970–1975	2.1
1975–1980	0.8
1980–1985	1.0
1985–1986	−0.4

Source: OECD Labour Force Statistics, 1965–1985, Table 111, pp. 146–147. 1985–86, OECD Employment Outlook, June 1987, p. 28

3.3.13 The trend towards higher levels of unemployment within OECD countries has led some to question whether New Zealand will ever return to a position where all who want paid jobs have them; let alone be employed in worthwhile jobs with good wages and working conditions. A number of submissions reflected the viewpoint that this was unlikely especially without public sector job creation programmes. While it is difficult to determine whether or not the Government's stated objective of 'worthwhile jobs for all who want them' might be achieved in the long term, it is possible to forecast employment and unemployment in the short to medium-term.

Future Employment Prospects

3.3.14 Current unemployment in New Zealand has arisen from several factors. One factor is the restructuring of the economy away from protected areas such as agriculture and manufacturing towards areas where our resources are expected to be used more productively. Unemployment arising from such restructuring is often labelled 'structural'. The elimination of such unemployment

rests on occupational and geographical shifts of the labour force. Current unemployment has also arisen, in part, because of the elimination of past job creation programmes carried out by previous governments. In the late 1970s and early 1980s employment programmes provided a significant number of New Zealanders with jobs. More recent programmes are aimed at improving the employment prospects of people who experience greater than average difficulty in finding work, rather than providing jobs outright. The reasons for the change of emphasis are discussed in Section 7.

3.3.15 Growth in employment is dependent on a number of factors, especially the rate of economic growth. The following focuses on two forecasts which give different predictions for growth in New Zealand over the next ten years. Despite differences in their growth predictions, both forecasts give similar predictions of future employment: that it will not reduce in the short to medium term without a change in current policies.

The two forecasts reviewed are:

(a) *Towards 1995: Patterns of National and Sectoral Development, National Sectoral Working Group* (SWG), New Zealand Planning Council, July 1986; and

(b) *Quarterly Predictions,* (QP), New Zealand Institute of Economic Research, September 1987.

3.3.16 While covering their options by providing different forecasts based on different assumptions, the rate of economic growth predicted by SWG was fairly high; a maximum of 3.4 percent growth per annum in gross domestic product in the 1983–1990 period (minimum 3.0 percent), and 3.3 percent per annum in the 1990–1995 period (minimum 2.4 percent). In contrast, the NZIER expects growth to be negative in the 1987–1988 year and only around 1 percent per annum through to 1992.

3.3.17 The key to the SWG predictions is a strong growth in exports. Exports were predicted by SWG to grow more strongly than imports, in spite of the fact that a reduction in trade protection is likely to lead to an increase in the ratio of imports to Gross Domestic Product (GDP).

3.3.18 The more pessimistic forecast for GDP constructed by the NZIER illustrates the problems that have arisen in opening up the economy. In particular, the export growth that was expected in 1985 has not materialised. The effect of a tight monetary policy on the exchange rate has been to produce a poor performance in the traded goods sector. By contrast the non-traded goods sector has

done well despite the high exchange rate. (In part this explains the regional employment disparities that have arisen; many regional economies are dependent on the traded goods sector, while main centres have larger non-traded sectors.)

3.3.19 The comparison of the two forecasts illustrates the volatility of economic conditions. A fall in the New Zealand dollar could turn some of the central predictions around. Recent events such as the stock market crash illustrate how rapidly world economic conditions can change.

3.3.20 It is, however, interesting to note that large differences in the forecasts for GDP have only a very slight impact on the forecast level and rate of unemployment. Despite their optimism over GDP growth, SWG do not expect the rate of unemployment to fall below 4 percent until 1992. Their forecast for unemployment of 4.9 percent falling to 4.2 percent between 1988 and 1991 is only marginally below the NZIER forecast of 4.7 percent rising to 5.1 percent within the same period.

3.3.21 The insensitivity of unemployment to economic growth is related to two weak links in the chain of economic relationships that leads from output growth to unemployment reduction. The first link is from output growth to employment growth; the second from employment growth to unemployment reduction.

3.3.22 The link between output growth and employment growth will be affected by changes in productivity (output per person). Increased productivity allows firms to raise output and also allows higher wage rates to be paid to those currently employed. Thus employment need not rise as a result. Firms may well employ their current workforces for longer (overtime) hours rather than employing new workers. Work undertaken in Australia and Britain suggests that the labour market is 'segmented', with a core workforce steadily increasing its productivity and wages while a peripheral group experiences a high incidence of unemployment. This phenomenon is referred to as 'jobless growth.'

3.3.23 The second weak link in the output-unemployment relationship is between an increase in employment and a reduction in unemployment. The employed and the unemployed combined make up the labour force. If the labour force is constant, an increase in employment must mean a reduction in unemployment, and vice-versa. However, the labour force is not constant; people move from outside the labour force into employment and from employment to unemployment outside the labour force.

3.3.24 In order to determine the effect on unemployment of a given level of employment growth, forecasts must estimate changes in the labour force. The components of labour force growth, as noted earlier, are natural increases in the working age population, net migration and changes in participation rates. The first factor is fairly straight forward to predict and, combined with net migration assumptions, determines the size of the working age population. To then work out the labour force, it is necessary to predict the participation rate. If a rise in employment is accompanied by labour force growth owing to an increase in the participation rate, increased employment may not lead to decreased unemployment.

3.3.25 While the NZIER's pessimistic forecast does not predict worse unemployment than the SWG's forecast, it does predict a higher level of joblessness; that is, a lower employment rate. The implication of this higher joblessness is that the economy in 1991 is farther away from full employment in the NZIER forecast than in the SWG forecast. Some people may adapt to joblessness and some, given the lack of employment opportunities, may not even consider entering the labour market. However, other jobless people may make up the numbers of unregistered or unrecorded unemployed.

3.3.26 In summary, on these analyses the current prospects for a reduction in unemployment in the short to medium-term seem bleak. Unemployment is expected to increase in the next 3–4 years, while the growth in employment is expected to be small. In fact, the NZIER forecasts that in the near future New Zealand's employment rate will fall, leaving a larger proportion of the population without jobs in the paid workforce.

3.4 Employment/Unemployment by Age/Race/Sex

3.4.1 Employment/unemployment patterns differ between races, between men and women and at different stages of the life cycle (refer to Graphs 1, 2, and Table 3 following).

3.4.2 Women are less likely to be employed than men and when they are, it is more likely to be part-time. Women consistently have higher rates of unemployment than men. Young Maori

women aged 15–19 have the highest unemployment rate of all: 31.8 percent (Census, March 1986).

3.4.3 Of all women, Pacific Island Polynesians are the most likely to work full-time. Maori and Pacific Island Polynesian women are more likely to work full-time than is average for women and less likely to work part-time. Maori women enter the labour force at an earlier average age than other women and leave it at an earlier average age.

3.4.4 Pacific Island Polynesians have higher than average labour force participation for both sexes.

3.4.5 Maori men and Pacific Island Polynesian men are more likely to work part-time than other males.

3.4.6 Young people aged 15–19 have the highest rates of unemployment. As age increases the proportion of unemployed declines until age 45 when the chance of being unemployed rises for Pacific Island Polynesians as it does for all New Zealanders after age 55.

3.4.7 Young Maori males and Pacific Island Polynesians (male and female) have very high rates of unemployment.

3.4.8 There are substantial differences in the distribution of Maori and Pakeha employees across industries and occupations. Maori men and women are more likely to be employed in production/labourer occupations and are under—represented in professional/technical, administative and white collar clerical and sales occupations. Furthermore, they tend to work in lower paid industries and occupations. Table 4 shows the incidence of low pay by ethnic origin and sex.

TABLE 3a: Unemployment by age

	All		*Maori*		*Pacific Island Polynesian*	
	M	*F*	*M*	*F*	*M*	*F*
15–19	18.3	21.2	27.3	31.8	27.5	28.4
20–24	7.9	10.3	14.7	23.0	10.8	14.9
25–34	3.7	9.0	8.8	18.2	7.1	14.4
35–44	2.1	5.8	5.7	10.8	5.8	8.6
45–54	2.0	4.7	5.0	8.8	7.2	8.7
55–64	3.0	4.5	6.0	7.8	7.2	12.0
65+	4.1	5.6	11.4	13.6	22.2	22.2
Total	5.2	9.0	12.0	19.1	9.7	14.5

Source: Department of Statistics, New Zealand Census of Population and Dwellings March 1986

TABLE 3b: Labour force participation: Census 1986

	All New Zealanders			
	Male		*Female*	
Age	*Part-time*	*Full-time*	*Part-time*	*Full-time*
15–17	14.8	37.9	17.5	32.2
18–19	6.6	77.9	10.0	68.0
20–24	5.1	85.6	9.9	64.4
25–29	3.8	90.1	17.3	45.6
30–34	3.5	92.0	26.0	37.3
35–39	3.2	93.1	29.1	43.6
40–44	3.0	93.2	26.7	49.6
45–49	3.4	92.3	24.2	49.2
50–54	3.8	90.0	21.3	41.0
55–59	4.8	82.3	15.7	27.5
60–64	7.7	34.7	7.3	8.8
65+	4.2	7.1	1.6	1.3
All	5.1	72.5	16.4	36.9
Total	(LFP)	Male	Female	All NZers
		77.5	53.3	65.2
	Maori	82.3	55.7	57.6
	PIP	83.1	58.4	70.6

Source: Department of Statistics, New Zealand Census of Population and Dwellings March 1986

TABLE 3c: Labour force participation: Census 1986

Maori New Zealanders

	Male		*Female*	
Age	*Full-time*	*Part-time*	*Full-time*	*Part-time*
15–17	44.1	11.8	36.9	14.9
18–19	80.8	7.4	60.1	10.6
20–24	84.4	6.5	47.5	12.0
25–29	86.0	6.6	38.2	17.0
30–34	85.9	6.4	40.2	20.0
35–39	86.7	6.6	46.1	20.2
40–44	86.7	6.3	48.1	18.4
45–49	84.0	7.5	46.8	17.3
50–54	79.3	8.5	38.0	15.3
55–59	71.7	8.3	27.6	10.7
60–64	31.2	6.6	10.0	5.4
65+7.3	4.4	1.8	1.7	
Total	74.9	7.4	40.8	14.9

Source: Department of Statistics, Census of Population and Dwellings, March 1986

TABLE 3d: Labour force participation: Census 1986

Pacific Island Polynesian

	Male		*Female*	
Age	*Full-time*	*Part-time*	*Full-time*	*Part-time*
15–17	33.7	10.7	24.0	12.7
18–19	72.1	8.4	63.1	10.5
20–24	83.7	6.8	59.6	9.3
25–29	87.5	6.3	48.6	12.2
30–34	88.5	5.5	45.6	14.8
35–39	87.7	6.4	50.0	15.4
40–44	87.0	5.8	55.9	14.6
45–49	86.3	5.6	52.8	14.8
50–54	81.2	6.8	43.1	11.0
55–59	67.1	6.2	28.7	8.0
60–64	31.3	7.0	9.3	3.2
65+	4.4	2.2	1.7	0.9
All	76.4	6.6	46.4	12.0

Source: Department of Statistics, Census of Population and Dwellings, March 1986

TABLE 4: Incidence of low pay[1] by ethnic origin and sex

December 1986

	Male	*Female*
Ethnic Origin	*percent*	*percent*
European/Caucasian	17.8	32.1
N.Z. Maori	24.0	54.5
Pacific Islander	32.4	52.9
Other	12.2	35.0
All Individuals	18.6	34.8

[1] Low Pay is defined as those earning below $7.30 per hour as at December 1986; this corresponds to 68 percent of adult mean hourly earnings as at that date

Source: Low Pay Unit, Department of Labour

3.5 Unemployment and Vacancies

3.5.1 It is difficult to find good statistical sources to determine the extent to which unemployment is due to occupational and geographical 'mismatch'. While vacancy data give some idea of the co-existence of job opportunities with unemployment, they give limited coverage (as not all vacancies are notified to the Department of Labour) and are discontinuous through time (it is difficult to compare one year's out-turn with the next). Survey data compiled by the Department of Labour make it clear that mismatch between the unemployed and the available vacancies can arise for a number of reasons and cannot be resolved readily.

3.6 Part-time Employment

3.6.1 The number of New Zealanders in part-time work (defined as work of less than 30 hours per week) has increased dramatically over time. Between 1966 and 1981 there was a 198 percent increase in the part-time labour force as compared to only a 26 percent increase in the full-time labour force (Clark, 1986, p.3). Between 1981 and 1986, there was a further increase in the part-time labour force of 53 percent. (Department of Statistics, 1987,

p.9.12). By December 1987, 21 percent of all workers were employed part-time. (HLFS, December 1987).

3.6.2 Women make up the majority of part-time employees (70.2 percent), (HLFS December 1987).

3.6.3 Part-time employees in comparison to full-time employees are more likely to be low paid. As at December 1986, 14.2 percent of full-time wage and salary earners received less than $6.32 per hour. One third of part-time employees earned below this amount (Low Pay Unit, Department of Labour).

3.7 Self-Employment

3.7.1 Self-employment is an important form of employment in New Zealand, although between 1926 and 1981 the proportion of people who were self-employed fell from 22.3 percent to 12.9 percent of the full-time labour force (Dwyer, Rose and Sawman, 1985, p.19). The data from the 1986 Census are not comparable so we are unable to determine whether this downward trend has continued.

3.7.2 However, as at March 1986, 109,329 New Zealanders were employers of others and a further 147,687 were self-employed and not employing others: a total of 257,016 or 16 percent of the total labour force. Women are less likely than men to be employers or self-employed and Maori people and Pacific Island Polynesian are less likely than others to be an employer or self-employed.

3.8 Employment Changes by Sector

3.8.1 In Western economies, economic growth over time has led to a shift in the industrial distribution of labour, away from primary and secondary industry, (agriculture and fishing, forestry and logging and mining and quarrying; and manufacturing and transport, storage and communication) towards service sector employment. A similar trend is apparent in New Zealand. In 1951, 20 percent of employment in New Zealand was in the primary sector, 44 percent in the secondary sector, and 36 percent in service sector employment. By 1981, (although the figures are not strictly comparable), employment in the services sector accounted for 56 percent of all employment. Employment in the primary sector had

fallen to 12 percent and that in the secondary sector to 32 percent (Census 1981).

3.8.2 Within the broad classifications of primary, secondary and service sector employment, there have also been significant changes in the past few years. Between 1982 and 1987 total employment (full-time plus part-time) in non-agricultural sectors has grown by only 4.44 percent. Employment in manufacturing and transport and communication has fallen by about 3 percent; that in forestry and logging by 23 percent. Employment in finance and insurance has grown by a massive 29 percent. Employment in the mining and quarrying, and wholesale/retail trade and restaurant/hotel sectors has grown by 9 percent, and that in community and personal services by 6 percent. Between February 1986 and February 1987 the only sector recording significant employment growth was the finance and insurance sector. The stockmarket crash of October 1987 may well curb this growth.

3.8.3 As at 30 June 1981 a total of 159,176 New Zealanders were involved in employment in the agricultural sector. This included working owners, leaseholders and sharemilkers (91,321), unpaid family members assisting (31,271), 28,014 employees and 8,570 casual workers. Between 30 June 1981 and 30 June 1982 farm employment increased to 166,148. By 30 June 1986 farm employment had fallen to 161,330 (New Zealand Official Yearbook). That is, between June 30 1982 and June 30 1986 farm employment fell by 2.9 percent, in comparison to total employment growth of 6.1 percent between February 1982 and February 1986 (Quarterly Employment Survey, Department of Labour).

3.8.4 As noted previously, the service sector is where expansion in employment is thought most likely to occur. Within this sector significant employment growth was evident between 1982–1987 in restaurants/hotels (23.14 percent); financial institutions (34.46 percent); real estate and business services (30.75 percent); and in that part of community and personal services covering licensed old people's rest homes and other welfare institutions; business, professional and labour associations; religious organisations; and social and certain related community services (51.80 percent). (Quarterly Employment Survey 1982–1987).

3.8.5 It is too early to determine from the data available whether New Zealand is following the trend evident overseas of the emergence of a highly paid group and a low paid group within the service sector. Average wages in the financial institutions sector are

relatively high ($11.26 per hour as at February 1987). The ratio of female to male earnings is, however, one of the lowest across the economy (64.5 percent). In community and personal services two groups have wage levels significantly below the average hourly rate: sanitary services (where employment has fallen over the past five years), and personal and household services.

3.8.6 Whatever the overall trend in employment growth in the short to medium-term it appears likely that the trends discussed above will continue. The proportions of New Zealanders working in manufacturing and agriculture are likely to decline; and the proportion employed in service areas is likely to increase.

3.9 Regional Employment Patterns

3.9.1 The change in employment opportunities by sector has had an impact on the regional pattern of employment. Over the five years between February 1982 and February 1987 employment growth has been concentrated in Whangarei (although in 1986/87 Whangarei suffered an employment loss of 10 percent compared to a loss of 1.6 percent across the country as a whole), Auckland/Takapuna, Manukau and Wellington. In contrast, Rotorua, Wanganui, Timaru and Invercargill have suffered employment losses of over 5 percent between 1982 and 1987. Employment growth in the finance and insurance sector has occurred in all regions, but to a much larger extent in the main centres (Auckland/Takapuna, Manukau, Wellington and Christchurch). Between 1986 and 1987 these trends have become more pronounced. Employment fell over the whole country by 1.6 percent; the largest loss in employment occurring in the forestry and logging sector. Recorded employment growth between 1986 and 1987 was restricted to Auckland/Takapuna, Manukau, Lower Hutt, Wellington and Blenheim.

3.9.2 These trends in employment growth are being reflected in the unemployment rates across regions. Registered unemployment as at January 1988 reached 7.6 percent across New Zealand as a whole. However, unemployment ranged from 1.1 percent in Takapuna to over 10 percent in Whangarei (14.7 percent), Rotorua (13.1 percent), Gisborne (14.9 percent), Napier (11 percent), Hastings (10.5 percent), New Plymouth (10.9 percent),

Wanganui (10.3 percent) and Greymouth (12.5 percent). (Monthly Employment Operations, January 1988).

3.10 Wage Distribution

3.10.1 The dispersion of wages has widened considerably in New Zealand since 1976 despite an institutional wage fixing structure which is widely believed to limit the extent of variation in wage developments throughout the economy (Economic Monitoring Group, *Labour Market Flexibility* NZ Planning Council 1986).

3.10.2 Data published by the Department of Statistics on the gross (pre-tax) incomes of wage and salary earners show that between the year ended March 1981 and the June quarter of 1987, the gross real incomes of the lowest-earning 20 percent of full-time wage and salary earners deteriorated by 0.7 percent relative to the average, while that of the highest-earning 20 percent improved by 1.2 percent. In addition, the real disposable (post-tax) income of the lowest quintile of wage and salary earners deteriorated by 1.75 percent, relative to the average, while that of the highest quintile improved by 3.9 percent. That is, as the market income dispersion has increased, so has the dispersion of incomes following income redistribution through the taxation system.

3.11 Conditions Dispersion

3.11.1 Historically, wages and conditions for a large proportion of New Zealand workers have been negotiated between employers and unions, and set out in awards and agreements. Underpinning these awards and agreements has been a range of legislated standards of employment which governments have felt are necessary to maintain a fair and just society. Examples of such legislation are the Holidays Act, the Minimum Wage Act, and the Factories and Commercial Premises Act. However, in spite of such legislation, some groups of workers do not have minimum wages and working conditions set out for them in legislation.

3.11.2 The existence of legislation, and awards and agreements, is not sufficent to ensure that workers obtain the wages and conditions of employment laid down in statute. In the year to the end of March 1987, 28,724 breaches of the Factories and Commercial Premises Act 1981 were rectified as a result of inspections carried

out by the Department of Labour Factory Inspectorate (DOL Annual Report, 1987 p.24). Of these, 82 percent related to safety, health and welfare matters. Under the Machinery Act 1950, 18,648 breaches were rectified: 90 percent related to matters such as unguarded machinery (p.28). Many other breaches of various Acts were reported for that year. For example, $1,215,316 in wages arrears from 3,383 breaches of awards and agreements was recovered by the Department of Labour.

3.11.3 Historically, the government has taken major responsibility for enforcing such awards, agreements and legislation. However, the trend is for the government to withdraw from enforcement of awards and agreements and pass this function on to unions. To this end unions now have the right of access to the wage books of employers. However, despite the extension of certain powers and functions to the unions under the Labour Relations Act 1987 there is a concern that, because of limited union resources, enforcement of awards and agreements will weaken and underpayment of wages may occur more frequently.

3.11.4 The effects of corporatisation and proposals to introduce enterprise bargaining have been commented upon in many submissions. A number of provisions were eroded or lost as a result of the transition from public service departments to state owned enterprises, for example provisions relating to re-entry to the workforce after a period of childcare absence; and the prevention of sexual harassment. In the past in the state sector standard conditions were negotiated by one employing authority (the State Services Commission) and applied to all departments on a national basis. Under the State Owned Enterprises Act 1987 each corporation can negotiate its own agreement; so there is likely to be a continuation of the trend whereby conditions vary between enterprises. Furthermore, conditions dispersal is likely to widen as a result of the State Sector Act 1988 which introduces enterprise bargaining into the public service. Similarly, any shift away from award-based industrial settlements towards enterprise—or industry-based settlements in the private sector may increase the dispersal of work conditions in that sector.

3.12 Technology

3.12.1 The overall impact of technology on employment is subject to considerable debate within New Zealand and elsewhere. Some argue that the impact of changes in technology is to reduce the total supply of jobs, and, also, to lead to a deskilling of those jobs that do remain. (Report by the AFL-CIO Committee on the Evolution of Work, August 1983). The argument here is that as jobs are lost in some sectors of the economy, the demand for other goods and services will not expand sufficiently to absorb all the labour released by the technological change (Browne, 1987). Others argue that, in fact, technological change leads to an increase in the supply of jobs via the creation of new opportunities. The best examples often cited are of the increased productivity in manufacturing: a far lower proportion of the labour force is now employed in manufacturing in most western economies than in the past, but until recently the growth in service sector employment largely compensated for this loss of jobs.

3.12.2 There can be no doubt, however, that technological change leads to large shifts in labour demand by industry, occupation, skill and region and therefore has an impact on employment and unemployment patterns.

3.13 General Conclusion

3.13.1 The picture that emerges from this examination of trends in work is of a society where:

- unpaid work is unevenly distributed between men and women;
- women over the last two decades have become increasingly involved in paid work although a decline in participation for those 15–19 years and over 65 is now evident;
- there are considerable differences in the types of paid work done as between men and women, and as between Maori, Pacific Island Polynesian and Pakeha;
- there are significant disparities in remuneration for work done by men and women, and by Maori, Pacific Island Polynesian, and other New Zealanders;
- there has been a dramatic increase in part-time employment;
- women are more likely than men to be employed part-time;

- the incidence of unemployment tends to rise as workers age;
- the highest incidences of unemployment are found amongst the young, and Maori people and Pacific Island Polynesians;
- there has been a significant increase in the proportion of the unemployed who are unemployed long term;
- current policies are unlikely to result in a significant reduction in unemployment in the short or the medium term;
- employment is declining in the primary and secondary sectors and rising in the services sector;
- changes in the type and distribution of work have led to increased disparities in the unemployment rates of different regions; and
- recent changes to policy instruments including legislation have been such that an increasing disparity between various groups in remuneration and in conditions of paid work is likely to develop over time.

3.13.2 The following sections consider the implications of some of these trends for a fair and just society.

4 Economic Policy and Work

4.1 Introduction

4.1.1 Trends in the labour market are greatly influenced by economic policy. This section reviews current policy, discussing its role in generating those trends and its likely impact on the future of the labour market.

4.1.2 It is important to stress at the outset the Commission's view that the formulation of economic policy should not be isolated from the formulation of social policy. The inter-relationship of the two in shaping our society is fully discussed elsewhere in this Report. In the context of work a practical example serves to illustrate the inter-action. A disinflationary economic strategy depresses the level of activity in the economy, creating unemployment as one effect. This then triggers entitlement for unemployment benefit: a social policy. Payment of unemployment benefits to large numbers of people gives rise to substantial fiscal costs which in turn have economic consequences.

4.2 Current Economic Policy

4.2.1 Current economic policy aims at improving the performance of the New Zealand economy in the face of high inflation, low productivity growth and a reduction in our standard of living relative to other countries. In order to improve economic performance, current policy is focused upon reducing inflation at the macro-economic (aggregate) level. At the micro-economic level, policy is focused at increasing the speed with which the economy adjusts to economic shocks both now and in the future.

4.2.2 High rates of inflation not only reduce our competitiveness in the export sector, but can also lead to a misallocation of resources as changes in relative prices are disguised by inflationary price increases. (Treasury, 1987, p.201). Hence, a process of disinflation is seen as a crucial part of current policy.

4.2.3 The process of disinflation at the macro-economic level involves restraining the growth of nominal demand via two policy instruments: monetary and fiscal policy. A tight monetary policy increases interest rates, thus restraining demand, but also has an impact on investment. Fiscal policy aims also at reducing domestic expenditures, by directly reducing the expansionary impact of government spending on the economy and via reductions in disposable income through taxation.

4.2.4 However, the costs of the disinflationary process are reduced output and increased unemployment in the short to medium-term. In the long-term it is argued, the reduced inflationary pressure, lower interest rates and exchange rate, and a reduced level of government debt will lead to increased investment, exports and hence growth and employment.

4.2.5 With respect to work, the major impact of the current policy has been the rapid increase in unemployment. Current levels of unemployment are the result of both economic restructuring (for example, the reduction of tariff and quota protection) and the economic downturn. Economic restructuring has meant the loss of jobs in some sectors (for example, agriculture, manufacturing), but new jobs have been created in other sectors (e.g., finance). Job loss in the agriculture and manufacturing sectors is likely to be permanent as the absolute size of such sectors is permanantly reduced. However, job loss resulting from the economic downturn is arguably of a more temporary nature, resulting from the contraction in economic activity as a firm monetary policy is maintained and net fiscal expenditure is restricted.

4.2.6 Current policy assumes that macro-economic policy can be directed to reducing the inflation rate without the contraction affecting real growth in the future. It can be argued, however, that the transition process itself affects the final outcome; that is, the current structural adjustment and economic downturn themselves may well affect growth prospects for New Zealand in the future. Such effects are labelled 'hysteresis' effects. For example, the scrapping of capital through the closure of factories in a 'transitional'

recession may mean that long-run growth is reduced, as such capital loss is irreversible. Unemployment may lead to a corresponding scrapping of human capital as those unemployed for long periods of time lose skills and work habits.

4.2.7 The Commission considers that possible hysteresis effects make a compelling case for designing policies which minimise the adjustment costs on the economy, especially in those areas hardest hit by the policy. In New Zealand's case, the use of monetary policy to reduce inflation has meant an increase in real interest rates and a corresponding exchange rate appreciation. This has adversely affected those sectors exposed to international competition, especially the rural sector. A stronger use of fiscal policy to reduce inflation would have shared more evenly the cost of the deflationary policy.

4.3 Wage Flexibility: General

4.3.1 Accepting that there are short- to medium-term costs of the restructuring and disinflationary process in the form of lost output and higher unemployment, (Treasury 1987, pp. 270ff) argues that 'the regulatory framework of the labour market can have a very significant influence over the ease with which adjustment can occur. Unless that regulatory framework is flexible and permissive enough to allow adaptation to changing conditions, the consequences will be felt in continuing high levels of unemployment, lost opportunities for young people to gain skills, continued slow growth in productivity, and poor economic performance'. In other words, Treasury along with the Employers Federation and the Business Roundtable, argue that the New Zealand labour market should be more 'flexible'. Attention, in New Zealand, has largely focused upon wage flexibility as opposed to general labour market flexibility. Wage flexibility relates to the ease with which real wages and relative wages are able to shift in response to shifts in the demand and supply of different types of labour in different regions. Labour market flexibility incorporates wage flexibility, but also looks to quantity and quality adjustments obtained through labour market mobility or improved training assistance.

4.3.2 The focus on wage flexibility is derived from neo-classical economic theory, which, in its simplest form, states that 'market forces' operate to ensure 'market clearing ' in each submarket of

the labour market. Like any other commodity, labour has its price —the wage. The supply of a particular type of labour will be positively related to its wage, while the demand for a particular type of labour will be negatively related to its wage: as the wage falls, labour supply will decrease and labour demand will increase. Hence, excess supply (unemployment) in the labour market as a whole or in some submarket can be eliminated by the lowering of the appropriate wage. In order for the market to clear, however, there will also be quantity and quality adjustments as labour moves between occupations, skills, industries and regions.

4.3.3 Treasury uses this framework to argue for pay rates to move in line with shifts in demand and supply for labour at the regional and occupational level; for the elimination of the national minimum wage and blanket coverage provisions of the Labour Relations Act; and as an argument against comparable worth, or equal pay for work of equal value.

4.3.4 Submissions to the Commission have been largely critical of the overall framework developed by Treasury, and the concentration on increasing 'efficiency' through wage reductions, and enhancing 'productivity' through policies which consider only the paid work sphere to the neglect of the unpaid work sphere. In addition, many have stated that such policies favour some groups in society and adversely affect others and hence will not lead to a fair and just society.

4.3.5 The free market model is argued by some as not being appropriate for New Zealand conditions. That model is argued to be based on 'Western European values of freedom of individual rights and a belief that active pursuit of these will result in the greatest good for all' (GELS Fieldworkers Submission, 3297).The GELS Fieldworkers believe that this approach is monocultural, taking no account of collective values, ignoring existing structural inequalities, and creating greater inequalities. Similarly, the Women's Studies Association Submission (3328) views the free market ethic as resulting in a society 'which serves the needs of those who command power and financial resources: in New Zealand this group is predominantly white, middle class, middle aged, able bodied and male'.

4.3.6 The Commission is broadly in agreement with these criticisms.

4.4 Real Wage Flexibility at the Macro-Economic Level

4.4.1 It is widely agreed that firms' labour demands will depend, at least in part, on the real product wage: that is, the wage relative to the price of the output of the firm. However, the wage bargain between employers and unions is only one aspect of the process by which the real wage is determined: firms' pricing decisions in product markets are equally as important (OECD, 1986).

4.4.2 Furthermore, employment may also change for reasons other than real wage changes: product demand 'shocks' that alter the level of output demanded at any price and technological change are good examples. This means that to establish the relationship between real wages and employment it is necessary to account for or 'control' for other factors affecting employment.

4.4.3 A number of studies have estimated the extent of real wage responsiveness to the emergence of unemployment. Such studies show that the institutional structures giving rise to average real wage flexibility are not decentralised 'laissez-faire' free market ones. On the contrary, a number of countries with centralised wage fixing systems exhibit high responsiveness of real wage performance on an international comparison.

4.4.4 Studies which measure how much unemployment is required to generate a reduction in average real wages point to Sweden, Austria, Japan and Switzerland (which have centralised or 'corporatist' wage bargaining systems) as needing little unemployment to depress real wage growth. The United Kingdom (a country with a particularly decentralised wage bargaining system) stands out as a country where unemployment has not depressed real wages, despite the weakening of the British trade union movement (OECD, 1986, p. 16; Newell & Symons, 1986).

4.4.5 New Zealand turns in a reasonably good performance in terms of average real wage responsiveness to unemployment: unemployment is not high on an international comparison, while real wages are no higher now than in 1980 (Grubb et al, 'Wage Rigidity and Unemployment in OECD Countries', *European Economic Review* March/April 1983; McCallum, 1986). However, this performance has been achieved in ways which have their own costs and deficiencies. The wage price freeze of 1982–1984 reduced real wages, but at the cost of rigidity in relative wages. Subsequently

real wages have been reduced not by money wage restraint but by price inflation.

4.5 Wage Structure

4.5.1 The behaviour of average real wages currently receives little attention from New Zealand commentators. Rather, the flexibility argument centres on wage relativities and differentials between occupational groups, industries and regions.

4.5.2 It is often argued that New Zealand's wage fixing system is inherently rigid, with an occupationally based award structure limiting the extent of wage variation between industries and regions. Proponents of wage flexibility argue that such flexibility is needed to attract people into industries and occupations where there is a shortage of labour. It is also argued that there should be more scope for wages to alter in line with productivity developments in particular industries. These two arguments for wage flexibility are usually advanced jointly, but they should be treated differently, as their employment effects are quite different.

4.5.3 When wages respond to excess demand or supply of labour, the market exhibits 'competitive flexibility'. All such wage movements have positive employment effects. When there is excess demand for labour, wages rise, and more people are attracted into employment in the industry. When there is excess supply, wages fall, and it becomes profitable for firms to employ more workers.

4.5.4 There are two issues in assessing the importance of competitive wage flexibility for employment. Firstly, the effectiveness of competitive wage flexibility depends on the responsiveness of labour demand and supply to wage changes. Secondly, not all wage change is due to competitive forces. Wages may rise even when there is a labour surplus because productivity is increasing. Productivity-related wage flexibility (the second type of flexibility noted above) does not have a positive effect on employment except when relative wages fall because the productivity performance of the industry is weak.

4.5.5 Evidence from New Zealand (Economic Monitoring Group, New Zealand Planning Council 1986) confirms the picture gained from overseas that competitive forces exert little influence in wage movements even when the institutional structure of wage

determination allows for wage flexibility. Wage movements are instead dominated by productivity-related changes (Metcalf, 1986).

4.5.6 Evidence from overseas also suggests that even if there were significant competitive wage changes, the employment impact would be slight because labour demand and supply respond only weakly to wage changes. On the labour supply side, a committee of experts of the OECD concluded that:

> (G)reater relative wage flexibility is less likely to be effective in promoting economic mobility and better economic performance than such factors as the existence of adequate job opportunities, the provision of appropriate educational and training facilities, and the minimisation of the costs of movement, including, for example, transferable pension schemes and suitable housing arrangements (Dahrendorf et al, 1986, p. 22)

4.6 Social Policy Implications of Wage Flexibility

4.6.1 While there are good economic reasons for doubting the effectiveness of wage flexibility policies in solving labour market problems, the social policy considerations are also compelling. The economic analysis of wage flexibility suggests that competitive wage flexibility is slight partly because many people in employment are insulated from competition from the unemployed. However, some groups—those in the least-skilled occupations and those in areas of employment where employment contracts are casual or short-term—are more vulnerable to competition from the unemployed.

4.6.2 The insulation of some sectors of the labour market from competition from the unemployed is an aspect of labour market 'segmentation'. Workers in the insulated sectors are described as 'core' workers or 'insiders'. They are protected from competition from the unemployed by the cost of recruiting and training new workers. Such barriers to entry are particularly likely to arise when there are firm-specific skills to be acquired, which core workers obtain by making their way through an 'internal labour market' or promotional structure. Because of the skills acquired and insulation from unemployment, core workers enjoy relatively high wages and long job tenures.

4.6.3 By contrast, 'peripheral' workers in secondary labour markets are more vulnerable to competition from the unemployed. Policies to increase the exposure of the labour market to competition from the unemployed by weakening the award structure or eliminating the minimum wage would have their effect mainly on the secondary labour market. What is shown in this section is that workers in the secondary labour market are at present the lowest-paid of all workers in New Zealand: the policy prescription of increased competition means lowering already low pay.

4.6.4 Department of Labour data on labour turnover provide some indication of which industries have the characteristics of secondary labour markets. The 'termination' rate measures the number of people who left a job or were dismissed in a given month as a rate per thousand employed. In February 1987, termination rates were highest in the restaurant and hotel industry (68 per thousand) and the sanitary services industry (60 per thousand). High rates of turnover are also found in the food processing, beverages and tobacco sector and the retail trade sector.

4.6.5 Wages in the high-turnover sectors are significantly lower than the average for the economy as a whole. In February 1987, the average hourly wage was $10.81. In the sanitary service sector it was $8.72, in the restaurants and hotels sector $8.40 and in the retail trade sector $8.06. The textiles industry is another industry with an average wage below $9.00 per hour; turnover in that sector is marginally higher than average.

4.6.6 Sectors with high termination rates also have high recruitment rates, unless redundancy is occurring. Thus, opportunities for the unemployed to enter employment are most likely to emerge in such sectors. This is also the case as the unemployed generally have low skill levels and look for work in low skilled occupations.

4.6.7 Low Pay Unit data (Department of Labour) reveal that the occupations sought by the unemployed are biased towards those with a high incidence of low pay. Setting the definition of low pay at 68 percent of the adult average hourly wage as at December 1986 or $7.30, we find 18.6 percent of males and 34.8 percent of females earning less than this amount as at December 1986. In June 1987, 57 percent of all unemployed men were seeking work as production workers, transport equipment operators and labourers. (Department of Statistics, *The People of New Zealand,* 1987, p. 14.9). As at December 1986, 22 percent of male workers employed in the production/labourer category were low-paid.

4.6.8 The most commonly sought occupations of female job seekers in June 1987 were the clerical, services and production, transport workers and labourer occupations. Nearly three-quarters of unemployed women were seeking jobs in these occupations (ibid). Female production/labourer employees have a high incidence of low pay: 66 percent are low-paid. 45 percent of services workers are low-paid. Only females in clerical work have a below-average incidence of low pay among women.

4.6.9 Low Pay Unit data show that Maori and Pacific Island men and women have the highest incidence of low pay. We have also noted they have the highest incidences of unemployment. Maori and Pacific Island men and women are concentrated in low-paid industries and occupations: the manufacturing sector and production/labourer occupations. Therefore, if high unemployment among Maori and Pacific Islanders is allowed to reduce relative wages in the sectors where there are high concentrations of Maori and Pacific Islanders already employed, then the incidence of low pay among these groups will increase.

4.6.10 The weakness of the labour demand and supply responses to wage changes implies that the magnitude of wage changes needed to eliminate skill mismatches and unemployment would be very large. The Project on Economic Planning at Victoria University has made a preliminary study of the effect of relative wage changes on the employment of occupational groups using Australian data. They examined Sectoral Working Group employment projections to establish the unemployment likely to exist among different types of labour with constant relative wages, and then estimated the wage change that would be required to achieve full employment of all types of labour. Although the results are only tentative, they conclude:

> The required changes in some wage rates are truly massive and it is unlikely that any policy so focussed would be politically feasible or successful. The implied USBC (Semi and Unskilled Blue Collar) wage is 34 percent below the mean wage, implying therefore that the income of anyone so employed would have to be augmented by taxation-benefit allowances or alternatively, employers would need to be subsidised to employ USBC labour. (Philpott and Stroombergen, 1986, p. 9)

4.6.11 We have concluded that relative wage changes are unlikely to cause significant changes in the structure of labour demand by skill or occupation. It is also unlikely that relative wage changes will induce significant changes in labour supply between sectors because so many other factors affect the supply of labour.

4.7 Low Pay and the Distribution of Income

4.7.1 When there is high unemployment among workers who share the characteristics of those who are low-paid in employment, the wage flexibility prescription clearly implies that the wage dispersion should widen and the incomes that people derive from the labour market should become more unequal.

4.7.2 It is argued by some that the creation of low-paid jobs provides points of entry into the labour market, enabling workers to acquire skills and thereby launching them in the direction of more remunerative jobs. This argument is particularly relevant to the debate over youth rates of pay. It is argued that those in employment are able to acquire skills on-the-job, while those seeking jobs lack the necessary skills and hence have lower productivity than those in employment. In theory, there should always be a wage low enough to encourage the firm to take on and train a worker. There are, however, obstacles to this process, such as the fact that a worker may not be able to forego a living wage despite the possible advantages in the future of acquiring training.

4.7.3 There is a further problem with such justification of low wages. A worker may have low productivity in employment for reasons other than a lack of skills. The job may simply be a low productivity job which does not allow the acquisition of skills. In other cases, the employer may fail to arrange for the worker to acquire skills, preferring instead to utilise the cheap labour in appropriate tasks. In the apprenticeship system, the acceptance of low pay by the apprentice is bound up with various protections to ensure that skills are in fact taught. In low-paid jobs not done pursuant to a training contract, there is no reason to imagine that the workers are acquiring skills. Further, it is not always true that, once in employment, opportunities to move to better paid sectors are improved. Some sectors of the market are well-insulated from others. A history of casual low-waged employment does not necessarily help a worker to get a better job.

4.7.4 Some argue that the national minimum wage in New Zealand is one of the 'rigidities' of the labour market preventing people from pricing themselves into jobs. Similarly, blanket coverage award protection is argued to prevent wages from 'clearing the market'. However, the Commision believes that the minimum

wage plays an important role in placing a floor under wages, and in compressing the wage distribution. The overseas evidence suggests that abolition of the minimum wage would not greatly increase employment opportunities. Studies in the United States suggest that a 10 percent fall in the level of the minimum wage will result in an increase in teenage employment of about 1 percent (Brown, Gilroy and Kohen 'The Effect of the Minimum Wage on Employment and Unemployment', *Journal of Economic Literature,* Vol. XX, June 1982). The effect of the minimum wage on adult employment is unclear, although some studies have found that adult employment would actually fall if the minimum wage were lowered as employers would substitute teenage labour for adult female labour (Hamermesh, *OECD Ecomonic Studies* 1985 and Price, P 'Wages, Social Security and Juvenile Unemployment', *Economic Journal* 1987). It might be argued that the limited impact of the minimum wage on employment in the United States has little relevance for New Zealand which has a more open economy. However, it seems most unlikely that New Zealand would be able to compete with exports from Asian economies such as South Korea and Taiwan simply by lowering wages, as wages in those countries are extremely low.

4.7.5 In addition, the Commission questions the desirability of creating jobs that are deliberately low paid. Not only would the creation of low paid jobs violate what the Commission views as the rights of individuals to a sustaining wage, it may well encourage the creation of further low paid employment on the basis of driving wages downwards rather than encouraging improved productivity.

4.7.6 If the wage dispersion does increase as a result of applying wage flexibility policies, there are compelling theoretical reasons for thinking that neither taxes nor benefits will be able to successfully redistribute sufficient income back to those made relatively worse off by such flexibility.

4.7.7 If labour market policy relies on wage incentives to attract and repel labour, it may not be possible to use tax and benefit policy to achieve a more equal income distribution. The widening of the wage distribution and the corresponding increase in the after tax distribution of incomes was noted previously. By contrast, non-wage labour supply policies, such as training and mobility policies, do not present this conflict of objectives. (Refer to the paper by D.Mabbett *Wage Determination* in Volume 3 of this Report).

4.8 The Rise of the Service Sector

4.8.1 As noted prevously any expansion of employment is expected to be in the services sector. The personal service sector entails one person purchasing the labour services of another. The decision to purchase such services may arise from the specialised skills or equipment of the service sector worker. In cases where the worker has specialised skills, (for example, lawyers, financial consultants, dentists), the worker is able to command a high wage. However personal sector workers without such skills are vulnerable to low pay. The basis of their ability to sell their services, for example, as childminders or cleaners, may rest mainly on their willingness to sell their labour at a lower rate of remuneration than the purchaser obtains from his or her work. For instance, a professional person may employ a cleaner because professional time is 'more valuable'. Inequality in the rate of remuneration of the professional and the cleaner lies at the very root of the transaction.

4.8.2 There are two channels by which the government can combat this source of inequality when it arranges the supply of services such as childcare. Firstly, the government can defend and enhance the skills of the workers through regulation by requiring training and requiring appropriate qualifications. Secondly, the government, where it funds or provides the service, can require that an adequate wage be paid to employees. This requires a willingness on the part of government to levy, and on the part of the community to pay, a sufficient rate of tax.

4.8.3 Private sector personal services expansion has occured most strongly in countries where there is a low minimum wage or a low level of minimum income, for example the USA. (In Sweden, the state accounted for 91.5 percent of service sector growth between 1975–1987 and in Denmark for 104.6 percent. In the UK, U.S.A. and Japan the state accounted for only 7.5 percent, 9.7 percent and 6.8 percent respectively).

4.8.4 The Commission considers there needs to be developed a route whereby socially useful work is performed without the creation of a low waged service sector.

4.8.5 We note here that the Report of the Committee of Inquiry into the Labour Market in Australia argued that it was necessary to move away from the notion of full-time, full year, full working life employment partly because 'attempts to find alternative ways

of increasing employment opportunities on a large and cost-effective scale run the risk of 'locking' people into second-rate and unsatisfactory jobs. That outcome would lead only to superficial improvements'. (ibid 1985).

4.9 Regional Rates of Pay and Mobility

4.9.1 Debate over 'regional pay rates' is but another form of the drive for applying wage flexibility policies. Employment growth is lower and unemployment is higher in some regions (specifically, rural areas) than in others (the main centres). Theoretically, a relative lowering of wages in high unemployment areas will increase the demand for labour in such regions by encouraging firms to locate in such areas. At the same time, the supply of labour falls as some mobile people migrate to higher-wage areas, while others drop out of the labour force altogether. The combination of these devices is thus argued to reduce unemployment.

4.9.2 The effectiveness of wage differentials in influencing firms' location decisions is questionable. Costs other than those associated with labour may be important in location decisions (for example, transport). Indeed regional development policies have traditionally concentrated on sectors producing exportable products where sales do not depend on local demand. 'Production line' operations where the skill requirements of the work are not substantial have also been favoured in many countries, because of the difficulty of achieving a supply of a broad cross-section of skills in a local labour market.

4.9.3 Further, an increasing dispersion in regional wages may well substitute problems of low incomes and low labour force participation for that of unemployment. Those most adversely affected by such a policy will be the same workers as affected by a general increase in flexibility policies: those in secondary labour markets who are the least mobile. Mobile workers can respond to wage differentials by seeking opportunities elsewhere. The most mobile groups are white collar workers in the 'professional and technical', 'administrative' and 'service' occupations (Department of Statistics, 1987, p. 8.8.). The least mobile occupational group is skilled manual workers: once a skilled worker loses a job, it may be difficult for that worker to find another without taking a cut in

pay. The unskilled are more mobile and thus have a shorter duration of unemployment than skilled workers. They do, however, have a higher risk of becoming unemployed.

4.9.4 Internal migration studies also suggest that women encounter particular difficulties in responding to a lack of job opportunities by moving. While mobility rates for men and women are similar, more men than women move inter-regionally: a higher proportion of women's movement is local (Heenan, 1985, p.112).

4.9.5 The age structure of migration also gives some insight into the relationship between migration and avoidance of unemployment. The highest migration propensities in New Zealand are found among men and women in their 20s. This group is more vulnerable to unemployment than older people, but the highest rates of unemployment are found among those aged 15–19. This age group is not particularly mobile.

4.9.6 Unemployed people under 20 receive a lower benefit than those over 20, clearly assuming some parental support and assistance to young unemployed people. Most of this assistance will be in the form of free board and lodging. This ties young unemployed people to their parents' place of residence. This may be a deliberate policy to stop young unemployed moving alone to seek employment in other centres but it implies that migration is not a solution to the problems of the age group with the highest unemployment rate.

4.9.7 Little statistical information exists in New Zealand to determine the extent of Maori migration over the last few years. However, many submissions argued that Maori people are having increasingly to leave their marae in search of paid employment in the larger centres. (The housing shortage in South Auckland can be cited as an example of the effects of such migration.) Concern was expressed about the economic as well as cultural implications of such migration, as the loss of skilled people is damaging to future development prospects in some regions. Furthermore, there is a perception that large numbers of skilled workers are leaving the regions to move to Australia. Unfortunately accurate statistics are not available to determine the extent of such migration. Similarly, little information is available to assess the impact of migration by Maori people seeking to leave the urban areas and return to ancestral land.

4.9.9 In proposing that members of the labour force migrate in search of employment opportunities, it is essential to remember

that 'active' migrants will be accompanied by a number of 'passive' or dependent movers (Heenan, 1979, p. 71). While the active migrant might experience an improvement in his or her economic and social situation as a result of the move, the dependent migrants might encounter new problems.

4.9.10 Most importantly, it may not be possible to reproduce all the social relationships in which the worker is involved. This is particularly likely if there are relationships of care and dependency extending beyond the nuclear family; and is of crucial importance where there are children and elderly people.

4.10 General Conclusion

4.10.1 In the interests of a fair and just society, social wellbeing and cohesion and balanced economic growth, the Commission recommends that full employment must rank alongside and at least equal with low inflation and economic growth as the key objective of all policy.

4.10.2 Within the framework of economic policies which have as a primary objective full employment there will still be a requirement for a varied range of active labour market policies. However, without the appropriate economic framework no amount of labour market modification will provide sustainable employment growth.

4.10.3 The Commission believes workers have the right to a sustaining wage. As such we support the retention of minimum wage legislation. The provision of adequate incomes via the labour market is a fundamental component of an equitable income distribution system for which no substitute is available.

4.10.4 The Commission considers that changes in wage relativities and differentials are unlikely to have a significant effect on employment creation or reduction in unemployment. These are further factors why we support the retention of minimum wages provisions.

5 International Comparisons

5.1 Commentators often refer to experiences of other countries when advocating support for, or rejection of, certain policies. For example, it has been argued that New Zealand should take note of '[L]abour relations in the world's most successful economy, Japan' which are 'flexible and decentralised' and that the 'relatively good job creation record of the United States in comparison to Europe over the last decade owes much to a flexible labour market' (NZ Business Roundtable 'Freedom in Employment' p. 10).

5.2 The Commission has reviewed some of the literature comparing the economic performance of different countries with respect to employment, and has considered the different means by which various countries fulfill their economic objectives. A number of factors become clear from that analysis. Different countries have very different institutional (political, economic and social) environments and these, interlinked with cultural factors are important in explaining why some countries choose one set of economic policies over others. The inter-country differences in such institutions and cultures mean that simple comparisons of single economic policies can be misleading: a similar policy introduced in a different environment may well have a different effect than that intended or may have undesirable social effects. What also became clear is that there is no *one* route to economic success: different countries have achieved low unemployment and satisfactory economic growth in different ways.

5.3 This means that New Zealand's policies must be unique. They must reflect our own cultural aspirations and values and apply to our institutional structures. Other countries have been successful in balancing social and economic goals and there is no compelling reason why New Zealand should not do the same.

5.4 Labour force participation, employment growth and unemployment differ between countries. A common experience is the

rise in unemployment across most western industrialised countries in the last decade. Table 5 divides these countries into three categories according to the unemployment rate as at 1985/86 and the employment rate at 1985.

5.5 Low unemployment countries are those with an unemployment rate of less than 5 percent; medium unemployment is that between 5 percent and 10 percent; high unemployment is 10 percent and over. For all countries other than New Zealand, the unemployment rate has been standardised across countries. The official definition of unemployment is those of working age who are out of work, available for work and have actively sought a job during the past four weeks.

5.6 Although caveats might be placed on the data, in that the definition of unemployment used is restrictive, it is clear that some countries have been able to retain low official unemployment rates over time, in spite of general increases in unemployment. Those countries in the 'low unemployment' category have maintained low unemployment rates over the entire 1975–1986 period. Germany, however, began the period with a rate of unemployment below the average, but has since joined the ranks of the medium unemployment countries. As for the 'high unemployment' countries, they began the period with above average rates of unemployment and have remained in that position (Therborn, 1986).

5.7 The question arises as to why some countries have maintained low unemployment rates, while others have been unsuccessful at reducing unemployment. The Commission has considered a number of recent studies that address this issue.

5.8 At an aggregate level, studies by Bean, Layard & Nickell (1986), Metcalf (1986) Newell & Symons (1986), Therborn (1986) and Renshaw (1986) have focused on trying to explain why it is that some countries have been able to maintain low official rates of unemployment. The first three of these studies have looked closely at labour market flexibility issues, in line with the OECD (1986) study, but with emphasis on institutional factors. Therborn's study is a more historical-political survey, while that of Renshaw is a broad ranging survey covering economic, political and institutional factors.

TABLE 5: Employment and unemployment rates of selected countries

	Employment 1985 %	*Unemployment 1985/86* %
Low Unemployment Countries		
Austria	63.0	3.6[1]
Sweden	80.0	3.0
Switzerland	71.0	0.9[2]
Norway	75.4	2.2
Japan	71.0	2.7
New Zealand	63.0	4.3
Medium Unemployment Countries		
Australia	65.0	8.1
United States	69.0	7.0
Germany	60.0	7.0
High Unemployment Countries		
United Kingdom	66.0	11.4
France	59.0	10.2
Canada	66.0	10.0
Belgium	56.0	11.0
Netherlands	52.0	10.3
Spain	44.0	21.2
Average	63.2	7.5

[1] 1985 figure

[2] 1986 September quarter

Employment data is total employment/population 15–64.

Source: OECD Economic Outlook, June 1987, Table R12 (Standardized Unemployment). Employment data, OECD Labour Force Statistics 1965–1985, Tables 2.0, 4.0

5.9 The Bean, Layard & Nickell (1986) study focuses on determining which of two competing theoretical frameworks offer the most plausible explanation of unemployment among 19 OECD countries between 1956–1984. Those frameworks are the 'classical' unemployment case whereby unemployment arises because of the failure of real wages to adjust downwards in response to the oil price shocks of the 1970s. On the other hand, some argue that unemployment is a result of insufficient aggregate demand. This deficiency is largely attributed to government economic priorities shifting from maintenance of full employment to combating inflation.

5.10 Bean, Layard and Nickell find that a little of both stories explains the rise in unemployment over the period 1956–1984. In all countries except the United States an increase in real wages throughout the economy was a factor that led to a fall in employment. (In the United States it appears likely that the effects of being very nearly a closed economy means that increases in real wages leads to increases in employment because of the positive effects of increased aggregate demand swamping the negative effects on employment of increased real wages). Demand was found to have a positive impact on employment in most countries. Further, the authors concluded that most of the decline in employment was a result of contractionary monetary and fiscal policies implemented to control inflation.

5.11 However, the authors cautioned the use of this result in simply relaxing monetary policy and expanding fiscal expenditure to return to a situation of full employment. The reason, they argue, is because of the likelihood of inflation being refuelled, as firms find it more difficult to fill vacancies without raising wages and as unions push for higher wages rates as unemployment falls.

5.12 In the face of rising unemployment those countries able to restrain growth in the level of real wages across the economy as a whole are more likely to be successful in combating unemployment. As noted earlier, those countries which appear to have the most flexible real wages are those with a centralised wage bargaining system. The reason that centralised bargaining is argued to result in lower real wage settlements is that such negotiations take account of unemployment, while bargaining which is internal to an industry or firm does not take account of those who are unemployed: that is, wages are determined with regard only for the interests of those employed in non-centralised bargaining. Bean, Layard & Nickell find some support for this theory: countries such as Sweden, Austria, Germany, the Netherlands, Norway and Switzerland are those countries where bargaining takes place at a centralised level, and with the exception of Germany and the Netherlands, all have low rates of unemployment. The failure of Germany to keep unemployment low is argued to have been the result of the collapse of corporatism in that country about 1977.

5.13 However, centralised bargaining is not the only means by which countries can obtain reductions in real wages at an aggregate level in order to increase employment. The United States is not

regarded as corporatist, yet unemployment in that country has remained relatively low (although higher than in New Zealand).

5.14 The United States appears to have maintained a medium rate of unemployment partly through responsive wage adjustments and partly through the use of high levels of fiscal expenditure in the past five years. (Renshaw, 1987). But the United States is able to maintain medium unemployment, in part through wage flexibility, precisely because it appears not to have developed internal labour markets to the extent that other countries have. That is, workers in the United States are not as attached to firms as in, for example, Japan and Germany.

5.15 In any case, the United States preference for wage flexibility appears to have caused some problems. Renshaw argues that the different institutional structures in Germany and Japan have, in fact, produced better results in terms of efficiency than those achieved in the United States. This comment applies especially to education and vocational training policies in the United States and the low unionisation rate in the United States. One result may well be the well-documented fact that employment growth in the United States, concentrated in the service sector, has also been accompanied by low productivity growth, hence those jobs that have been created tend to be very low-paid, with consequent implications for income maintenance policies.

5.16 The Japanese economy is not found to be particularly corporatist, with bargaining taking place at the enterprise level. Since 1975 however, a partnership between the government, unions and employers has succeeded in improving the responsiveness of the economy to shocks. Moreover, although the Japanese economy may not be as corporatist as other countries, special features of Japanese employment practices have meant that recorded unemployment has increased only slowly. The Japanese economy has the most highly developed internal labour market: that of lifetime employment. In Japan, excess capacity of capital or labour becomes the responsibility of employers rather than employees. Like that of the United States, the Japanese education system is based mainly on providing education rather than vocational skills. However, the Japanese lifetime employment system means that firms have an incentive to train their staff on-the-job. The absence of such mutual commitment in the United States means that employers do not provide training and employees are not as dedicated to the firm as the Japanese. The United Kingdom and Germany offset such

problems by providing more training (for example, apprenticeship) but such avenues are not available in the United States.

5.17 The large companies in Japan offer lifetime employment (up to age 55), but also obtain flexibility by being able to shift employees both geographically and occupationally at will. Thus workers are often required to move location which may well have social costs. It is argued that Japanese unemployment may well be maintained at an artifically low level by extensive under-employment. Large firms, rather than laying off staff, may well keep people on the payroll to do little, or retire employees early (Drucker, 1987; *The Economist*, 27 June 1987). However, only about 35 percent of even male workers are employed under such conditions. Older workers and female employees face secondary labour market conditions, being employed in insecure lower-paid employment (Renshaw, 1986, p.115).

5.18 Switzerland maintains a high employment rate and a low unemployment rate. However, this is achieved via a low female employment rate, (42.3 percent compared to New Zealand's 51.8 percent and Sweden's 58 percent), and via a policy of expelling foreign workers and hence unemployment (Therborn, 1986).

5.19 The Swedish have maintained a low rate of unemployment over the entire period under consideration, and Sweden is often noted as a country with a relatively equitable distribution of income.

5.20 Swedish wage bargaining is highly centralised, with most attention being focused on achieving wage settlements which take account of Swedish competitiveness in international markets (Australia Reconstructed, p. 27). Sweden's centralised wage bargaining results in wage settlements appropriate to its economic position, a fast recovery in the face of economic shocks and low unemployment. Further, Swedish trade unions take part in negotiations not only on wage bargaining, but also over tax policy, the social wage and other aspects of economic policy: macro-economic policy is thus negotiated hence is more likely to result in acceptance by the parties to negotiations than if it were simply imposed.

5.21 Sweden has a policy of paying all workers equal pay for work of equal value, regardless of the circumstances of the industry. The result has been to reduce skill, occupational and industry wage differentials. Not only does the policy result in a more equitable distribution of wage income than might otherwise be the case, but the policy also encourages economic growth. This occurs

because firms with low productivity are forced out of business, while the limits to which firms can raise wages in industries which are performing well results in an expansion of employment in such industries (Australia Reconstructed, p. 42).

5.22 Since the Swedish policies reduce the extent to which wages can allocate labour, an active labour market policy is a necessity. It might be argued that this emphasis on active labour market policy is more effective than relying on the price mechanism, given that evidence suggests that wage flexibility is an ineffectual means of obtaining labour market flexibility. Swedish active labour market policy focuses on skill formation, job placement and an improvement in the labour market outcomes for women, the aged and the disabled. Some argue that the placing of people (especially teenagers) into labour market programmes is actually a form of disguised unemployment (Flanagan, 1986, p. 156). However, there have been few assessments of the impact of such a policy. Evidence does suggest however, that participation in training programmes has reduced the likelihood of re-occuring unemployment, although only for those who have previously been unemployed.

5.23 Although Australia falls within the category of a middle unemployment country, it warrants close examination because it does have high employment growth. It is seen to some extent by New Zealanders as an alternative labour market and the operation of its labour market has a direct impact on the New Zealand one in a number of areas. Over the past few years employment growth in Australia has been high, both in absolute terms and relative to other countries. Between May 1985 and May 1986 total employment grew by 4.1 percent (Australian Bulletin of Labour, Table 2, p. 299 December 1987). Since that time the rate of employment growth has fallen somewhat: between May 1986 and May 1987 employment grew by 2.0 percent. Employment growth has been concentrated amongst females and in part-time employment.

5.24 The unemployment rate in Australia has declined only marginally over this period, using a similar definition to that used in New Zealand's HLFS, as at September 1987 unemployment was 7.9 percent (p. 309). This appears to be because employment opportunities are being taken by people moving into the labour force rather than by those who are unemployed.

5.25 Since 1983 the Hawke government has attempted to run a 'consensus'-type economic policy, one part of which is a return to a form of centralized wage bargaining known as the 'wages accord'.

This accord, a form of incomes policy, has worked well according to some commentators (Australian Bulletin of Labour, June 1986, p. 129; Gruen, June 1986, p. 193). Kenyon (June 1986, p. 132) argues that the accord has moderated wage costs. This conclusion is supported by Sloan and Wooden (December 1987, p. 309) who note that the competitiveness of the Australian economy has been enhanced in recent years by real wage reductions. This policy can be viewed as 'corporatist'. The Hancock Report on the Industrial Relations System in Australia supported the idea that a tribunal-based system is 'socially preferable to the laissez-faire alternative in terms of macro-economic considerations' and that 'there is no case for believing the arbitration system to have significant disadvantages as compared with the laissez-faire alternative in terms of microeconomic considerations' (Covick, p. 247).

5.26 It is also important to consider why some countries have failed to keep unemployment at low levels. From Table 5 it can be seen that those countries which have high unemployment rates are Spain, the United Kingdom, Belgium, the Netherlands, France and Canada. The Spanish and Canadian experiences are not detailed in any surveys hence we have not been able to consider them. The experience of the United Kingdom is documented in Renshaw (1986), Therborn (1986), Layard (1986), Newell & Symons (1986) and Australia Reconstructed (1986) while that of the Netherlands is documented in Renshaw (1986) and Therborn (1986). Therborn has also studied the experiences of France and Belgium.

5.27 Britain has failed to maintain full employment because it has chosen to give priority to reducing inflation over maintaining full employment. Therborn (1986, p. 30) argues that the 'cut down the public sector, strengthen the market economy' approach 'has been the shortest and fastest route to mass unemployment' (a similar argument is applied in the case of the Netherlands and, to some extent, Belgium).

5.28 There is, we think, much force in the argument that the 'existence or non-existence of an institutionalised commitment to full employment is the basic explanation for the differential impact of the current crisis' (Therborn 1986, p. 23). Such a commitment, found in Austria, Sweden, Switzerland, Norway and Japan (that is, the low unemployment countries recognised here) involves:

(a) an explicit commitment to maintaining/achieving full employment;

(b) the existence and use of countercyclical mechanisms and policies;
(c) the existence and use of specific mechanisms to adjust supply and demand in the labour market to the goal of full employment; and
(d) a conscious decision not to use high unemployment as a means to secure other policy objectives. (ibid)

5.29 General Conclusion

There is no one route to full employment. Different countries have obtained a satisfactory level of economic growth in different ways. There are however some lessons to be learnt from the successes and failures of other countries. The Commission considers that the following combination of elements are significant in securing reduced unemployment and adequate growth in New Zealand:

- an explicit government commitment to achieving and maintaining full employment;
- a commitment not to use high unemployment or increasing levels of unemployment to secure other policy objectives;
- a social contract whereby wage bargaining takes place within a structure which enables wage settlements appropriate to the economy to be reached; and
- a mix of active labour market policies continued into the long term (this is discussed further in Section 7).

6 Links between Paid and Unpaid Work

6.1 Introduction

6.1.1 Work has two dimensions which make it of central social significance. Work provides goods and services, to the community as a whole and it is for most people the means by which they make a living. The idea that these two dimensions operate in concert, that people obtain an income in exchange for the goods or services they provide through work, is fundamental to the economic organisation of New Zealand society.

6.1.2 However, many of the services that people provide to others are not paid for and therefore fall outside the market economy and the transaction of the labour market. The recognition of this fact by policy makers was seen, by many submissions, as a crucial element if New Zealand is to achieve the standards of a fair and just society envisaged under the Terms of Reference.

6.1.3 The solutions to the problems inherent in both paid and unpaid work and the dynamic relationship between the two are not simple. What is indicated however, is the desirability of the state developing an integrated policy on work (paid and unpaid, in the household, in the community and in the market) as opposed to a concentration on policies that focus on the labour market in isolation.

6.2 The Organisation of Work: General

6.2.1 Work can be described as being organised within four sectors, as follows:

(a) The private market sector.
(b) The public or state sector.
(c) Community support networks: voluntary organisations, marae, churches, etc.
(d) Family and household units.

6.2.2 Broadly speaking work is paid in the first two sectors and unpaid in the latter. There is overlap between sectors however and it is not possbile to make an absolute distinction between them. This is especially the case within the third sector where a large amount of work done by voluntary organisations is done by paid employees.

6.2.3 Services may be provided by individuals on a voluntary basis, through churches, community groups and marae. Other services are provided out of a sense of responsibility, duty or desire to care for another or others, or to improve living conditions. Such is the case within nuclear and extended families and other kinship networks. Some of these responsibilities are legally stated and enforced, such as the responsibility of parents to care for their children. Others, such as the responsibility to care for elderly relatives, are not legally set down but are nonetheless widely expected. While kinship is frequently important to the sense of responsibility for another, many people accept responsibility for people who are not related to them, such as friends. These relationships are clearly as important a part of the social fabric as working for remuneration.

6.2.4 The extent to which the provision of certain services is seen as a responsibility falling on individuals or groups varies between Maori and Pakeha and other cultures in New Zealand and between men and women.

6.2.5 How work is divided between the four sectors is of central importance in the formulation of social policy. *Any* social policy incorporates assumptions about the services provided by the four channels and ascribes values to them. If these assumptions do not correspond to the reality of people's lives the objectives of a fair and just social policy will not be attained and ad hoc interventions will continue to be required.

6.2.6 The types of work performed in each of the four main sectors within which work is organised are not distinct. On the contrary, work is transferred between sectors through time as social and economic conditions change. For example the process of industrialisation saw work transferred from household organisation

into the market sector. This process is still occuring although the activities being transfered have changed and continue to change. A clear example of this fluidity is provided by examining the transfer of services that have occured from the household or family unit into the state sector. These transfers have been accompanied by certain improvements in the quality of working life through the use of more efficient methods of production and the development of specialist skills. At the same time they have introduced new social issues, particularly around the way resources are distributed and services are provided to those in need of them.

6.2.7 As the result of decisions by the state to reduce or cease its provision of certain services a new trend is evident whereby the state is relying upon those services being transferred back to the household or to the 'community'. Although some transfers occur independent of Government policy initiatives, a policy decision by the government to reduce its role in the provision of services has considerable effect. A large number of submissions express concern about the implications of this trend particularly for women and for the quality of services provided.

6.2.8 The role of the Government in care for the ill, the disabled, and children is covered elsewhere in this report. The crucial point to note here is that policies which have the net effect of requiring individuals to increase the amount of informal, unpaid care they provide reduces the choices of those individuals in both the unpaid and paid sectors. This is especially so when support services are reduced or not in place.

6.3 Measuring Work: The Limitations of the Data

6.3.1 The assessment of the impact of the reorganisation of work between sectors of the economy is clouded by problems of measurement (which reflect deeper problems of comparing the sectors owing to differences in the way each sector functions). There are similar problems in attempting to assess the productive value of unpaid compared to paid work.

6.3.2 Broadly speaking, the assumptions that underlie current measurements are:

- any significant economic activity is monetary economic activity; and

– Gross National Product (GNP) growth is good.

In the context of unpaid work these assumptions have important implications. A brief examination of the two important economic indicators used in New Zealand serves to illustrate the relative invisibility of unpaid work to policy makers. These are the Gross National Product and the System of National Accounts.

6.3.3 The Gross National Product (GNP) is derived from the National Accounts and is generally regarded and used as an indicator of economic welfare, although this was not its orginal purpose. The National Accounts measure all the goods and services which are provided through the market or through government expenditure. GNP is assessed by measuring the contribution of market sectors in the economy, and the value of government services. It gives the share of national income received by economic groups (labour, capital) and records how expenditure is allocated on consumption and investment goods either domestically produced or exported. The interaction between GNP and the non-market economy is crucial to considerations as to whether a society has actually benefited from growth. (Elkins, 'The Need for a New Economics'). The measurement of GNP in terms of goods and services sold in the market means for instance, that a country increases its GNP when work is transferred from the household to the market sector even if exactly the same services are being produced. It also means that when expenditure is 'saved' by cutting public sector provisions, there may be, in fact, no saving in resource use at all. Instead, resources from the voluntary or household sectors are required to fill the gap left by public sector cutbacks.

6.3.4 One of the trends in New Zealand society is the increasing number of married women entering paid work who previously did, (and probably still do), domestic work in the non-monetary economy. GNP rises both by the wages of the jobs they now do and by their extra expenditure on labour saving devices, fast food, childcare, etc. and any other goods and services they provide for themselves and their families free of charge. Yet in reality, the productivity of the nation has risen by the differences between these quantities, rather than their sum. Furthermore, the net change in welfare is more difficult to compute.

6.3.5 The New Zealand System of National Accounts gives numerical expression to certain economic concepts including consumption, investment and savings which are not directly measured.

The accounts summarise past economic trends and are used to provide a framework for analysing the economy for forecasting purposes. These forecasts are used by the government in considering economic strategies and changes in government policy. They do not value the non market sectors and therefore cannot assess the full impact of changes in policies or economic activity that affect the non-market sector.

6.3.6 The inclusion or non-inclusion of different types of unpaid work in the national accounts is arbitrary. For example, unpaid domestic work is not included as productive services yet the trading activities of non-profit organisations such as clubs and organisations are.

6.3.7 This dearth of statistical material needs to be overcome if the contribution that unpaid workers make to the economy through their labour is to be recognised. The Commission considers that measuring this contribution is a first and vital step towards valuing it.

6.4 Organisation of Unpaid Work

6.4.1 Certain issues arise in the organisation of unpaid work that do not arise in paid work. In particular, work is frequently unpaid because the recipients of the services provided do not have the resources with which to pay. They are, therefore, dependent on another person's sense of responsibility or affection for them, or dependence on them, or their availability. If no such person is present in their social network, their need for services may go unmet or else someone would have to be paid to provide the service to them.

6.4.2 Furthermore, the provider of unpaid work must obtain access to income from some source. One route is for the individual to combine paid and unpaid work, but this presents considerable difficulty if the amount of unpaid work to be done is large. The worker is at a disadvantage in the paid work sphere, and may end up coping with an intolerable level of work.

6.4.3 The provider of unpaid work is often a woman, whilst men's participation in paid work is greater. The relative value placed by society on paid and unpaid work and the implications this has, particularly for equality and dignity between men and women, featured in submissions as a major social policy issue.

People perceived that paid work is regarded as having greater social and economic significance than unpaid work and thereby accorded a higher status in New Zealand. There were three main reasons suggested for this:

- the importance attached to money in the wider New Zealand society as a measure of value;
- the largest proportion of unpaid work is performed by women whose status in the wider society tends to be less than that of men; and
- the relative invisibility (to policy makers at least) of unpaid work which occurs to a large extent in the home as opposed to the public sphere of paid work.

6.4.4 Unpaid work occurs both within and outside the household unit. The responsibility for unpaid work falls very unequally: those with dependent relatives or marae obligations must do a lot of work whilst others have few responsibilities. People do have a choice about whether to have children but their anticipated contribution to society is such that bringing them up should not involve hardships. People often have no choice about assuming responsibilities for others. Ill-health and disability do not fall evenly in the community.

6.4.5 The performance of unpaid work does not always involve hardship, and indeed frequently brings satisfaction. Nonetheless, submissions point out arbitrary discrepancies between what is paid and what is not. Ambulance and fire services are often conducted on a voluntary basis while school bus driving is paid . Maori wardens are unpaid but the police are paid. Some submissions emphasised the gulf between paid and unpaid work for instance, those involved in care of the elderly and disabled sometimes find themselves unable to provide care on an unpaid basis because they require an income. This may mean the person in need of care has to be admitted to an institution. Other submissions comment that efforts to bridge the gulf between paid and unpaid work leave people feeling stretched and exhausted.

6.4.6 There are a number of models that can be used to examine the organisation of unpaid work. One of these is the breadwinner based nuclear family model. The market as a system for the provision of goods and services is based on important assumptions about the nuclear family: that women (the wife) would care for children and attend to domestic work while men (the husband) would undertake paid work. A number of labour market and other social

policies have developed on the basis of this model. However as detailed in the part of our report on 'Women' there have always been significant variations to this model. Furthermore, changing social and economic circumstances such as the increased participation of women in the labour force require a reshaping of policies based on a model which is not inclusive of a significant proportion of New Zealanders. In any event, this model has problems such as dependency for women and financial disadvantage relative to the two-earner family. It also works against men who have sole caring responsibility for others and all those who want to combine such responsibilities with paid work. Broadly there are two alternatives to this model.

6.4.7 The first is a situation whereby both men and women combine paid and unpaid work. Because the organisation of most paid work, particularly full-time paid work, precludes the undertaking of much unpaid work, the implementation of this model would require great changes in the labour market. It would also require a greater involvment of men in domestic work so that women would be able to extend the time they spend in the paid workforce and thereby their independent access to income. Labour market policies could be developed as in Sweden to encourage the application of this model, but because of the entrenched gender role division in our society—it can be expected that change would be slow (as it has been in Sweden).

6.4.8 The second alternative involves more unpaid work being done on a paid basis. This has already occured to some extent through the shifting of some service provisions from the household or community to the private market or state sectors. However, although the boundaries of state versus kin responsibility are subject to continual change, the involvement of the state is not such that it does not require a concomitant involvement of unpaid work in the household.

6.4.9 The uneven distribution of unpaid work as an important source of inequality can be addressed by the payment of allowances to those performing unpaid work; the payment of a benefit to those needing work done for them; and through enhanced provision to relieve or replace unpaid work. The latter could include state funding of community organisations and marae to undertake work on a collective basis. The Commission's recommendations in each of these areas are included in our work on Income Maintenance and Taxation, Funding and Social Services: Access and Delivery.

6.5 Organisation of Paid Work:

The Relationships between Social and Economic Policy and the Challenge to the Operation of the Labour Market

6.5.1 To acknowledge that the welfare of our society rests on both paid and unpaid work has a number of implications for current economic as well as social policies. The view that work is always done in response to financial incentives cannot explain why people do unpaid work. In the paid work sphere it requires a rethinking of certain assumptions about the role of wages in allocating labour and the way that wage levels might or might not represent the value that society places on the labour of an individual or the performance of a job. The unpaid work that people do has an influence on the work they undertake in the labour market yet most labour market theory does not take account of unpaid work.

6.5.2 Whilst the existence of unpaid work poses certain challenges for labour market theory, the absence of a market in the sphere of unpaid work presents issues as to the efficiency with which unpaid work is organised and the equity implications of unpaid work being organised in small households by a few people related primarily by family ties. This organisation limits the scope of the unpaid work performed and determines its distribution. This means that unpaid work cannot always be effectively performed when it is needed.

6.5.3 Unpaid work, such as that in the home, is dependent on the maintenance of certain links with the paid work sphere and generally cannot be undertaken in the absence of those links. It is also dependent on the existence of a social framework that provides the rationale and motivation for carrying it out in the first place. Market forces alone will not ensure that the work is done.

6.5.4 The organisation of unpaid work is clearly an issue central to social wellbeing. It may not be as obvious, however, that the organisation of paid work is crucial to social policy analysis. It has been argued that in the paid work sphere the appropriate policy directions (and modes of analysis) are economic rather than social. Some believe that the labour market within which work is paid should be made as 'flexible' and 'efficient' as possible in order to

maximise economic wellbeing and therefore provide a solid foundation for social policy. However, there are several problems with dichotomising economic and social policy in this way:

(a) The wage and employment outcomes generated by the labour market depend upon the structure and organisation of unpaid work. For instance, if the government responds to a weakening of the structures for delivering unpaid services by expanding its own delivery of services, this will affect wages and employment levels. Conversely, wages and employment patterns will be affected if the government reduces its delivery of services.

(b) The free operation of market forces in the paid work sphere may generate certain social policy problems, such as unemployment or low wages. These problems may be dealt with 'post-market' by the use of taxes and benefits, but there are limitations to the effectiveness of these instruments, and their operation is not independent of labour market performance. Furthermore, they may be seen as having undersirable social policy implications.

(c) An integrated economic and social policy is likely to produce better social and economic outcomes than a 'hands-off' policy. The market may simply fail to deliver fair and efficient outcomes in certain areas.

(d) Employment is not only a means to an end (an income and an output). Some aspects of employment have a direct impact on social wellbeing, for example: health and safety, holidays and leave, discrimination in employment, harassment in the workplace and security against dismissal.

These issues are examined in greater detail in our work on the Inter-relationship of Economic and Social Policy.

6.5.5 At present the structure of the labour market makes it difficult to combine paid with unpaid work especially caring for others. Furthermore, undertaking unpaid work, especially caring work, disadvantages an individual in the labour market.

6.5.6 Little allowance is made in working conditions for caring responsibilities. Conditions such as hours of work continue to be arranged as if all paid workers can rely on having an unpaid worker at home, or as if the employer's need for labour should take priority over any outside work that the employee may have to perform.

6.5.7 Unpaid workers have great difficulty making arrangements for replacement care as there is a general expectation, given the relative lack of state provided services, that unpaid workers in the home should be on constant duty. Replacement care is likely to be both informal and paid little or nothing.

6.5.8 The difficulty of combining waged and unwaged work is shown up very strongly in the case of unpartnered mothers. When a marriage breaks down, only a minority of women are already in full-time waged work which pays enough to support them and their children. Those who have little or no earnings of their own must turn to the Domestic Purposes Benefit. Although the average time spent on the DPB is increasing as unemployment increases, it is still only three years four months. However, most beneficiaries are able to move off the DPB but only because they remarry. A 1983 survey of benefit records found that only 4 percent of domestic purposes beneficiaries were able to find jobs which paid enough, after meeting all the costs of employment (including childcare), to allow them to move off the benefit into financial independence.

6.5.9 Other research has revealed the fragile patchwork of several different arrangements which many of those with caring responsibilities must make in order to undertake even part-time paid work, and the great strain they are placed under during any emergency.

6.5.10 The lack of recognition in the labour market for caring responsibilities also works against these being more equitably shared within families and between men and women. This is because taking the time to attend to caring responsibilities is made so difficult, and any time spent attending to them is regarded as damaging rather than enhancing career prospects.

6.5.11 The need to maintain connections with paid work in order to undertake unpaid work explains why the impact of unemployment on a community often extends far beyond the loss of wages to a more general breakdown in the social framework. One feature of submissions from marae is that there is a strong need and desire for the provision of employment opportunities (that is, paid work) in a way which is compatible with the revitalised structure of Maori social organisation. The move back to rural areas which has occured in the last decade has possibly had negative effects on the chances of obtaining paid work, but this may be counterbalanced in the minds of the movers by the improved environment for unpaid work and the stronger social support systems that might

be constructed in rural areas. The weakness of such systems in urban areas means that the overall conditions of life may be worse in urban areas despite the better opportunities for paid work. The increased instability in the labour market and insecurity of paid work has highlighted this possibility. At the same time, the desire to obtain paid work in rural communities is very great, but the objective is not merely to obtain employment but to have access to employment that can be combined with unpaid work and which allows paid workers to enjoy the benefits of unpaid work done by members of their family and community.

6.5.12 While the availability of sufficient paid work is important, it by no means settles the problems that can arise in undertaking the unpaid work that is desired and which people would like to perform. The most obvious example is the workload of families comprising two adults and children where both adults are in paid employment. As noted elsewhere this is now a more common situation than a 'division of labour' where one adult is in paid work while the other (the wife and mother) is in unpaid work. The passing of the single-earner family is mourned by some, as it did facilitate the performance of unpaid work. By contrast the two-earner family frequently has difficulty finding sufficient time to do unpaid work. Submissions to the Commission indicate that lack of time is sometimes coupled with shortage of money in impeding the ability of some groups and individuals to participate in community based unpaid work.

6.5.13 If people receive low rates of remuneration in the labour market and use a lot of time to earn that money their ability to participate in community provision of voluntary services will be affected. This may result in significant gaps emerging in the provision of services concentrated among social groups with lower resources of time, money or both.

6.5.14 A clear example of this is in the provision of education services. Community groups raise one fifth of the cost of establishing their early childhood education services. This limits the availability of such services in lower socio-economic areas. Furthermore, there is a great deal of voluntary work done by members of the community in the management and administration of education which requires time.

6.5.15 Some (mainly women) have sought to undertake unpaid work and participate in the labour market by taking up part-time work. They do so at great cost in terms of their position in the paid

workforce—their segregation into a narrow range of occupations, receipt of low average rates of remuneration, and loss of the additional rights and privileges that flow from full-time employment (greater security of employment, leave and pension rights).

6.5.16 The conditions experienced by part-time workers indicate that the organisation of paid work generates significant conflicts with the performance of unpaid work which means people are often unable to combine the performance of paid and unpaid work to their satisfaction.

6.6 The Way Forward

6.6.1 In seeking to raise the status and improve the organisation of unpaid work, a number of submissions have noted that there is no shortage of useful work to be done. There is simply a lack of paid employment at least in some areas for some people.

6.6.2 Submissions have sought mechanisms to improve each citizens ability to combine unpaid and paid work. Perhaps the mechanism seen as most critical is the provision of sufficient state funded quality childcare centres to meet current and growing demand. Others include:

- a shorter working week in the paid workforce;
- improved conditions attached to part-time work;
- provisions in the paid workforce such as domestic leave, maternity leave, parental leave, greater flexibility of work hours and early retirement into community work;
- some financial reimbursement or incentive for work in the home and community, for example, a carer's allowance; and
- state funding of group employment projects.

6.7 General Conclusion

The Royal Commission concludes that the importance attached to unpaid work by New Zealanders has a number of implications. These include the following.

6.7.1 The need to develop adequate measurements of unpaid work in order for that work to be taken account of in the formulation of policy. Periodic national surveys of time use, to measure the magnitude and composition of non-monetised activity, should be

undertaken. Further, National Accounts should be enhanced by measures which enable market sector activity to be viewed in the context of productive activity and resource management in our society.

6.7.2 The extent to which certain work that is currently unpaid should be paid. Provision of a carer's allowance is taken up in the papers on Income Maintenance and Taxation.

6.7.3 Recognition of the responsibility of the state to ensure that the labour market operates in such a way that it enables people to combine both paid and unpaid work, in their own interests and in the interests of wider society; and to work in an environment free of discrimination where they have the opportunity to develop their potential to the fullest extent. This requires formulation of an integrated policy on work, (paid and unpaid, in the household, in the community and in the market), rather than policies that focus on the labour market in isolation.

7 Unemployment and Active Labour Market Policies

7.1 Introduction

7.1.1 The availability of paid work is central to the attainment of a wide range of social goals, including a fair distribution of income, an adequate material standard of living and the capacity of everyone to participate fully in society.

7.1.2 The objective of a fair and just society cannot be attained when over 7 percent of the labour force are registered as unemployed and many others do not have access to sufficient paid work.

7.1.3 Submissions gave a human face to the official statistics. They conveyed the suffering of those denied meaningful employment, and the consequences for friends and families. They described the cultural dislocation arising from unemployment and the problems it causes to communities. If work is indeed an assertion of our humanity, unemployment can be seen as a symbol of an uncaring society.

7.1.4 Submissions stressed that there is no shortage of useful work needed to be done but there is a shortage of paid work at least in some areas for some people. They sought imaginative forward thinking policies to address what many seem to regard as the biggest challenge facing New Zealand.

7.2 Current Policy

7.2.1. There are three broad lines of approach that may be pursued by governments in response to situations where the labour market does not generate full employment.

(a) A government can seek to modify or reform structural features of the labour market which set the context within which the price of labour (the wage) is determined, in an effort to improve the flexibility of the labour market (ie. its responsiveness to supply and demand signals). Changes to wage fixing procedures are often seen as an important element in this strategy.

(b) The consequences of unemployment can be mitigated through income maintenance and taxation policies which transfer income from the employed to the unemployed. The unemployment benefit is usually the most important mechanism through which this redistribution is accomplished.

(c) Special measures may be implemented to create employment for the unemployed, or to assist the unemployed to obtain any jobs that are available. This approach can be designated 'active labour market policy', in contrast with the more passive redistribution undertaken under (b) above.

7.2.2 The current strategy for reducing unemployment contains elements of each of these approaches. However, economic polices designed to reduce inflation are given primary emphasis in the strategy as the achievement of a higher rate of economic growth is seen as the single most effective route through which an increase in employment can be accomplished.

7.2.3 Current employment strategy also encompasses some active labour market measures, such as the Employment and Vocational Guidance Service, Access training, wage subsidies, and mobility assistance grants, which do not attempt to create jobs directly but aim to improve the functioning of the labour market and give unemployed people better access to available jobs. Particular emphasis is placed on assisting job seekers who have greater than average difficulties in finding jobs, such as the long-term unemployed or school leavers without qualifications. Finally, while not usually considered an element of the strategy, the unemployment benefit provides basic income support for the remainder of the unemployed (there were 79,000 unemployment benefit recipients as at December 31 1987).

7.2.4 The nature of this strategy in practical terms can be better understood by examining data on the allocation of resources between 'active' and 'passive' responses to unemployment. New

Zealand has a tradition of pursuing active labour market measures. Between 1975 and 1985, the level of expenditure on employment and training programmes for the unemployed, compared with expenditure on the unemployment benefit, was relatively high and consistently weighed towards employment and training.

7.2.5 Since 1985, however, the balance of public expenditure on unemployment measures has tilted in the direction of income maintenance. Expenditure on employment and training through the Department of Labour has declined by 25 percent in real terms between 1984/85 and 1986/87. It is now exceeded by expenditure on the unemployment benefit.

7.2.6 The decline in expenditure on employment and training programmes has been accompanied by a fall in the number and proportion of registered unemployed people who are assisted. As at March 1979, for example, job seekers on partly or fully subsidised employment schemes accounted for 52 percent of all persons either registered as unemployed or on government special work schemes. In March 1985, they represented 45 percent. By March 1987, this figure had fallen to 20 percent.

7.2.7 The data on expenditure and numbers assisted reveals a de facto shift away from 'active' responses to unemployment. A wealth of submissions received by the Commission testified to the impact of this shift on individuals and communities. Many submissions were critical of what they saw as a 'hands off' approach to employment and rejected the assumption that economic growth would necessarily lead to a significant increase in the number of jobs. The view was expressed that the problem of unemployment would not be 'solved' unless the State took a more active role in providing jobs or setting the conditions for job creation by local communities. A large number of submissions questioned the value of spending large sums of money on 'passive' or 'negative' responses to unemployment, such as the unemployment benefit. They saw a need for policies that would make unemployment more productive for individuals and society.

7.2.8 The Commission is in sympathy with these views. The importance of full employment as a foundation for all other social policies means the goal of attaining full employment cannot be deferred indefinitely. It is essential that serious consideration be given to implementing policies that will have a more immediate impact on the availability of paid work.

7.3 Alternative Strategies

Submissions proposed a number of alternative strategies which fall into several broad categories.

7.3.1 Proposals for enterprise or small firm assistance: these included measures such as investment incentives and capital grants; training in management and entrepreneurial skills; subsidised business advisory services; and legislative and tax reforms intended to make the establishment of new firms easier. There was a strong feeling in some submissions that the state should look to small firms and local community initiatives to generate jobs. Small scale local-enterprise initiatives were seen as having the potential to generate sustainable employment (as well as having the additional virtues of local control and responsiveness to local needs, problems, opportunities and resources). It was felt that the state needed to support this growth by providing a supportive infrastructure.

7.3.2 The call for enterprise assistance was particularly strongly expressed in submissions from the Maori community. These submissions argued that to remedy the problems of Maori underdevelopment, and the current high rates of Maori unemployment, opportunities were needed for self-supporting employment that met Maori requirements on a tribal or regional basis. To provide the foundations for development, Maori people needed assistance to gain financial and business management skills. The state also needed to make development capital available and to subsidise the cost of professional management services to new enterprises until they become self-supporting.

7.3.3 The Commission considers that community initiatives to generate jobs and reduce unemployment should be encouraged. In particular, we regard this as an important step towards recognising that the Maori people themselves must be seen as the trustees and guardians of their own people.

7.3.4 In the time available, it has not been possible to critically examine the potential of enterprise development assistance to reduce unemployment, or its probable costs and benefits. Further work in this area would be valuable and we believe should be made a high priority.

7.3.5 Proposals for work sharing to enable job opportunities to be more equitably shared included measures such as reduced working hours, early retirement schemes, increased part-time work and job sharing. Empirical studies have shown however that the reduction

in standard working hours would need to be very large to have a significant impact on unemployment as the relationship between working hours, output and the demand for labour is not a constant one. Historically, reductions in working hours in a number of countries have not led to proportional increases in employment (White, 1987, p. 16). The potential of work sharing arrangements to assist the unemployed is hindered by imbalances in the labour market which may result, for example, in a mismatch between the skills and locations of the people reducing their hours or retiring early, and the skills and locations of the unemployed.

7.3.6 Innovations in working hours would lead to other benefits, however, such as increased flexibility for people in the labour force to combine paid work with unpaid work, education or leisure. The Commission considers that innovations in working time arrangements should be pursued on these grounds.

7.3.7 *Proposals for Direct Job Creation*

A number of submissions called for direct government investment in jobs in the form of job creation schemes, or the funding of additional jobs in community services. Some submissions explicitly rejected the assumption that job creation subsidies have a distortionary impact on the economy and do not significantly increase the number of jobs. They took the view that New Zealand experience has shown that subsidies can be used to create jobs, particularly in the public and community sectors or through small locally-based enterprise developments. Other submissions acknowledged that there were problems associated with job creation schemes, but argued that the benefits of increased employment would be likely to outweigh the costs. Issues surrounding direct job creation measures are examined in more detail in sections 7.4 and 7.5.

7.3.8 *Proposals to Modify the Link Between Paid Work and Income*

A few submissions took the view that full employment could never be restored and therefore society needed to make long-term adaptations to a world in which not everyone could be expected or enabled to work. One such adaptation would be the payment of a universal guaranteed minimum income to all adults who did not participate in paid work. Alternatively, payments could be made

only to those who undertook unpaid work such as voluntary work or childcare. The payment of a universal guaranteed minimum income is taken up in the papers on Income Maintenance and Taxation.

7.3.9 In addition to the measures described above, which aim to have the effect of raising the demand for labour, there is a further set of labour market measures which aim to reduce unemployment by enhancing the capacity of the labour market to adjust. While they do not create jobs directly, measures such as training, mobility grants and public employment services have the potential to lower the aggregate unemployment rate and reduce the duration of unemployment experienced by individuals. They can achieve this by helping to eliminate mismatches between the skills and locations of job seekers and those of job vacancies, or by speeding up the process whereby job seekers are placed into jobs. Few submissions considered adjustment-oriented measures of this kind. However, it is important not to overlook them, for there is reason to believe that they are among the most effective of labour market interventions. Both these adjustment-oriented measures and direct job creation measures can be described as active labour market policies.

7.4 The Potential of Active Labour Market Policies

7.4.1 The main argument in support of active labour market policies is that they can reduce the costs of unemployment to society and to the economy. They may also play a positive role in helping the economy to operate more efficiently and effectively, leading to a higher rate of growth in output, incomes and employment. In addition, the reduction of unemployment through active labour market policies plays an important role in ensuring the success of other social policies, such as universal access to a minimum standard of housing.

7.4.2 The wide ranging social costs of unemployment have been noted in submissions and in the work of writers such as Sinfield, 1984. Active labour market programmes have the potential to mitigate these social costs. For unemployed people, labour market programmes which assist them into jobs offer increased income, a

higher standard of living, and an improvement in social and physical wellbeing. Labour market programmes can take low income families out of poverty or reduce financial pressures. The social costs of unemployment, such as increased demands upon social services or a rise in the level of community conflict, are likely to be reduced. The decline of communities in regions of falling employment may be halted or slowed by the provision of labour market assistance.

7.4.3 The economic benefits of active labour market policies result in part from a reduction of the costs of high or prolonged unemployment to the economy. In the short run, unemployment represents a loss of potential output and income, but in the long run it may have other more serious costs for economic performance. For example, with prolonged unemployment, existing skills may deteriorate, and opportunities for people to acquire new skills are foregone. Evidence from the United States suggests that long-term unemployment not only reduces earnings for the duration of unemployment, but also leads to long-term reductions in earning capacity, especially among young people (Parnes, 1982, quoted in Wilensky, 1985, p. 6). There is widespread acceptance that job creation should be undertaken in order to reduce long-term unemployment (Mabbett, D. Active Labour Market Policies, vol. 3 RCSP Report, 1988). The loss of skills and work experience resulting from unemployment reduces the potential for economic growth. Social problems that are exacerbated by high levels of long-term unemployment, increase demands upon social services and social expenditure, which in turn may mean lost investment and a reduction of future production potential. The deterioration of services and infrastructure in regions suffering from high unemployment may also reduce the nation's capacity for future growth. These economic costs can potentially be reduced by labour market policies.

7.4.4 More generally, active labour market policies can contribute to improved economic performance by improving the speed and quality of matching processes in the labour market. As noted above, an implicit objective of many labour market measures, such as mobility grants or training programmes, is to help individuals and firms adapt to changing circumstances in the labour market such as shifts in the supply and demand for labour across industries occupations and regions. Such policies are likely to enhance the overall flexibility of the labour market, facilitate the allocation and

reallocation of labour resources within it, and reduce the incidence and duration of unemployment.

7.4.5 Job vacancy information and placement services are a particularly important example of this type of measure. The provision of a vacancy information and placement service for the use of job seekers and employers is likely to enhance the efficiency of the labour market, reduce the incidence and duration of unemployment, and generate wider benefits for society. There are several reasons why a public placement service may be beneficial. Firstly, the market for information on job vacancies does not operate in the same manner as an idealised, perfectly competitive market for commodities, since returns from investments in information are uncertain and hard to capture. Without intervention, information is likely to be under-provided. Secondly, there are regional, demographic and socio-economic inequalities between job seekers which affect their ability to gain information on job vacancies and access to profitable channels of job searching. Without placement assistance, the operation of the labour market would be likely to exacerbate rather than reduce these irregularities. Thirdly, the gains to society from rapid and effective matching, (such as a reduction in the stresses of unemployment and the minimisation of tax and revenue losses), are likely to exceed the benefits to the individuals or firms who are undertaking search. This suggests that an insufficient amount of job searching may occur in the absence of a public employment service.

7.4.6 These potential benefits of active labour market policies are not, of course, always perfectly realised. Active labour market policies also have a number of problems associated with them, which have led some people to question the value of expenditure on such measures.

7.4.7 Studies have shown that some of the subsidies paid out to employers under job creation schemes are in practice paid for jobs which would have been created anyway, in the absence of the scheme. This means that there can be a wastage of public expenditure through 'windfall gains' to employers. While the job seekers who are eligible for placement onto the schemes gain jobs, other workers who would otherwise have been employed on an unsubsidised basis may lose them. Furthermore, since wage subsidies lower the labour costs of the firms that are participating in job creation schemes, these firms gain a competitive advantage in the marketplace. Firms that do not receive subsidies may lose sales, forcing

them to reduce employment. Thus, the subsidies paid to some firms may 'displace' jobs elsewhere in the economy, offsetting the original job creating effect.

7.4.8 International studies of the net employment increases resulting from employment subsidy programmes have produced varying estimates. The impression from OECD data is that the only firm conclusion that can be made is that subsidies do have some effect on total employment. How much seems to depend critically on scheme design and the local economic environment (OECD *Marginal Employment Subsidies* 1982). While it is possible to locate studies of schemes which appear to have generated only one genuinely new job for every ten subsidised, there are other case studies in which figures as high as seven new jobs for every 10 subsidised are suggested.

7.4.9 All employment and training grants and subsidies do have some displacement effects. Views on the magnitude of these displacement effects differ according to the particular model of the economy that is held. It is generally agreed, however, that it is very difficult to measure displacement effects accurately and reliably.

7.4.10 Active labour market programmes can be costly and have to be financed either by taxation or increased public borrowing. The financing of active labour market measures may make the attainment of other economic goals more difficult. One view is that the process of financing expenditure may 'crowd out' private sector investment, reducing jobs and output elsewhere in the economy. Another view is that expenditure on active labour market measures may stimulate increased private sector spending through the multiplier effect. In fact, which of these effects is the dominant one in practice will depend on a variety of factors including the state of the economy and the influence of other policy instruments.

7.4.11 Another problem associated with employment and training programmes is that in some cases they lead to labour being used in relatively unproductive ways or for relatively unproductive activities. Job creation programmes which offer employers full (100 percent) wage subsidies are particularly vulnerable to this criticism. If employers do not have to bear any of the costs of subsidised labour, they will not have any direct financial incentive to ensure that this labour is used efficiently. Furthermore, if the output produced by job creation programmes is such that it is not sold in the market place its true value is difficult to assess objectively.

This makes it more difficult to ensure that public sector programmes do in fact undertake work of value to society.

7.4.12 The Commission considers any such problems are best overcome by developing proper control mechanisms, rather than rejecting work schemes financed through the public sector as a potentially effective and desirable instrument of employment assistance.

7.5 Active Labour Market Policies in New Zealand

7.5.1 New Zealand, like many other OECD nations, responded to sharp rises in unemployment during the 1970s by expanding the number of public sector jobs. Using the 'special work' regulations, positions were created to absorb the growing numbers of people who could not be immediately placed into regular job vacancies.

7.5.2 Later these public sector positions were reorganised into a range of fully subsidised employment programmes. These offered unemployed people temporary jobs (typically lasting for six months) paid at award rates. Employers in the public and voluntary sectors received 100 percent wage subsidies plus allowances for overhead and supervisory costs if they employed an eligible unemployed person through a scheme.

7.5.3 The fully subsidised employment schemes dominated the spectrum of labour market assistance from 1980 to 1985. They were supplemented to some extent by job creation schemes operating in the private sector, which offered partial wage subsidies to employers who took on an unemployed worker for a position additional to their existing workforce, and by training programmes for the young unemployed.

7.5.4 The composition of labour market assistance was radically altered in the mid 1980s when a decision was taken to phase out the fully subsidised schemes and place greater reliance on partial wage subsidies as the primary instrument of employment assistance. The focus changed from concern to keep people in jobs, to a desire to restructure the labour market, improve the level of vocational training, and assist the most disadvantaged job seekers.

7.5.5 The view that employment schemes did not add much to the total stock of jobs, but simply altered the composition of

employers' demand for labour towards job seekers who were eligible for a subsidy, came to be widely accepted by policy makers. In this context the very limited amount of adequate evaluation of any research of employment programmes in New Zealand should be noted (Bertram G, *Evaluation of Employment Programmes* vol. 3 RCSP Report). Schemes which had been designed, at least in part, with the intention of creating additional jobs were reassessed by policy makers. The fully-subsidised employment schemes were singled out for particular attention in this assessment process because they appeared to have a number of other shortcomings. First, they were relatively expensive. The cost of placing an unemployed job seeker onto a fully-subsidised scheme at an award wage, was two to three times higher than the cost of putting them into an existing, private sector job vacancy with the help of a partial wage subsidy. Secondly, the fully-subsidised schemes were not as effective in improving the longer-term employment opportunities of participants as originally anticipated. A considerable proportion of participants in schemes such as PEP and the Work Skills Development Programme were failing to obtain permanent jobs either during or after their spell on a scheme, but instead were being recycled between unemployment and a succession of work scheme jobs. In isolated communities and in regions badly affected by unemployment, concentrations of people more or less dependent on work-scheme employment developed. This was considered unsustainable in the long run.

7.5.6 Thirdly, the value of work performed under the temporary work schemes was the subject of public debate. On the one hand, it could fairly be said that much work of substantial community benefit was carried out using employment subsidies. Community organisations and local authorities made use of the temporary work schemes to provide new community facilities and cultural amenities, or to extend social services. Individuals benefited through learning work skills and gaining an employment record. On the other hand, there were projects which did not appear to meet any clear criteria of social or economic value. These were criticised on the grounds that they chiefly provided work of a low priority, unproductive nature, which was of little value to the community and was carried out using inefficient, labour intensive methods. Some participants complained of the demeaning and demoralising nature of the 'make-work' activities they were required to perform.

7.5.7 If the goal of employment assistance was to get unemployed workers into jobs, it seemed to policy makers that schemes which encouraged recruitment into regular jobs were more likely to be effective than schemes offering work on artificial short-term work projects. The placement of job seekers into regular jobs gives them a chance to demonstrate their value to an employer who has the ability to retain them once the subsidy ends. The placement of job seekers into productive, private-sector work environments may also do more to encourage on-the-job training, since any improvements in the subsidised worker's productivity will directly benefit their employer. Several substantial changes to the structure of labour market assistance were the outcome of this reassessment process.

7.5.8 The Job Opportunities Scheme, (JOS), introduced in 1985, extended the availability of partial wage subsidies to employers in all sectors of the economy. Between January 1986 and March 1987 the fully-subsidised schemes were largely phased out. The shift from fully-subsidised to partly-subsidised employment programmes was accompanied by moves to give a greater emphasis to training. The Community Organisations Grants Scheme was also set up at this time to provide continued funding for valuable social services which had been developed with the help of fully subsidised labour.

7.5.9 An examination of the number of people employed on fully-subsidised schemes, on partly-subsidised schemes, and in training, illustrates the impact of the policy changes on the composition of active labour market assistance. The number of people engaged on the fully subsidised schemes fell from over 20,000 in January 1986 to only a few hundred by mid 1987. At the same time, the number of people on government-funded training programmes was rapidly expanded, to reach a peak of over 17,000 in March 1987. Increased training served to offset part, but not all, of the decline in fully-subsidised employment. The level of partly-subsidised employment also fell during 1986 as a result of the transition from the earlier private sector subsidy schemes to JOS.

7.5.10 The fall in the total number of people assisted by employment and training measures was in part a consequence of the changes in the range of assistance measures and in part a consequence of the introduction of a budgetary ceiling. A limitation of partial wage subsidy schemes such as JOS is that the number of long-term unemployed people it is able to assist depends on the

attractiveness of the subsidy to employers. So far it appears that employers will not offer the same number of placements as under previous schemes. In its first year of operation the number of job seekers who were eligible for assistance under JOS substantially exceeded the number of suitable job vacancies in which they could be placed. More recently, the number of employers seeking to make use of the wage subsidies offered under JOS has increased but funding constraints have meant that employers as well as job seekers are being turned away. Expenditure constraints have also placed a ceiling on the number of people who can be assisted by ACCESS training.

7.5.11 The Commission is disturbed by the impact of the decline in the scale of labour market assistance over the past three years. In human terms, this decline represents a dramatic loss of opportunities for the unemployed to gain access to paid employment, with consequent economic and social implications.

7.5.12 In our view, decisions on the reform of employment and training measures need to be made as far as possible on the basis of adequate empirical information on the effectiveness of programmes, their impacts on individuals and communities, and their full range of costs and benefits to society. In addition, consideration should be given to the positive role of active labour market policies in facilitating economic adjustment and assisting the attainment of social policy objectives.

7.5.13 In terms of published material there is remarkably little available in explaining the current level of unemployment in New Zealand. Some lessons are available from overseas literature on the effective design of employment and training programmes. The lessons are complex, reflecting the fact that good policy requires appropriate matches of programmes to problems and the creation of effective institutions to deliver such programmes. Some generalisations have been ventured.

> 'First, it appears that both good evaluations and good institutions form necessary elements of the best employment and training policies, though we rarely see their confluence. Second, intensive residential training for distressed youth seems to be an effective strategy. Third, general and vocational training and job search assistance for poor women entering or re-entering the labour market as adults also seem effective. Fourth, no set of programs works well for seriously disadvantaged adult males, but those that might have been effective have not been well-evaluated. Fifth, marginal employment subsidies with simple structures, outreach efforts,

> and minimal interference appear to be a cost-effective active labour market policy to reduce counter-cyclical employment. Sixth, all interventions increase their effectiveness if accompanied by strong growth in effective demand in the economy. Seventh, in a period of long-term labour market slack, intensive programs combined with targeted reductions in labour supply and measures to increase labour market mobility appear to have substantial potential. Eighth, careful program coordination with full participation in policy decisions by unions, employers and government policymakers forms a desirable institutional arrangement if it can be achieved. Ninth, explicit work-sharing arrangements appear to have substantial adjustment costs and tend to be difficult to revise when once put into place. Tenth, if programs are to be targeted on industries, they will be better and there will be less chance of money being wasted on them if the industrial beneficiaries ultimately have to pay for them.'
>
> (Haveman and Saks, p. 35)

7.5.14 Although there is evidence of the importance of thorough, wide-ranging cost-benefit evaluations in bringing to light the real value of expenditure on labour market programmes conclusive quantitative cost-benefit results should not be expected. Cost effectiveness and cost benefit analysis are useful tools for guiding policy makers especially when choices can be made among alternative specific courses of action directed to a chosen goal. However, too much should not be expected of that analysis. 'Cost benefit analysis of employment programmes . . . tends to include a much wider variety of non-quantifiable elements, with the result that no conclusive numerical answer is likely to be attainable. The technique may render policy choices more transparent, but ultimately it cannot substitute for the exercise of political judgement. (Bertram G, Evaluation of Employment Programmes, vol. 3 RCSP Report)

7.5.15 While any decision on the allocation of resources to active labour market policies must be based on a proper analysis of their capacity to redress unemployment effectively at reasonable cost, it is the Commission's view that the present level of resource commitment is inadequate and should be expanded.

7.5.16 In stating this view we reiterate our belief that the primary instruments for achieving a fairer society must be economic and social policies designed to provide full employment. Full employment must rank alongside low inflation and economic growth as the key objective of all policy. We do not believe that full employment should be sacrificed in order to obtain other goals.

7.5.17 Policies and programmes that are intended to reduce unemployment should as far as possible be linked to an empirically

well-founded analysis of the causes of unemployment. There is much work needed in New Zealand to provide such an analysis. Without such an appraisal the response to unemployment will be ad hoc and possibly misguided.

7.5.18 As there are many reasons why unemployment exists, it follows that many measures will be needed if the full range of causes is to be addressed.

7.5.19 The objectives of particular assistance measures should be clearly defined, attainable and not mutually conflicting.

7.5.20 Labour market measures should help individuals and communities to move towards sustainable patterns of employment and resource use. Policies that encourage and assist adjustment are usually preferable to policies that necessitate long-term financial support.

7.5.21 The range of labour market measures that may contribute to positive adjustments is broad, and includes training programmes; relocation assistance; the provision of advice and information to widen the choices open to job seekers and help them make appropriate choices; the provision of a placement service to improve the quality and speed of job matching; specific job creation schemes; the modification or removal of structural barriers in the labour market that impede adjustments of wages or employment; employment assistance that is successful in reintegrating the long-term unemployed into employment; and employment assistance that preserves skills that have a future productive potential.

7.5.22 The burdens of adjustment to structural change should not fall solely on the individuals and communities making the changes, but should be equitably shared by society, as a whole, which benefits from such change. There is a case for policies that redistribute or share the costs of unemployment and structural change. The Commission endorses the principle of providing labour market assistance on the basis of need. However, it believes that the capacity of current measures to redistribute the costs arising from unemployment and structural change is impeded by their limited scale and relatively narrow focus.

7.5.23 If the scale of labour market programmes means that they fail to cater for more than a minority of the long-term unemployed, as is the case at present, then their impact on the distribution of costs is much reduced. Similarly, the goal of sharing the costs of structural change is undermined if there are whole communities or groups of job seekers whose particular needs are not

effectively met within the spectrum of available measures. The persistence of substantial regional, ethnic and gender inequalities in the distribution of unemployment suggests that considerable scope for redistribution remains.

7.5.24 Policies that will facilitate job creation, along with other active labour market policy measures, are essential instruments to address the particularly high rates of Maori unemployment and its negative impact on the Maori community.

7.5.25 Labour market policies and programmes should be responsive to the values and requirements of the different cultures that make up New Zealand society.

7.5.26 The net social, fiscal, and economic benefits of a policy or assistance measure should outweigh the costs.

7.5.27 There is a need to maintain an appropriate balance of measures within an integrated employment strategy.

7.5.28 Experience has shown that the effectiveness of particular policies can be compromised if complementary measures are absent. For example, the effectiveness of training programmes in assisting trainees to get jobs is likely to be reduced if they are not accompanied by appropriate information, placement and mobility assistance.

7.5.29 Labour market policies and programmes should be part of an integrated policy on work and should be responsive to the needs of workers with responsibilities outside the paid workforce.

7.5.30 Policies to assist the unemployed have tended to reproduce rather than break down rigidities in the organisation of working hours. The Commission believes that employment and training assistance should be available on a part-time as well as a full-time basis.

7.6 The Unemployment Benefit

7.6.1 The role of the unemployment benefit is most often conceptualised in terms of its welfare and income maintenance functions. Insofar as many of those who become unemployed are victims of economic changes beyond their control, basic considerations of social equity dictate that assistance should be given to the unemployed.

7.6.2 Alternatively, however, the unemployment benefit can be viewed in economic terms as a search allowance. It provides support for people to enable them to undertake the search needed to find a satisfactory job. In the absence of the unemployment benefit, people without savings would have to move immediately into a new job. This is not only unrealistic but would greatly increase the incidence of 'bad matches'. The payment of unemployment benefit should ensure that people are able to wait for a suitable job to come up: a job that makes appropriate use of their skills, constitutes a productive use of their time, and pays an adequate wage.

7.6.3 The Commission supports the provision of an unemployment benefit on each of the bases outlined above. The Commission has noted, however, the concerns expressed in some submissions that the unemployment benefit acts as a disincentive for unemployed people to compete actively for the jobs that are available. These matters are canvassed in our work on Income Maintenance and Taxation and the Inter-relationship of Economic and Social Policy so only our major conclusions are discussed here.

7.6.4 A number of submissions were received suggesting changes to the present unemployment benefit system. These included stricter use of a work test, the imposition of a limit on the duration of unemployment benefit payment and the implementation of a work-for-benefit requirement. The Commission considers it important to maintain the integrity of the unemployment benefit system especially at a time when there are insufficient jobs on offer. The following examines some of the challenges to the integrity of the benefit system presented by high unemployment and possible reforms to meet those challenges.

7.6.5 *Effect of Benefit Provision on Labour Force Participation*

Inherent in most social security programmes is a possible disincentive for individuals to work and provide for themselves. Some commentators argue that these disincentives have contributed to high unemployment, and long-term dependency on state benefit provisions. According to prevailing economic theory, unemployment benefits have two possible disincentive effects on labour supply. (Brosnan et al, 1987, p.3.)

7.6.6 Firstly, workers may be induced to leave employment, may have no incentive to leave unemployment, if they perceive the

gains to be made from returning to employment as insufficient to offset the cost of losing the unemployment benefit, transporting themselves to and from work, clothing themselves for work, and losing leisure time enjoyed while unemployed. The 'reservation wage', below which workers will not supply their labour, is said to be an increasing function of the extent to which the unemployment benefit compensates for lost wages, ('the replacement rate'), so that more generous benefits increase voluntary unemployment.

7.6.7 Secondly, the duration of unemployment for any individual may increase as a result of the existence and level of benefits. Without financial incentive to return to work immediately, unemployed workers may choose to enjoy more leisure time or spend more time searching for the right job rather than accepting the first offer (Brosnan et al, 1987, p. 3).

7.6.8. A considerable amount of research has been undertaken in other countries to investigate the impact of unemployment benefit provisions on labour force participation and work activity. While some of the findings of this body of research are conflicting, in general studies have failed to find evidence of a significant relationship between the level of the unemployment benefit and the level of unemployment. Brosnan and associates conclude, on the basis of a recent review of the evidence, that both the aggregate level of unemployment and the probability of being unemployed at a household level are not greatly influenced by the level of benefits (ibid pp 4–5). A relevant study of unemployment in New Zealand by Hicks (1984), which tested the hypothesis that a rising unemployment ratio induced unemployment, did not find support for this hypothesis.

7.6.9 Several reasons for an insensitivity of unemployment in New Zealand to changes in benefit levels may be suggested (Brosnan et al, 1987, p. 4). In contrast to most other countries, New Zealand has a flat-rate system of unemployment compensation, where the size of the benefit is not related to previous earning or contributions. The effective replacement ratio facing each individual is much lower and provides less inducement to stay unemployed than in other countries. Secondly, New Zealanders do not contribute directly to a social security fund and because there is no qualifying period of employment or minimum level of contributions the benefit is seen as a handout, not compensation as of right. For some, it consequently carries a stigma which may discourage involuntarily unemployed people from claiming benefits to which

they are entitled. Thirdly, coverage in New Zealand is limited by the income test. Eligibility is determined on the basis of the income of both the claimant and their spouse, which effectively excludes married people who are secondary income earners. Studies indicate that women, and in particular married women, are a group whose labour supply responses are particularly sensitive to changes in benefit levels. Therefore the group whose registered unemployment rate would react most to changes in unemployment levels is not fully included in the New Zealand analysis (ibid, p. 4).

7.6.10 There is some evidence that the unemployment benefit extends the duration of unemployment but little consensus over the extent of this effect. Hicks (1984) looked for a relationship between the replacement ratio and unemployment duration in New Zealand. He found a positive relationship between the level of unemployment benefit payments and duration, estimating that a 10 percent increase in the replacement ratio would extend the average unemployment spell by just over a week and a half. Hicks argues that this increase in search time may have a beneficial impact on the aggregate unemployment rate if it results in workers finding jobs which they are less likely to quit. This would explain why increases in unemployment duration did not appear to raise the aggregate level of unemployment. Evidence from other studies has suggested that the impact of benefits on total durations is not particularly large. Furthermore, the lengthening of durations may occur amongst some demographic groups only, such as teenagers (Brosnan et al, 1987, p. 6).

7.6.11 It is worth noting that increases in unemployment duration do not necessarily occur at the expense of work activity. Some proportion of unemployment benefit recipients choose between unemployment and non-participation in the labour force (Brosnan et al, 1987, p. 7). There is some evidence from overseas that unemployment benefit eligibility may encourage continued job search by individuals who would otherwise become discouraged and quit looking for work.

7.6.12 It is apparent from the international research that the relationship between benefit provisions and labour force participation is a complex one. It is affected by cultural and demographic factors, and by economic conditions such as the demand for labour. The sensitivity of labour supply to benefit provision has been found to vary by age, sex and race, with prime age males generally being least sensitive to changes in benefit provision (ibid, p. 25). Slack

labour demand also means that the unemployed or subgroups within the unemployed have greater difficulties finding work irrespective of the benefit level and ease of eligibility. Thus, a work disincentive effect demonstrated for one group or nation, or at one point in time, may be absent from another. Variations in income maintenance provisions are only one of many factors which lead to variations in labour force behaviour.

7.6.13 On the basis of this evidence the Commission has concluded that variations in the level or duration of the unemployment benefits are unlikely to have a significant impact on labour supply. There is reason to believe that such variations do not in practice lead to substantial changes in the work behaviour of a large number of people. This is the case for young people as well as other sectors of the population. Accordingly, until such time as contrary evidence becomes available we see no justification for proposals to lower the unemployment benefit for young people on the grounds of its postulated disincentive effects.

7.6.14 *Administration of the Unemployment Benefit*

In most western nations, systems of administering the unemployment benefit incorporate mechanisms to ensure that benefits are paid only to applicants who are genuinely involuntarily unemployed. Benefits may be paid subject to a work test, designed to verify that the claimant is indeed actively looking for and available for work. A waiting or 'stand-down' period may be introduced for some or all categories of applicants, to discourage people from becoming voluntarily unemployed. Alternatively, the benefit may be payable for a limited time period only.

7.6.15 In New Zealand, the Department of Labour's administration of the unemployed register constitutes the 'work test' applied to unemployment benefit claimants. To remain on the register, job seekers must report to the office of registration at regular intervals. If the Department feels that they are not making adequate efforts to find a job it may remove them from the unemployment register.

7.6.16 Several problems arise in the operation of the work test. The system is ill-equipped to handle the results when beneficiaries take up temporary, casual or part-time work. From the point of view of income maintenance, people may work several hours in the day or days in the week without exhausting their entitlement

to a benefit. However, the operation of the work test is in conflict with this outcome. Technically those on the Department of Labour's register should be available for full-time work. Taking up employment, even for just a few hours or days, means that a worker is not fully available.

7.6.17 If the Department of Labour were to strictly enforce its own rules and drop those working from the register, their benefit would cease as they would no longer meet the official work test. This outcome would obviously be in conflict with the objective of encouraging work effort. A related problem is that claimants must declare that they want full-time work in order to obtain income maintenance, whereas it is likely that some would be satisfied, or happier, with part-time work.

7.6.18 A second problem is that the operation of the work test is undermined by high unemployment. In the past the Department of Labour relied on its ability to make job offers to prevent abuses of the system. If job offers are not readily available, however, it becomes more difficult to administer the work test in an effective and publicly acceptable manner. At present there are not enough places on employment and training programmes, or vacancies on the books of the Department, for a strict application of the work test to be possible in all districts.

7.6.19 One way of ensuring that the unemployment benefit is operated as a search allowance would be to limit the duration for which it is payable. This is the situation in many countries where the unemployment benefit is insurance-based. However, it should be noted that unemployment insurance is generally paid at much higher rates than the New Zealand benefit, and is often related to previous earnings. The worker's insurance entitlement is backed up by a social security safety net whereby the unemployed are paid a social security benefit after entitlement to the unemployment benefit is exhausted.

7.6.20 Imposing a finite duration on the unemployment benefit in New Zealand would have two implications. Firstly, if the benefit was to be a 'search and adjustment' benefit, it should not be means-tested against a spouse's income. It should also not be denied for a period of time if previous earnings or holiday pay are thought sufficient to tide the registrant over. A 'search' benefit would only meet its functions if it was paid as of right to all unemployed people looking for work. Secondly, provision would have to be made for those whose entitlement ran out before they found

work. In countries such as Denmark and Sweden, people in this position have the right to be offered a job, which the state then has the task of finding or creating.

7.6.21 Stricter application of the work test than at present would also require a number of issues to be resolved. Some idea of the issues that arise can be obtained by looking at the Swedish unemployment insurance system, where benefit levels are much higher than in New Zealand but a work test is more stringently administered. A registrant with the Swedish system receives benefit for 'normal search time' in his or her customary occupation. If a job is not found, the person may be offered other 'suitable' employment, training, or subsidised employment, depending on the person's circumstances. Refusal of these options results in termination of benefit.

7.6.22 Guidelines exist to indicate where employment is to be considered suitable. These guidelines cover travel-to-work times, utilisation of skills (within the bounds of labour demand conditions), and wages (which must be at least those specified in the appropriate collective agreement). A job that involves moving house is not necessarily unsuitable, nor a job involving a change of occupation. There is a right of appeal against local office decisions.

7.6.23 Corresponding guidelines do not formally exist in New Zealand. One advantage of formulating guidelines would be that public debate could occur over what does constitute a suitable offer of work. An obvious area of debate is whether unemployed people in declining regions should be required to move to other parts of the country to take up work. At present the 'remote areas clause' of the Social Security Act (Section 51(C)) allows the Department of Social Welfare to decline the unemployment benefit to people who live in parts of the country where there are no jobs, and this clause is the subject of controversy. Submissions on the remote areas clause saw its impact as discriminatory in that it restricted the right of unemployed people to choose where they might live, and undermined the ability of Maori people to return to their ancestral lands. The Commission has a sympathy with these views.

7.6.24 Ultimately, the ability of the state to ensure that the unemployment benefit is paid for its proper purpose depends on there being something to offer as an alternative. The willingness of the unemployed to accept work cannot be tested without the offer of work, and humanitarian considerations dictate that the unemployment benefit cannot be terminated after a certain period unless

some form of assistance is available to those who do not succeed in finding a job before their entitlement runs out.

7.6.25 There are a number of possible responses to this situation. For example, jobs could be provided by the state through job creation programmes and made available as a last resort to job seekers when the preferred options of unsubsidised work or training could not be enforced.

7.6.26 Alternatively, some form of 'workfare' scheme could be established, providing unpaid community work as a condition of remaining on the unemployment benefit beyond the normal cut-off point. The desirability of such schemes is considered under section 7.7.

7.6.27 If the costs of job creation are very high—whether through conventional job creation programmes which pay award wages, or through workfare schemes which do not pay wages above the unemployment benefit, but still entail substantial operating costs—it may be of mutual advantage to the individual and the state to relax the work test and offer a long-term benefit. This already occurs in limited areas. For example, workers aged between 55–60 who have been unemployed for over one year and are unlikely to work again can be exempted from the need to report regularly to the Department of Labour as a condition of remaining on the unemployment benefit. This practice could be extended to other groups. People could be freed from the requirement that they report in to the Department of Labour and keep themselves available for work, a condition that is often seen as vexatious when there are insufficient paid jobs available, in exchange for undertaking voluntary work within the community.

7.7 Workfare

7.7.1 The idea that unemployed people who are capable of working should be required to work for their unemployment benefits was strongly expressed in many of the submissions received by the Commission. People may support the work-for-benefit principle because they believe it will reinforce the work ethic; make recipients more employable; demonstrate to others that these people are employable; save money; deter people from becoming welfare recipients; or enable useful work to be done. People may oppose

work-for-benefit because they believe that it stigmatises beneficiaries by implying, without evidence, the lack of a work ethic when the real problem is lack of jobs; that it oppresses the victims instead of treating the causes (inadequate jobs or inadequate skills); that it tends to lead to make-work of little value ; that it displaces others in regular jobs; and that it costs too much (Ogborn, 1986, p. 2).

7.7.2 In New Zealand interest in workfare has centered mainly on the unemployed. Much of the current debate on workfare is influenced by perceptions of what is happening in the United States but these perceptions are not always accurate. In the United States workfare has been aimed almost entirely at sole parents. Currently only eight States have comprehensive programmes that operate on a State-wide basis (Ogborn, 1986, p. 7) and even in those participation is not universally required. Many schemes exempt certain categories of welfare recipient—such as mothers with pre-school children. Budgetary constraints have also prevented some states from making available a sufficient number of work or training opportunities to make participation genuinely compulsory. When the number of people excused from taking part is accounted for, the actual participation rates even in compulsory schemes are low. (Klaus, 1986, p. 7).

7.7.3 The most sophisticated evaluation of workfare to date was carried out by the United States Manpower Development Research Corporation (MDRC), which evaluated eleven different State workfare initiatives (some of them demonstration projects only) (Gueron, 1986, p. 7). It should be emphasised that the evaluations were not simply of work-for-benefit schemes, but of more comprehensive programmes, not all of which included a work-for-benefit component. The most common component was job search training.

7.7.4 With respect to overall costs and benefits, the MDRC concluded that 'from a narrow budgetory perspective, workfare appears to cost, rather than save money in the short-run' (Gueron, 1986, p. 12). It should be noted that work-for-benefit programmes appear to be one of the more expensive components of workfare schemes. It was estimated in California, for example, that in 1986 job search assistance cost $500 per case; grant diversion (the payment of welfare grants to employers as a wage subsidy) cost $800 per placement; and community work experience $1,700 per case (Swoap, 1986, p. 26).

7.7.5 Of course, work-for-benefit initiatives may be supported even if they do not promise to save money in the short-run, on the grounds that in the long-run they will lead to a reduction in welfare dependency. However, to date there is little firm evidence to support the belief that work-for-benefit schemes, independent of other training or counselling elements, do in fact significantly improve the employment prospects or earnings of recipients. In part this is because the type of jobs generally made available through workfare programmes in the United States (primarily entry level positions in maintenance, clerical or service work), tend not to provide much opportunity for skill development (Gueron, 1986, p. 10).

7.7.6 Implementation of Workfare in New Zealand

Recent proposals for work-for-benefit schemes in New Zealand are typically intended to apply to people on the unemployment benefit only, not those on other types of benefit. It is generally considered that requiring recipients of the domestic purposes benefit to work would be impractical, since many have children or other caring responsibilities and would require access to childcare or other facilities in order to participate.

7.7.7 Logistically it would be a major undertaking to apply compulsory work-for-benefit requirement to unemployment beneficiaries. Implementation would require—

(a) Specific jobs for the unemployed. Community organisations, local authorities or Government agencies would have to be sufficiently well organised to provide work projects, supervisors, materials and equipment. The government would need to bear the cost of this infrastructure. Past experience with fully subsidised schemes indicates that these costs may represent around 25 percent of the wage costs. Thus, even if the work-for-benefit scheme paid participants allowances at the current unemployment benefit rates, it would still entail very substantial additional costs.

(b) Unemployed persons capable of engaging in the work provided. Difficulties could arise if there is a mismatch

between the abilities of the unemployed and the work available.

(c) A placement service to co-ordinate the above.

(d) An arbitration facility to consider exemptions for those who believe that they should not be included in the scheme.

7.7.8 A compulsory scheme would have to operate across the country and therefore be located in all regions. This would involve the placement of some 79,000 persons, if all those receiving the unemployment benefit were required to participate (the unemployment benefit is received by approximately 70 percent of the registered unemployed). This mammoth placement task would require considerably more resources than currently exist in the Employment and Vocational Guidance Service.

7.7.9 A scheme operated on this scale would be likely to have considerable displacement effects. A further problem is that the rate of turnover among people on the employment benefit is much higher than the rate of turnover among the recipients of benefits targeted to sole parents, such as the domestic purposes benefit. Most people who receive the unemployment benefit do so for less than 6 months; only 27 percent of unemployment benefits continue to be paid beyond this point. Since there are likely to be considerable fixed costs associated with each placement, requiring the short-term unemployed to participate in a work-for-benefit scheme would dramatically increase costs in relation to any savings in benefits that are achieved.

7.7.10 The Commission has concluded that it would be extremely costly, and probably not feasible to implement a scheme which required *all* unemployment benefit recipients to work for their benefits. Both the immediate fiscal costs, and the output and employment losses brought about through displacement, would be large. The scheme could instead be targeted on segments of the unemployment register, such as young people (27,000 in December 1987) or people unemployed for more than 13 weeks (42,000). Nevertheless, a target scheme would still entail substantial costs.

7.7.11 The weight of the evidence seems to indicate that there are better ways to help young or long-term unemployed people find jobs—such as training, placement assistance, training in job seeking skills, or targeted employment subsidies. These forms of assistance are more likely to prepare unemployed people for jobs and to break down the barriers that keep people in long-term

unemployment. If there is a desire to devote greater resources to the problem of unemployment; reduce the number of long-term unemployment beneficiaries; combat welfare dependency; improve the attitudes of the unemployed or public attitudes to unemployment; then compulsory work-for-benefit does not seem to be the best way to accomplish these goals—either in terms of its effectiveness or in terms of its cost-efficiency.

7.7.12 While a compulsory work-for-benefit scheme cannot be supported, the Commission believes that there is a strong case for providing unemployed people with opportunities to undertake unpaid community work on a voluntary basis. Providing the opportunity for voluntary work would go some way towards making the experience of unemployment a more productive and meaningful one. Young people in particular should have opportunities to participate in community work while unemployed and indeed should be encouraged to take up these opportunities.

7.7.13 The Commission proposes that the Employment and Vocational Guidance Service maintain a register of unpaid community work opportunities notified by community organisations. This would increase the amount of information available to unemployed people on the range of voluntary work opportunites in their area. The screening, selection and referral of volunteers for community work positions could be the responsibility either of the Employment and Vocational Guidance Service or of voluntary agencies acting in a co-ordinating role.

7.7.14 Voluntary work positions notified to the E & VGS should be part-time rather than full-time, so that participants would still have the capacity to look for paid work. Participants would be expected to continue searching for work and accept any suitable job offers that became available.

7.7.15 The Commission recognises that voluntary organisations have a limited capacity to make use of unskilled voluntary labour without additional resources for training, supervision and administration. Initially at least, the number of opportunities made available through the scheme would not be large. The relatively short periods for which many people are unemployed, particularly young people, may also lead to problems of continuity for voluntary organisations. Nevertheless some organisations and communities are likely to benefit, particularly in rural areas where opportunities for paid work are scarce.

7.7.16 For individuals, the scheme would provide opportunities to acquire skills, develop confidence, and gain a recent work record and respect in the eyes of their community.

7.8 Changes to the Employment Contract

7.8.1 Because of the many complex conditions that are part of the employment relationship, employment cannot be viewed simply in terms of an exchange of labour for money. Beyond the exchange relationships lie arrangements of authority and control. These arrangements affect the performance of work in employment and the termination of employment. They combine to influence the quality of people's working lives and their security outside employment.

7.8.2 Recognition of this is reflected through legislation in a number of areas. For example, under the Labour Relations Act 1987 provision is made for workers to stop work if they have reasonable grounds for believing their health or safety may be jeopardised.

7.8.3 Changes in the labour market such as those caused by corporatisation and privatisation have brought about a new instability to employment. Many submissions to the Commission detail the hardship caused to individuals and communities by those changes.

> Some Maori miners (from Huntly) have been made redundant a second time. Those who were given jobs at Glenbrook Steel Mill lasted only two months before being given the golden handshake again.
>
> They are now working at Kinleith Mill in Tokoroa. How long will these jobs last?
>
> (Rori Nathan No. 199)

7.8.4 Under the Labour Relations Act there are personal grievance procedures available which cover dismissal, discrimination, sexual harassment and the like. The Commission sees the need, however, for the establishment of comprehensive procedures to minimise the negative inpact on workers and communities of such occurences as rationalisation mergers, takeovers, privatisation of state owned enterprises, corporatisation, technological changes and bankruptcies.

7.8.5 The Commission considers that the present provisions relating to employee job security do not meet the standards of a fair

and just society and that this has economic and social implications beyond the immediate workplace. We therefore recommend that adequate minimum provisions should be developed with some urgency and incorporated in legislation after consultation with employers, unions and other interested parties.

8 Elimination of Inequalities

Introduction

8.1 As one of the foundations of New Zealand's society and economy the Commission is required to have regard to 'the equality of men and women and the equality of all the races'. Further, one of the standards of a fair society listed under our Terms of Reference is 'genuine opportunity for all people, of whatever age, race, gender, social and economic position or abilities to develop their own potential'.

8.1.1 Submissions to the Commission identified a number of factors that contribute to genuine opportunity and enhance the quality of New Zealander's working lives. These included safe and healthy working conditions, protection from arbitrary dismissal or redundancy, the ability to organise collectively, opportunities to learn and develop skills, freedom from discrimination and harassment, positive measures to redress past discriminatory practices, flexible working time arrangements, fair pay fixing procedures, access to impartial arbitration in the event of a dispute between employer and employee, adequate domestic leave, tangihanga leave and childcare provisions.

8.1.2 The Commission considers that all the above mentioned factors are crucial to a fair and just society. In the context of this initial report we have been able to cover only some of the specific measures suggested for reducing inequality in access to and participation within the labour market.

8.1.3 It is apparent to us that significant inequalities exist which inhibit the opportunity for certain large groups to enter the paid workforce and once there progress within it on an equal basis to others. We have identified those groups as Maori people, Pacific

Islanders, people with disabilities, lesbians, gay men and the aged. This section of the report makes a number of proposals which if adopted would assist in reducing the inequalities experienced by the above-named groups. This is not to imply, however, that specific measures appropriate to each group should not be designed and implemented: clearly they should. Some such measures are referred to in the Commission's work on Equality of the Races, The Treaty of Waitangi, Women, People with Disabilities and The Aged.

8.1.4 Furthermore, the Commission is conscious that four groups suffer direct discrimination in the labour market against which, unlike other groups, they are offered no legislative protection. This situation is incompatible with a fair and just society. Accordingly, we have recommended amendments to the Human Rights Commission Act to outlaw discrimination against people with disabilities, lesbians, gay men and the aged.

8.2 That part of the Commission's work dealing with Income Maintenance and Taxation, Women, Funding and the Inter-relationship of Social and Economic Policy covers a number of issues relevant to this section and it is not intended to repeat the detail contained elsewhere.

This section examines:

- the extent to which New Zealand can be seen to be a fair and just society in the context of the differential between the pay of men and women in the labour force;
- measures relating to conditions of employment such as leave provisions, working hours and freedom from harassment which, combined with a reduction in the pay differential, are needed to promote genuine opportunity for women and equality between men and women;
- changes needed to promote equality for Maori workers and workers with disabilities are also touched upon.

8.3 Differences in the Earnings Between Men and Women

8.3.1 The Government Service Equal Pay Act 1960 provided for the elimination of differences based on sex in scales of salary or wages paid to government employees. The Equal Pay Act 1972,

applying to the private sector, provided for the removal and prevention of discrimination based on the sex of the employees in the rates of remuneration of men and women in paid employment. Despite these measures, the average earnings of full-time year round female workers are significantly lower than corresponding male earnings. Submissions reveal that the wages women receive affect not only their economic position, but also their confidence, status and sense of self worth. Female low pay seriously affects both women's ability to achieve financial independence and women's social wellbeing.

8.3.2 The pay gap can be measured in a number of ways. The ordinary time hourly earnings ratio gives the smallest gap since it excludes differences in overtime and hours.

- During the implementation of the 1972 Equal Pay Act female ordinary time hourly earnings moved from around 72 percent (1973) to 78 percent (1977) of the male equivalent.
- Since 1977 the ratio of female ordinary time hourly earnings to male ordinary time hourly earnings has remained around 78 percent (lowest figure 77.8 percent November 1983).
- As at February 1987, women's average hourly earnings were 78 percent of men's average hourly earnings.

(Further details on women's earnings and position in the labour force can be found in Section 3: Work Trends and in the statistical appendix.)

8.3.3 Factors Contributing to the Pay Differential

As the factors which contribute to the differences in pay between men and women are examined in the broader context of the Commission's work on Women, they will only be discussed here briefly here.

(a) One of the most important factors is the different distribution of females and males across occupations and industries. 50 percent of women are employed in six occupational groups: clerical, sales, teaching, medical, typing and bookkeeping. Using census data to construct an index of occupational sex segregation, we find that in 1971 62.5 percent of employed women would have had to

change jobs in order to have the same occupational distribution as men. By 1981 the index of segregation had dropped slightly to 57.6 percent. However, between 1971 and 1981 the proportion of the female labour force employed in 'female-typed' (that is, 67 percent or more female incumbents) occupations increased sharply from 26.5 percent in 1971 to 51.6 percent in 1981. There is a strong link between the female intensity of an occupation or industry and low pay.

(b) Another factor which is significant in explaining some part of the pay gap is the different distribution of men and women within occupations and industries. There is a considerable amount of literature documenting the very limited extent to which women occupy senior or managerial positions. The fact that women are over-represented in jobs of lower skill levels and in positions of lower responsibility has a substantial effect on the pay gap.

(c) Other factors which may contribute to the pay gap directly or indirectly by influencing the distribution of men and women across and within occupations can be divided into:

- characteristics of the job: skill requirements, hours worked, working conditions and technology used as well as the state of the industry will influence both the decisions of individuals to apply for jobs and the employer's selection of recruits;
- characteristics of the individual: education, training, age, experience, time out of the labour force, marital status and family responsibility all have a significant influence on an individual's labour market experience; and
- characteristics of the employment contract: conditions of employment, provision of training and opportunities for advancement are important elements in determining career prospects and pay.

8.3.4 While the factors outlined above may account for some proportion of the difference between male and female earnings, empirical studies suggest that there are some other unexplained factors. In other words, after all these influences have been accounted for, some of the pay gap remains unexplained.

8.3.5 A number of submissions comment on discrimination as a significant explanatory factor. They argue that an individual's

labour market earnings reflect not so much her or his choices with respect to the factors already mentioned as the institutionalised structure of labour markets and the operation of discrimination.

8.3.6 Submissions distinguished between 'direct' and 'indirect' discrimination. Indirect discrimination is a feature of society and underlies the structure of organised work itself. It is reflected in 'the norm of the 40 hours full-time 9–5 job held by one partner in the family, with the other partner taking care of children and the personal needs of the paid worker. Shopping hours, transport services, education, taxation, facilities, timetables . . . have all (at least until recently) been organised around this norm' (No. 3273). This is sometimes referred to as the gendered division of labour. The position of women in the labour force reflects their position in wider society. The traditional undervaluing of women's skills is a subtle and pervasive form of indirect discrimination. Women are encouraged into occupations such as nursing, teaching, childcare, clerical and service work. The skills they use in these jobs such as caring for sick people and children, preparing meals, manual dexterity, and conscientiousness are often seen as inherent qualities in girls and women, not as acquired skills. Consequently they are not recognised, or are under-recognised in pay fixing. This pattern may be seen to operate in many traditional 'women's' jobs. The result of this undervaluation is low pay.

8.3.7 Direct discrimination can be divided into 'pre-entry' discrimination, which occurs before a worker enters the labour force or a particular occupation or industry, and 'post-entry' discrimination, practised within occupations, industries and firms. Pre-entry discrimination in the form of inadequate education, segregated labour, market institutions and other forces which deny equal access to jobs, training and information will seriously affect an individual's experiences in the labour market. (Not all of these forms of discrimation are solely direct.) Post-entry discrimination can involve the payment of different wages to equally productive workers performing the same or substantially similar jobs: this is called 'wage discrimination'. Post-entry discrimination can also take the form of reduced employment for those groups who are subject to it. All of these kinds of discrimination can contribute to an explanation of the wage differential between men and women.

8.3.8 Most analyses of the pay gap discuss some or all of the factors outlined above in their accounts of the causes or contributing factors of wage differences between women and men. However,

different analyses assign different relative importance to each of the explanatory factors, and these differences are reflected in their approaches to the possible policy responses.

8.3.9 Measures to address discrimination and thereby overcome the pay gap are often divided into two areas: equal opportunities policies and equal pay for work of equal value or comparable worth.

8.3.10 Equal employment opportunity policies can encompass a wide range of interventions aimed to improve women's position in the labour force, including education and training, parental leave provisions, flexible working hours and efforts to improve the selection and promotion of women within firms and enterprises.

8.3.11 *Comparable Worth Policies.*

Equal pay for work of equal value, or comparable worth, refers to measures which require women to be paid the same amount as male workers when they are performing a job which is assessed as being 'of equal value'; that is requiring the same, or substantially similar knowledge and skills, mental demands, responsibility and working conditions. It involves systematic comparisons between work in traditionally female-intensive industries and occupations with the work in traditionally male-intensive industries and occupations, in a way which is as objective as possible in order to provide a fairer and more objective basis for wage fixing.

8.3.12 Points of view on the appropriateness and likely effectiveness of these measures divide into two main areas. The first advocates only the use of equal opportunities policies to address the pay gap, and argues against comparable worth policies. The opposing view is that while equal opportunities policies are important, they are not sufficient to overcome the inequalities in the labour force, and recommends equal pay for work of equal value to more fully address the problem.

8.3.13 Opponents of comparable worth emphasise the contribution of occupational segregation and concentrate on pre-entry discrimination in their analysis of the pay gap. They do not accept that women's work is undervalued. They claim it is the market's role to set wages, and that market prices do not purport to measure the value to society of a particular service or commodity. Statements to the effect that women's skills are undervalued, then, have no point of reference in a market economy. Advocates of this view

argue that comparable worth involves interfering with the market price mechanism, and that this has a number of undesirable consequences one of which would be to raise employers' labour costs, with consequential displacement effects that will disadvantage some women. (Treasury p. 286, N.Z. Employers Federation No. 3270)

8.3.14 The introduction of equal pay for work of equal value would imply some inconsistency with the trend reflected in legislation such as the Labour Relations Act to encourage a 'more market' approach to wage fixing. Critics of comparable worth have emphasised this in their arguments, stating that the use of job evaluation procedures to determine pay rates is likely to lead to new rigid relativities and be unresponsive to change.

8.3.15 Finally, critics of comparable worth express concern about the technical problems involved in developing systems of job evaluation. They point out the difficulties associated with fully specifying a job description, selecting appropriate weightings for different factors and measuring these factors. The selection of characteristics to be included in an evaluation would, they argue, be a highly subjective matter, as would decisions concerning the appropriate weighting to be placed on each of the factors.

8.3.16 By providing information both to women about the opportunities available to them, and to employers about the advantages of employing women, and by encouraging women and men to train for and move into non-traditional areas, those who argue against comparable worth believe problems of occupational segregation and the pay gap will be addressed without the adverse effects of a price intervention.

8.3.17 Advocates of equal pay for work of equal value believe that equal opportunities policies fail to address the problem that women's skills are not adequately recognised in the work place or in society as a whole, and that they do not redress past discrimination. For these reasons, they recommend that equal pay for work of equal value policies be adopted in addition to equal opportunities policies. (The Coalition for Equal Pay Equal Value No. 4674. N.Z. Federated Clerical, Administrative and Related Workers Industrial Association of Workers No. 3278)

8.3.18 Comparable worth advocates claim that the gains to women from higher pay while employed will outweigh any losses in employment opportunities that may occur. The extent of the displacement effects of comparable worth will depend on whether

an employer can substitute capital or male labour for female labour. There was little substitution during the implementation of the Equal Pay Act 1972–1977 and in similar circumstances in Australia. Occupational segregation, undesirable though it may be, tends to reduce the extent of substitution in female-intensive industries. There is some evidence that in the short run men's and women's occupations complement each other in the production processes. This again is likely to protect women's jobs even as their wages rise.

8.3.19 Supporters of comparable worth argue that to the extent that women's work in the paid workforce is currently being undervalued, (in other words, women are being paid less than is appropriate on the basis of their productivity), female employment may be enhanced as traditional attitudes are altered. They claim that if employers use previous wages as an indicator of productivity, raising women's wages will broaden their opportunities. Further, if employers are forced to pay female workers their true value, some firms that have only been viable because they have been able to underpay women workers will be forced out of business. Advocates of comparable worth argue that this will promote the efficient use of labour resources by producers.

8.3.20 In response to critics' concern that comparable worth will distort the allocative role of prices, supporters argue that it is unclear to what extent the price mechanism effectively allocates labour resources in the market at present. Employment decisions and wage determination do not currently take place under perfectly competitive conditions. Relative wage rates are influenced through collective bargaining by trade unions and employer groups. Historical and social factors and the maintenance of traditional relativities play significant roles in pay fixing. While wages are determined to some extent by the level of output on the job, the prevailing scale for the particular job description and skill level play an important part. The role of status, custom, and bargaining power in setting wages should not be ignored. These influences complicate an analysis of the possible effects of comparable worth policies.

8.3.21 Supporters of comparable worth argue that rather than reinforcing occupational segregation, equal pay for work of equal value may reinforce equal opportunities policies in achieving a more equal distribution of males and females across occupations and industries. Comparable worth can be expected to raise female

wage rates relative to male wage rates. To the extent that this causes some displacement, women will shift into male intensive industries and occupations. Over time, equal employment opportunities policies will help women move into other occupations. Advocates of this view point out that to the extent that equal opportunities policies alone are effective, there may be a shortage of labour in previously female dominated jobs. They claim that the higher real wage in female-intensive industries can be expected to have a supply effect on male labour, attracting males into the more efficient firms in these industries.

8.3.22 In response to concerns that job evaluations are inherently subjective and arbitrary, it should be pointed out that most forms of assessment currently used as a means of determining wages involve subjective judgements. The aim of a system of job evaluation is to make explicit and open for discussion judgements that may otherwise be only implicit. For example, the assessments of individual performance used in determining certain managerial salaries involve the same problems of subjectivity and judgement as the process of job evaluation. The use of job evaluation procedures to determine pay rates does not necessarily entail entrenched relativities as regular review and updating of job evaluation procedures and pay rates can be undertaken.

8.3.23 The Commission considers that while equal employment opportunities policies may break down segregation in the labour market in the long-term, the costs in terms of time taken and discrimination suffered during this period must be taken into account. To the extent that women's work is undervalued, comparable worth will result in a more efficient allocation of labour resources. Short-run efficiency losses from implementing comparable worth can be seen to be offset by precipitating the achievement of a more equal and efficient distribution of men and women across industries and occupations.

8.3.24 The Commission is concerned about the extent of the earnings gap between men and women in New Zealand labour force. We believe that the evidence shows there still exists a significant amount of discrimination in the labour market. The undervaluing of women's work is both an economic and a social policy issue, and must be confronted as such. While it is important to ensure equal access and opportunity for all in education, training and in the labour market, it is equally important to address the fundamental concern of a considerable number of submissions: the

recognition in practice and in policies of women's work in the paid workforce and in society at large. We believe that comparable worth policies provide an appropriate and effective mechanism for pursuing greater equality of earnings between men and women, and greater recognition of women's work.

8.3.25 After investigating the arguments for and against, the Commission finds itself strongly in favour of the implementation of the concept of equal pay for work of equal value. Accordingly, we recommend the early development of practical measures, including legislation, to implement equal pay for work of equal value.

8.3.26 In making this recommendation the Commission has noted that both supporters and opponents recognise there are potential difficulties involved in developing a system of job evaluation that is both fair and practicable. We consider the work still to be done in this area should be facilitated by the Government and should focus on developing:

- an uncomplicated system that can be used in the context of collective bargaining between employers and unions; and
- evaluation systems that cover groups of workers rather than individuals.

8.3.27 Care should be taken to avoid a litigious and very slow approach to change, based on individuals, and should take account of the limited resources of small employers and some unions representing large numbers of women workers.

8.3.28 The Commission recognises that there are difficulties associated with pursuing equal pay for work of equal value in the context of certain trends in labour market policies and legislation. It is our view that the achievement of greater equality between men and women in the labour force and in wider society is dependent on industrial legislation being compatible and not inconsistent with that goal.

Equal Opportunity Policies

8.4 The Commission acknowledges that the achievement of greater equality in the labour market requires not only policies for pay equality but also a range of other measures. Reforms proposed in submissions sought changes to the structure of jobs so they became more compatible with the requirements of workers with

responsibilities outside the workplace and the removal of workplace discrimination. The proposed reforms include:

- extension of part-time working opportunities;
- improved parental and domestic leave provisions;
- provision for tangihanga leave;
- the development of greater flexibility in work schedules with respect to both the working day and the working life;
- access to adequate, affordable and convenient childcare;
- provisions to eliminate/deal with sexual harassment; and
- legislation on equal employment opportunities.

8.4.1 *Part-time Work*

Views on part-time work and its implications for women's employment are mixed. Many of the submissions on part-time work acknowledged that there is a high level of demand for part-time jobs among women with children, and called for an expansion of part-time employment to meet this demand. Part-time employment was seen as a pattern of working which would make it easier for both women and men to combine their responsibilities for young children with their desire to pursue a career or their need to earn income.

8.4.2 At the same time, reservations were expressed about the quality of part-time work as it is presently constituted, and the implications of its growth for women's status in the labour force. There was a general feeling that because part-time work tends to be concentrated in low status, poorly paid and traditionally female occupations, the growth of part-time employment might merely reinforce occupational segregation in the labour market and impede, rather than advance, progress towards greater equality for women.

8.4.3 The contradictory nature of part-time employment, which appears to offer both advantages and deficiencies for women, has led to two types of response. One is to focus on the need for an improvement in the conditions of employment for part-time employees. The other is to focus on the need to extend part-time working arrangements to a wider range of occupations. The thinking behind this latter approach is that if the range and variety of part-time jobs were extended to include positions in high status skilled and well paid occupations, women would be more able to maintain their employment continuity during childbearing years

without suffering occupational down-grading. Men would also be able to assume a greater role in childcare.

8.4.4 A number of the submissions on part-time work called for the enactment of protective legislation that would guarantee part-time workers pay, benefits and conditions equivalent or proportional to those of full-time employees. The call for greater protection for part-time workers has arisen, in part, out of an observation that the majority of industrial awards and agreements do not contain provisions providing for part-time work. An analysis of awards by the Department of Labour in 1983 showed that only 21 percent had such clauses and only a handful stated specifically that other provisions in the award also applied to part-time workers (Clark, 1986, p. 19). Thus, it is clear that the majority of private sector awards and agreements do not attempt to regulate the application of conditions such as sick leave, overtime, and allowances to part-time workers.

8.4.5 This raises the question as to how such award conditions are applied to part-timers in practice. Unfortunately, there is an absence of information on the conditions and benefits actually received by part-time workers in New Zealand. Anecdotal accounts of discrimination against part-timers do, however, give grounds for concern. It is essential that research be undertaken to provide sound empirical information on the employment conditions of part-time workers in a range of industrial sectors, to identify the extent of discrimination, and to determine whether there is a need for greater protection and if so what its scope should be.

8.4.6 The Commission sees no reason why part-time workers should not be entitled to standard minimum conditions of employment on an equal or pro rata basis, and recommends that employers and unions give a high priority to the negotiation of provisions in awards and collective agreements that guarantee this entitlement.

8.4.7 Other submissions advocated the promotion of part-time work and its extension to a wider range of industries and occupations. Unfortunately there was little discussion of how this expansion of part-time working arrangements should be accomplished. A number of possibilities present themselves:

- promotional activities, such as the provision of information to employers on the need for and benefits of part-time employment, and advice on how to implement it;

- financial incentives such as wage subsidies, aimed to encourage employers to hire part-time employees in targeted occupations or sectors;
- agreements reached through collective bargaining; and
- legislation giving full-time employees the right to reduce their hours to part-time, subject to certain conditions.

8.4.8 The effectiveness of each of these strategies is likely to be influenced in part by the factors which, up until now, have stimulated the growth of part-time employment and shaped its industrial and occupational structure. Research into the use of part-time employment has identified several elements as being particularly important in prompting employers to introduce or expand part-time employment (Bosworth and Dawkins 1982; Nollen, et al, 1978; OECD, 1983). Part-time jobs have frequently been created when employers have sought part-time labour as a substitute for full-time labour that is in short supply, or when they have sought to take advantage of the flexibility and cost-effectiveness of part-time employment in situations where staffing levels need to be adapted to daily or weekly fluctuations in the level of work activity. Part-time employment has frequently been used to extend hours of work as an alternative to overtime. Some employers, particularly in small firms, have created part-time positions where there is not enough work to justify a full-time employee. In addition, if employers do not have to provide equal or pro rata conditions of employment to part-timers, this could potentially be a factor encouraging the use of part-time staffing. In each of these situations, the introduction of part-time employment has offered concrete, material benefits to employers. Where these perceived management benefits do not exist, part-time employment has tended not to develop.

8.4.9 Several European governments, including Belgium, France, Great Britain, the Netherlands and West Germany, have experimented with the use of financial incentives to encourage employers in the private sector to expand part-time jobs. However, evaluations of these schemes have shown low rates of take up and a lack of innovation in the types of jobs made part-time (Casey, 1983). On the basis of research evidence, it can be concluded that subsidies are unlikely to be successful in expanding part-time jobs beyond their traditional confines.

8.4.10 Collective bargaining has already had a positive, but limited influence on part-time opportunities in some sectors of the

labour force, most notably in the public sector. There is undoubtedly scope for improving the range and availability of part-time opportunities in the private sector through negotiation as well as for making further improvements in the public sector. To date, however progress in this area has been very slow. Many unions have had difficulties in reconciling the organisation of work on a part-time basis with the interests and needs of full-time workers, and in some cases perceived conflicts of interest have led them to oppose the creation of part-time positions. The Commission acknowledges the difficulties involved but sees a need for much more imaginative approaches to organisation of working hours. Arrangements should be devised which better balance the interests of full-time workers with the need of workers with caring responsibilities to have access to part-time positions.

8.4.11 The development of part-time opportunities in workplaces where these opportunities do not currently exist is most likely to take place if part-time employment has a legislative backing. It has been suggested that legislation providing employees with a statutory right to transfer to part-time hours, subject to certain conditions, would serve to lift part-time employment out of its present low status and establish its acceptability in all sectors of the labour force (Casey 1983 p. 50). The details of such a law would be complex and no precedent exists overseas for legislation of this kind in the private sector. However, legislation has been successfully used to promote and extend part-time employment in the Federal Public Service in the United States. The legislation resulted in a significant increase in the number of part-time career and upper-level jobs (Canadian Commission of Inquiry, 1983, pp. 143–144; Moses, 1983, pp. 75–80).

8.4.12 The State could also play a positive but less directive role in encouraging part-time employment in the private sector by promoting or requiring the implementation of equal employment opportunity policies. It is likely that a more widespread implementation of equal employment opportunity policies would encourage employers and unions to give more serious consideration to the need for high quality, permanent part-time working arrangements as a means of equalising employment opportunities.

8.4.13 The Commission cannot comment on the desirability of pursuing legislative or other approaches to the development of part-time working opportunities without the benefit of a more detailed investigation of the issues. However, the Commission

believes that the availability of part-time work and other alternative work schedules have a significant and positive role to play in ensuring equal employment opportunities in the workforce, and in extending the range of possibilities for meaningful work in our society. We consider it important to ensure that the continuous growth of part-time employment does not proceed in ways that inhibit the attainment of these goals.

8.5 Parental Leave

8.5.1 The Parental Leave and Employment Protection Act became law in 1986, extending the leave provisions previously available under the Maternity Leave and Employment Protection Act 1980. It provides opportunities for both parents to take unpaid leave from their employment to care for an infant in its first year, with protection against dismissal. Employees are eligible for parental leave if they have worked at least 12 months for the same employer and for a minimum of 15 hours a week.

8.5.2 While acknowledging the value of the statute's provisions, many of the submissions on parental leave called for further changes that would extend the coverage of the Act and improve its provisions. A reduction in the length of continuous employment required to qualify for leave, and the extension of the Act's coverage to all those with primary responsibility for care of an infant and to part-timers who work for less than 15 hours a week, were among the most widely supported proposals. Payment for parental leave was also seen as a key issue by a number of groups but was opposed by others primarily on the grounds of cost.

8.5.3 On the question of payment for parental leave the Commission has considered the arguments for and against contained in submissions and in the report of an official working party established in conjunction with the development of the 1986 legislation to consider the matter of payment. The Commission endorses the view reached by the Working Party that there are strong arguments in favour of paid parental leave on the grounds of its contribution to equal opportunities for both men and women to continue their careers in employment. Payment for parental leave is, however, only one of a number of strategies required for the attainment of greater equality of opportunity in employment and in view of

financial constraints we are not inclined to recommend it at this point in time.

8.5.4 In the context of its papers on Income Maintenance and Taxation, the Commission has, however, recommended the introduction of a carers' allowance for those engaged in the full-time care of children. Entitlement to the proposed carers' allowance would be individually assessed and therefore not affected by the presence of another adult in the household. The carers' allowance would initially need to be set at a relatively low level in comparison with the allowances presently available for sole parents, owing to the potentially high fiscal cost. However it would go some way towards meeting the need for a parental leave payment and can be regarded as an initial step in that direction.

8.5.5 The Act currently provides for leave for the birth or legally adoptive parents or for the spouse of a mother or legally adoptive mother, defined as a partner of a legal marriage or de facto relationship where the couple live together as husband and wife. The Commission considers this provision unduly restrictive and discriminatory to others who may have or share primary responsibility for the care of an infant. They include whanau members, heterosexual couples who do not live together, lesbians, homosexuals, legal guardians and foster parents. We therefore recommend an extension of the legislation to apply to all primary care givers.

8.5.6 As covered in the previous discussion of part-time work, the Commission sees no reason why part-timers should not be accorded the same conditions of employment as full-time workers on a pro rata basis. Accordingly we see no logic in imposing an arbitrary level of working hours for entitlement to parental leave and recommend that this restriction in the Act be removed.

8.6 Domestic Leave

8.6.1 A number of awards and determinations contain provision for workers to take leave to attend to domestic responsibilities. In most instances, however, the provisions are limited to care for a sick member of the family and do not apply to other caring responsibilities. Furthermore, it is generally debited against the employee's own sick leave entitlement rather than being an additional entitlement.

8.6.2 The Commission considers that the limitations of current domestic leave provisions are incompatible with the need to remove impediments to the performance of both paid and unpaid work.

8.7 Tangihanga Leave

8.7.1 The Commission has noted that in the absence of award coverage of attendance at tangi, Maori workers sometimes risk their jobs. We consider this is a case where the demands of the labour market should not take precedence over the values of the Maori community and for it to continue to do so is incompatible with the objective of equality between the races.

8.8 Workers with Disabilities

8.8.1 The Commission received a significant number of submissions addressing the position of the disabled in New Zealand society. Most of these stressed the importance for people with disabilities to have the same opportunities as others to engage in personally satisfying, adequately paid employment.

8.8.2 We have also considered reports referred to us such as 'The Review of the Employment of Disabled Persons in the Public Service'. This report details existing impediments to equality but also suggests many practical measures to enable workers with disabilities to develop their own potential and to be independent and self reliant.

8.8.3 On the evidence presented to us, the Commission is disturbed by the magnitude of discrimination experienced by disabled workers seeking employment, as a result of the limited training and job opportunities available to them, physical barriers to use buildings and the limited sensitivity displayed by other workers and managers. We endorse the view expressed to us that 'There is no justification for discrimination on the grounds of disability where job performance criteria are met' (NZ Employers Federation No.3270).

8.8.4 Article 2 of the International Labour Organisation's Convention No.159 (to which New Zealand is not a signatory) concerning Vocational Rehabilitation and Employment (Disabled Persons) states:

> Each member (country) shall, in accordance with national conditions, practice and possibilities, formulate, implement and periodically review a national policy on vocational rehabilitation and employment of disabled persons,

and Article 4:

> The said policy shall be passed on the principle of equal opportunity between disabled workers and workers generally. Equality of opportunity and treatment of disabled men and women workers shall be respected. Special positive measures aimed at effective equality of opportunity and treatment between disabled workers and other workers shall not be regarded as discriminating against other workers.

8.8.5 The Commission is aware of the many statements of good intent that have been made about the employment of those with disabilities. What is now needed, however, is the application of a co-ordinated national policy as envisaged by the I.L.O and in the context of the legislation proposed in section 8.9 following.

8.9 Legislation

8.9.1 The Human Rights Commission Act 1977 prohibits discrimination in employment on the grounds of sex and race (but not age, disability or sexuality) with respect to hiring, terms and conditions, promotion dismissal, advertising and opportunities for training. The Human Rights Commission established by the Act is empowered to investigate complaints of discrimination.

8.9.2 These measures have not brought about equality of outcomes in the workplace. In part, this is because the resources of the Human Rights Commission are limited, restricting its ability to monitor and enforce the legislation effectively and to carry out educative and promotional activities. A more fundamental reason is that the legislation does not obligate employers to undertake systematic reviews of their personnel practices in such a way as to eliminate indirect as well as direct discrimination. In many cases job segregation is the outcome of the way in which established employment structures, practices and attitudes indirectly and unintentionally restrict opportunities, rather than a result of unlawful behaviour (Glucklich, 1984. p. 10). Unless positive efforts are made to detect and remove the more subtle barriers that limit people's opportunities at work, and to overcome the effects of past discrimination, the disabled, Maori workers and Pacific Island workers, and women are likely to remain in lower paid, lower graded jobs.

8.9.3 A number of submissions, including that of the Human Rights Commission, indicated that anti-discrimination legislation is not sufficient to lead to genuine equality of opportunity in employment. They argued for a strong affirmative action policy to be specifically entrenched in legislation.

8.9.4 The Commission has considered efforts made within both the private and public sector to implement equal employment opportunity measures and the progress achieved so far. In the past the state as the largest employer in the country, and the only one which can legislate conditions for its own employees, has set an important example in the provision of equal opportunity policies and the removal of workplace discrimination. The Commission views with concern the impact in this regard of the trend towards decentralised negotiation of employment conditions across the state sector, and the reduction or removal of certain equal employment opportunity/anti-discrimination provisions as a result of passage of the State Owned Enterprises Act 1987 and the State Sector Act 1988. There are legitimate questions as to how effectively existing conditions can be maintained, let alone enhanced, with a decentralised negotiating structure.

8.9.5 In the private sector, the Employers' Federation has issued helpful guidelines to employers on equal employment opportunities policies and their implementation, and recommended their adoption by member firms. However, progress in this sector has also been slow, with most firms being reluctant to make extensive changes on a voluntary basis. Furthermore, as noted earlier, the Commission considers that trends in current labour market legislation are more likely to impede rather than enhance equality.

8.9.6 The Commission has concluded that equal employment opportunity programmes should be made mandatory through legislation. In reaching this conclusion we have noted overseas precedents for such legislation including Australia and Canada. We have also noted the recommendations of the Steering Committee on the Equal Pay Study that consideration be given to the formulation of equal employment opportunity policies and legislation irrespective of what changes may be desirable in terms of equal pay legislation.

8.9.7 The Commission considers that the principles that should be embodied in equal opportunity legislation should apply to all members of the community and should facilitate the combining of paid and unpaid leave. We also consider that provision should be made in legislation for independent enforcement.

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THE OUTCOMES OF SOCIAL AND ECONOMIC PROCESSES

The Outcomes of Social and Economic Processes

1 Introduction

> [Democracy] implies that there should be a substantial degree of equality among men [sic], both in the sense that all adult members of a society ought to have, as far as is possible, an equal influence on those decisions which affect important aspects of the life of the society, and in the sense that inequalities of wealth, of social rank, or of education and access to knowledge, should not be so considerable as to result in the permanent subordination of some groups to others in any of the various spheres of social life, or to create great inequalities in the actual exercise of political rights.[Bottomore, T. B.: *Elites and Society* (Pelican, London, 1964) p 129 as quoted in Tony Simpson: *A Vision Betrayed* (Hodder and Stoughton, Auckland, 1984) p. 10]

1.1 This paper aims to briefly summarise some characteristics of New Zealand society today, to provide an historical outline of how we have developed and to identify those features and trends that will significantly influence the context in which social policy decisions are made in the future.

Sources

1.2 Four main sources have been used:

- submissions to the Royal Commission. These provide an opportunity to gauge the views of the community on how well socio-economic processes function and on the fairness of outcomes;
- a selection of analytical and theoretical writings. These provide critical and comparative commentaries which allow past and present experience to be seen in a broader context;
- a range of empirical data. This provides a basis to characterise processes and to chart changes in social structures and outcomes over time;

– the current debate in New Zealand over the merits and weaknesses of different forms of economic management. In part such a debate contributes to people's understanding of how their society works and where they fit in. That understanding is crucial to their ability to participate fully in the democratic process that underlies socio-economic decisionmaking.

Structure of the Paper

1.3 The paper has five sections:

– Section 1, *Introduction,* a summary of the sources and framework of the paper.
– Section 2, *Historical Perspectives,* an outline of the main social and economic features of New Zealand since 1840 and of the major governmental responses to them.
– Section 3, *New Zealand Society Today,* covers aspects of the structure of New Zealand society today, highlighting those that are central to social wellbeing.
– Section 4, *Submissions to the Royal Commission,* looks at how those who made submissions evaluated the outcomes of past and present social and economic processes.
– Section 5, *Trends, Issues and Options,* considers the context in which future social and economic policy decisions will be made.

A Basis for Evaluating Social and Economic Processes

1.4 Economic and social processes refer to the ways people control and organise the production and distribution of goods and services to ensure the survival and lifestyles of individuals and groups and their social and physical reproduction.

1.5 While the web of economic and social phenomena and interactions is vast, in this paper the major outcomes considered will be the means by which people secure their wellbeing through work, education and good health, the physical conditions and environment in which they live, and their ability to influence the circumstances of their lives.

1.6 Many social and economic characteristics of a society can be measured —at a given point and over time. Whether or not the particular measures are seen as adequate and appropriate, whether the outcomes are deemed acceptable reflects the way changes impact on individuals and groups, their social position and the

views explicitly or implicitly held on society. In brief people hold a range of different views about whether society in 'inevitably' or 'naturally' conflict ridden, hierarchical and divided. These views determine whether they see particular outcomes as inevitable and therefore acceptable, as unfair and unjust and capable of being changed.

1.7 An outcome may well be positive for most of the population but contrary to the interests of minorities. Views of progress and development may differ. Views on the period from 1860 illustrate this point. For some Pakeha the period represents— colonisation, settlement, opening up the land, market-oriented land use, civilisation. For some Maori— conquest, betrayal, disease, cultural genocide, expropriation of land, marginalisation. Until recently that Pakeha view equated with the official version of history and was the version taught in schools. Any Maori voice remained underrepresented and largely unheard.

1.8 In New Zealand neither Parliament, nor central government has ever been the sole, or at times even the major, determinant of social and economic development. While the terms of reference of the Royal Commission require a focus on those instruments which are available to governments to shape social policy, it is necessary to recognise the other major influences.

1.9 In modern mixed capitalist economies, the direction of social and economic development is influenced by three main groups. These are:

- the business, managerial and substantial landowning group;
- organised labour, particularly large unions;
- the state, that is the combination of constitutional, political and bureaucratic structures and institutions.

1.10 These groups have certainly had a major influence on the character of New Zealand's development. They are however not only key agents in the social and economic processes of society but also outcomes or products of it.

1.11 In addition the media, while part of both the business and the state sectors, has a major influence on how people perceive and experience social and economic processes.

1.12 In the case of New Zealand there are two further influences which have been of some significance in the past and are likely to be even more important in the future. The first is the fact of Maori as tangata whenua, and the Treaty of Waitangi. The second is the

shared colonial history of Australia and New Zealand and the long-established migratory links between the two countries.

1.13 Subsequent sections of this paper outline the impact that dependence on international trade for economic prosperity has had on New Zealand's social structure. In this introductory section the aim has been simply to acknowledge that there are players other than central government to be considered.

1.14 A further aim is to make clear the basis for any evaluation within this paper of the outcomes of social and economic processes. The terms of reference for the Commission have provided the basis on which any evaluations should be made, specifically those which define the standards of a fair society, namely:

- dignity and self-determination for individuals, families and communities;
- maintenance of a standard of living sufficient to ensure everybody can participate in and have a sense of belonging to the community;
- a genuine opportunity for all people of whatever age, race, gender, social and economic position or abilities to develop their own potential;
- a fair distribution of the wealth and resources of the nation including access to the resources which contribute to social wellbeing;
- acceptance of the identity and cultures of different peoples within the community, and understanding and respect for cultural diversity.

These will be used throughout this paper as guidelines for establishing what are fair and just outcomes.

2 Historical Perspectives

2.1 Certain social and economic realities have dominated New Zealand since European settlement. The most important have been:

- Maori tauiwi relations;
- private ownership of land and capital;
- economic dependence on international trade;
- migration flows;
- urbanisation;

– technological development;
– the active role of the state.

Each of these has had a significant and continuing impact on the shaping of New Zealand.

2.2 Historian W. Oliver, in his overview of social policy in New Zealand written for the Commission, examines in some detail the role of the state. He characterises it as an agent of settlement in the nineteenth century, an agent of welfare in the first half of the twentieth century, and more recently as interventionist.

2.3 European colonisers found a land already settled. Under the Treaty of Waitangi the rights of both Maori and settler were provided for. In the early years when European numbers remained small, Maori participation in European style commerce grew rapidly particularly with respect to food production for local and Australian consumption.

2.4 From the outset the colonisers—especially the companies—introduced along with their culture, religion and language, European style commerce, property ownership and class patterns. As a less popular destination for would be settlers, New Zealand attracted a more socially homogeneous migrant population but one which, by 1890, had very sharp class and race divisions.

2.5 For the first 50 years of the colony's life the pattern of economic exploitation paralleled that of many other colonised mid latitudes countries. Colonisers looked for quick riches; kauri gum, gold mining and in their wake turned to the forest resources, public works and the accessible pastures for a livelihood.

2.6 Increased European settlement led to wars to secure access for the colonisers to land suitable for European style agriculture. The result for the Maori effectively was confinement to the 'periphery', to the less accessible and productive areas.

2.7 From the 1870s government fostered, settlement through a variety of mechanisms: railway development, assisted migration, large scale borrowing for infrastructure development. These mechanisms become part of the basic development processes for nearly a century.

2.8 The 1870s and the 1880s were periods of severe economic depression. Historian Tony Simpson points out that by the end of the 1880s urban and rural workers and small farmers were being joined in their protests by sections of the urban middle-class. As a result, he writes, the election of 1890 was a watershed:

> Out of it grew a new balance of political forces. Combinations of these forces—farmers, businessmen, urban workers, the professional middle-classes and others—have since that time determined the nature and direction of our society with the constraints of our international trading requirements and the limitations of our social vision. [Simpson p.38]

2.9 The major reforms of the 1890s were those of land redistribution, labour legislation, the introduction of the old age pension and women's suffrage. The main losers were the Maori, who were in many instances reduced to the status of a landless, rural proletariat.

2.10 Until the 1890s the New Zealand economy was founded on pastoral products (especially wool) and extractive industries including forestry. But the combined effect of refrigeration and state promoted family farming saw significant additions to the range of primary exports—namely meat and dairy products.

2.11 Two major social groups prospered under this externally oriented, primary production phase. They were on the one hand the farmers and the on the other urban based farm servicing activities—insurance, stock and station agents, processing workers, and other such activities. The linkages between rural and town economies were strong and mutually advantageous.

2.12 The shift in emphasis away from pastoral farming and 'exploitive' activities saw a decisive shift in population growth trends away from the South Island to the North, from the grasslands to the wetter forested areas of Taranaki and the Waikato.

2.13 In this development phase overseas firms mainly British but also Australian played an important role in the pastoral/commercial area. The bulk of trade (both exports and inputs) focussed on the United Kingdom creating on the one hand a certain market for the specialised export goods—and on the other vulnerability and instability through overdependence.

2.14 The 1930s depression brought the reality of overdependence home. Further it allowed a political party which avowedly represented the interests of urban worker groups to attain power and thus to set new agendas for achieving stable and equable social and economic outcomes. New Zealand's role as a distant farm for the British consumer remained strong.

2.15 The first Labour government in the 1930s sought to address the social distress of unemployed, poorly housed New Zealanders and to reduce the exposure of the economy to fluctuations in international prices. The mechanisms adopted included protection for

industry, reorganisation of agricultural marketing, state participation in the banking sector, a social security support system, an extended free education system, a quality free health system, cheap electricity, housing built by contractors and initially owned by the state 'of a design and standard to match what Ministers and their wives would like as homes for themselves'. While the means to achieve full employment, social security provision, cheap and available health, education and housing varied over time with a tendency to involve the private sector more and to target state provision more to low income groups, these policies ensured that rising living standards were widely shared by all. (Dunstall 1981:405)

2.16 Early state housing was of excellent quality and designed by Plischke, Sutch and others either to be integrated into established communities (for example Khandallah, Remuera and Kohimarama) or to form self-sufficient new towns. The larger scale projects at Naenae, Taita, Orakei and Waterview partly met these ideals. Since priority was given to people with young families, these early state housing suburbs were demographically if not socially homogeneous. Housing took priority. Essential services—schooling, retail, recreational—often lagged behind.

2.17 National in the 1950s promoted home ownership as a preferred option—providing access to cheap finance to assist young families to purchase homes. State housing became directed at the less well off. Large scale projects were favoured for economy reasons (cheaper land, economies of scale) which led to the macro suburban developments on city perimeters of which the best known are Otara and Porirua. A lower quality standard was set in terms of materials (less solid materials, though often well designed) which became acceptable to the providers. Many of those moving to state housing suburbs from rural areas experienced gains in housing quality and facilities. Thus the social character became more homogeneous—in occupational, family type, and age characteristics.

2.18 While by international housing standards, developments such as those at Porirua and Otara were of reasonable quality, they represented an acceptance of lower standards, socially and in physical terms, than were tolerated by more affluent people. As ghettos for low income people, their populations came to comprise migrants—Maoris from rural areas and Polynesians from the Pacific—and other deprived groups—women with families single

parenting as the result of widowhood, marriage breakdown or desertion.

2.19 Despite the achievements of the welfare state, debate about its in/effectiveness grew in the 1970s. Increasingly individuals and households whether rich or poor were bearing a greater share of the cost of housing, health and to a lesser extent education. At the same time social distress appeared on the increase as divorce rates rose and unemployment began its steady rise. The expenditure on welfare grew as the needs of groups formerly overlooked were more adequately addressed. These included the aged (National Superannuation), accident victims (ACC), single parents (usually women) (DPB). Women's ability to act independently was facilitated—for some by the DPB, for others by equal opportunity legislation, changes in the matrimonial property laws and slow shifts in public and private attitudes. Other groups had their needs acknowledged but frequently provided for meagrely. For example, community care for disabled/differently abled people in principle promised greater autonomy and self respect but actually were under-resourced and fell far short of those goals. Similar comments apply to the sequence of training/workfare schemes for the unemployed.

2.20 The period from 1945–75 represents one of sustained if not always spectacular growth. While the economy remained susceptible to external crisis (as in 1957, 1967, 1973 among others) the achievements were considerable. Dependence on agricultural exports and the British market,seen as the critical problems in the 1950s and 1960s, were dramatically reduced. Unemployment remained negligible until the 1970s,and poverty apparently absent. Manufacturing contributed an increased share of GNP (22 to 26 percent of GDP, 1960s to mid-1970s) and export income.

2.21 According to J. D. Gould (1983:195),'The early pastoral New Zealand economy was probably characterised by better allocation of resources than most continental European countries'. Until the 1960s the New Zealand economy was relatively open, highly dependent on trade, 'sheltered only by moderate tariff levels, with relatively small distortions from either government intervention or private monopolies.' (op. cit:194) Gould contends that the impression given that the New Zealand welfare state prior to the late 1970s represented a dangerous and excessive role for the state, does not stand up well against the facts. Rather he suggests that for that

period the role of the government (compared with United Kingdom or Europe) was not strong with respect to either direct involvement (nationalisation, public enterprise) or social service provision. Government's role increased in the late 1970s at a time when conditions both created the need for state action and conversely weakened the capability to finance it.

2.22 In the later 1970s government resorted to an expansion of state activity including additional support to the agricultural sector and the large scale, energy oriented, capital intensive 'think big' projects. As a consequence extensive overseas borrowing occurred to pay for these and for rising social spending particularly in health and education. A major part in the growth in state spending derived from the introduction of national superannuation in 1977.

2.23 Since the 1930s New Zealand has become a more diverse society. Life style changes are in part a reflection of the urbanisation process within New Zealand, the changed opportunities for paid work for women and Maori, new food, and enriched cultural life. These come in part from the recognition of the bicultural base and in part as a result of the combined effect of New Zealanders travelling and migrants wishing to civilise what perhaps seemed to them an affluent peasant bucolic society. Air travel, telecommunications, television brought the world to these shores. Gradually New Zealand's economic life (business and work) is again intertwining more closely with Australia's.

3 New Zealand Society Today

3.1 *Population*

3.1.1 In population terms New Zealand is a small, highly urbanised society of 3.3 million people. New Zealand population reached two million in 1952 and 21 years later reached three million. The major consequence of the subsequent slow down in growth rates is the ageing of the population with the median age shifting from 27 years (1971) to 32 (1986) for non-Maori and from 15 to 18 years for Maori. The proportion of the population under 15 years is now (1986) 22 percent. While the proportion over 65 years has remained stable since 1961 at 10 percent the increase in numbers is significant and this group will grow relatively as well as in aggregate through into the twenty-first century.

3.1.2 Amongst the more notable population trends are the contrasts in characteristics between Maori (who comprise 12 percent

of the population) and non-Maori. The Maori population is younger—over 40 percent is under 15 years old—and its families are larger. Since World War II Maori population growth rates have been twice those of non-Maori despite increasing evidence of sizeable out migration by Maori in the 1980s. As a consequence of these growth differentials and in part of increased intermarriage the proportion of New Zealanders who claim Maori descent will rise significantly in the next 25 years. (see The People of New Zealand in Volume I) Although smaller than the Maori and European populations, the Pacific Island Polynesian population is growing much faster.

TABLE 3.1: Population growth in New Zealand since 1978

	Intercencal 1976–81	*Increase 1981–86*	*1986 census pop.*
	percent	*percent*	*numbers*
Maori	8.0	5.2	405,304
Pacific Island Polynesian	48.5	29.1	99,264
Other	−0.3	3.3	2,802,511
Total	1.5	4.1	3,307,084

Source: Derived from Population Census (1976–1981–1986)

3.1.3 The tendency for population to cluster in the north, a general trend since the turn of the century, has accentuated since 1945. It is particularly pronounced for Maori and Pacific Island Polynesian people. For Maori, urbanisation occurred at a rapid pace while for most Pacific Island Polynesians migration meant a shift from village to metropolitan centres. Over three-quarters of Maori are urban dwellers, and more than 90 percent of Pacific Island Polynesians lived in cities in 1986.

3.1.4 Regionally Auckland dominates with more than a quarter of the national population. The base population is swelled by an estimated 10,000 a year. The pace of growth is such as to place considerable strain on facilities—most visibly reflected in the substandard accommodation and overcrowding experienced disproportionately by Maori and Pacific Island Polynesian groups.

3.1.5 The younger age structure of Maori and Pacific Island Polynesian ethnic groups means proportionately more of their

populations are exposed to the problems arising out of the economic recession—with rising costs affecting access to housing, food, health care and recreation. But the most important problems are in the area of access to work. Young Maori (together with other youth) figure disproportionately in unemployment statistics.

3.1.6 Among other major changes are those in household composition. While the 'standard' family (two parents and children) remains an important unit, one and two person households also constitute an increasingly identifiable segment. A high proportion of the population married in the period 1945 to 1960; that level has tended to fall subsequently. The age at first marriage has tended to rise appreciably for men and women. As divorce procedures have become less adversarial more couples have sought to divorce or separate. Further, de facto relationships are becoming more common. (Sheerin :10.3) There is also a trend for young people to leave the parental home and establish their own household before marriage—something that was rare even 30 years ago. These figures in and of themselves indicate only that the household/relationships sought by New Zealanders are more varied than a generation ago. The consequences of trends towards smaller households—common to both major ethnic groups but more pronounced for non-Maori—are wideranging. In particular there are repercussions in terms of housing supply and facility provision to residential neighbourhoods.

3.2 *Class and Economic Power*

3.2.1 The forms of gender, race and class divisions in a society arise from particular social and economic processes. Other areas of the Commissioner's work consider in some detail questions of gender, race and ethnicity in New Zealand today. This section focusses on aspects of the class structure. No attempt is made to review or evaluate the extensive theoretical writings on what constitutes class. Here class is simply used to describe the status and the wealth conferred by an occupation.

3.2.2 In 1959 Keith Sinclair wrote that New Zealand 'must be more nearly classless than any other society in the world. Some people are richer than others, but wealth carries no great prestige and prerogative of leadership' (1959:276). Not all commentators would agree with Sinclair's analysis of New Zealand in the 1950s

and it is highly unlikely that such a statement would be made about New Zealand today.

3.2.3 Analyses of New Zealand's class structure are generally derived from occupational data. On this base the evidence for growing social polarisation is not strong. Furthermore the proportion of the population classified on this basis as working class has declined significantly since the 1930s.

TABLE 3.2: Class structure (by occupational groupings)

	1936		*1976*	
	Male	*Female*	*Male*	*Female*
Old Middle Class	17.65	1.59	7.21	1.70
New Middle Class	13.87	8.74	20.83	20.11
Working Class	45.59	12.41	37.83	11.47
Total	76.47	25.53	66.50	33.50

Source: Pearson and Thorns 1983:46,52

3.2.4 This table also identifies the shift to white collar occupations (professional, management and clerical in both the private and public sectors) away from blue collar jobs. A more recent study (Wilkes 1984) sees the working class as comprising less than 40 percent of the population.

3.2.5 There are difficulties in determining the degree to which class divisions are significant and whether or not mobility between classes is decreasing. In the 1950s and 1960s the income gap between occupational groups was relatively narrow. By the 1960s most households (particularly non-Maori) had visible assets—home, car, fridge, TV, telephone, washing machine. The association of class/occupational groups with lifestyles, recreational and cultural interests was much less evident in New Zealand than in Europe or the United Kingdom:

> . . . an elite existed in New Zealand prior to the 1980s congregating in suburbs such as Remuera, Takapuna, Karori, Khandallah, Fendalton. But these people have a sense of decorum, and . . . have never felt it proper to make a display of themselves or their wealth. Consequently it was possible for this social class to exist almost anonymously until the eighties, when a class of newly rich appeared who blew the whole thing with a crass display of opulence and wealth. *Jesson 1987:84*

3.2.6 The extent of class mobility is difficult to assess but a number of factors indicate that opportunities to work one's way up

from the bottom are limited. For example educational attainment varies widely in the community and closely reflects class and ethnic background.

3.2.7 Unlike the United States and United Kingdom where studies have been made of the upper echelons of the class structure, in New Zealand the evidence is sketchy and anecdotal. Families prominent in business 50 years ago remain visible (Myers, Hellaby, Trotter, Todd, Gould, Rattray, Fletcher, Spencer among others). In the 1970s and especially the 1980s entrepreneurial and property based companies have created a new 'super rich', a development which suggests some opportunities to be upwardly mobile still exist. Overseas studies (Ganz 1986) consider that the outcome of the economic restructuring process is likely to be widening of class divisions and the pushing downwards of a portion of formerly middle class groups. The push to 'leaner' company structures and 'efficiency' in the public service actually means the shedding of jobs. Some of these are in labour intensive areas but overseas studies indicate that they also affect significant numbers in middle management. (Fortune 1987, February 2)

3.2.8 Several writers identify trends within New Zealand towards increased concentration of economic power.

3.2.9 Long term trends towards concentration of corporate control over business have been accentuated in the 1980s. While foreign ownership has been a constant and contentious issue, the areas of foreign investment interest switched in the 1970s and 1980s away from the farming sector and forestry towards the finance and energy areas (Jesson 1987:144). New Zealand firms such as Fletchers, Watties and Dalgety's, formerly family based firms, are now owned by corporate shareholders. Among the latter, insurance firms such as the AMP are prominent. A recent study based on data prior to the share market boom and crash observed:

> The New Zealand capitalist class . . . is one of business and financial executives and directors increasingly interlocked in terms both of crosslinkages with other companies in New Zealand and also into transnational corporations which have become a central part of the present structure of western capitalist structure.' (Pearson and Thorns: 61)

3.2.10 P. V. O'Brien, business columnist with the *National Business Review* estimated in 1980 that 'the one hundred men who control the decision-making process in industry, commerce and finance form a network of directorships, professional activities and

executive positions which add up to a formidable pool of knowledge, contacts and power . . . a level of concentration scarcely surprising given 'the miniscule New Zealand financial world'. (op.cit:151) A number of recent studies (Firth:1987, and Jesson:1987) conclude that the level of interlocking directorships has increased in the late 1970s and 1980s and is particularly evident in the insurance, forestry, fuel, construction, liquor/tobacco, and banking/finance sectors. As Jesson sees it 'the rule of the few has been replaced by the rule of the fewer' (1987:176) as the dominant companies—Fletcher Challenge, Brierleys, and Goodman Fielder/Watties—shape up to compete in the international economy.

3.2.11 Changes within the agriculture sector are more difficult to document. A study published in 1982 by Massey University and the New Zealand Planning Council revealed some significant trends:

> The first of these is the absolute decline in the number of farmers from 66,348 in 1972 to 60,638 in 1979 and the parallel increase of the numbers of part-time owners, leaseholders and sharemilkers from 19,324 to 22,378. The decline has been even more spectacular from a high of 76,928 holdings in 1960. At the same time there has been a fall in those engaged in dairy farming from 41,749 in 1961 to 27,196 in 1971. To put it another way the number of farmers in the poorest and least established group has climbed from 29 percent of the whole to 37 percent between 1972 and 1979. The second important fact is a change in the pattern of land use. Overall, the use of land declined by 0.2 percent in sheep, beef and mixed farming and 2.5 percent in dairying. This apparent small decline masks an increase in crop production in dairying by 20 percent (excluding grassland and lucerne) and an even greater decline in unimproved grassland of 57.8 percent. Over the same period 1972–1979 land use for exotic forestry increased by 44.4 percent and for commercial horticultural farming by 40.3 percent. The third fact to put alongside these two relates to the number and size of farm holdings (as opposed to farmers). The numbers did not vary greatly between 1972 when there were 61,495 and 1979 when there was a small increase of 2 percent to 62,834. But within this figure three further developments need to be noted. There had been a significant increase in the number of small holdings, the number of large holdings had increased to a somewhat lesser extent, and there had been a decrease in the 20–199 hectare size groups. In 1972 alone 42.9 percent of all freehold open-market farm sales were for the purposes of amalgamation' [Simpson p.165]

Simpson argues that these trends point to a widening gap between large and small farmers and the integration of primary production

into a system categorised internationally as agribusiness. Deregulation and elimination of subsidies in the 1980s is likely to intensify these trends. [Simpson p. 166]

3.2.12 One other shift merits comment. It concerns the background of parliamentary representatives. Increasingly in the 1980s parliamentarians are drawn from professional, managerial backgrounds, and are university educated. Twenty years ago a wider spectrum of occupational groupings were represented including 'blue collar' unionists and farmers. The rural bias of New Zealand politics appears to have been decisively reversed—in line with the occupational backgrounds of national rugby representatives.

> Both parties are creating a parliamentary core of those with professional and business backgrounds supplemented on the part of Labour by a declining white collar group and an almost vanished blue-collar group. It almost goes without saying that women are grossly under-represented in both parties. . . . Our political leaders are drawn from a very narrow group representative of a very small segment of the population. [Simpson 1984:94]

3.2.13 The backgrounds of those in senior positions within the public service mirrors the backgrounds of Members of Parliament. Recent figures provided by the Equal Employment Opportunities Unit of the State Services Commission (February 1988) reveal that out of 437 senior executives in the public service graded 007.109 and above there were 31 women and only 1 Maori woman.

3.2.14 While this says little overtly about class backgrounds, the increased emphasis in the public service on tertiary qualification as a prerequiste for senior positions, combined with the widespread practice of recruiting new graduates direct from universities for head office policy units, indicate heavy bias towards middle and upper middle class appointments to key decision-making positions. In submissions to the Commission, Maori women said there was a failure when making senior appointments to recognise and value relevant practical experience, whether paid or unpaid. This works against all those without tertiary qualifications and concentrates power to make critical decisions in the hands of a group which is unrepresentative of the community as a whole. Structures which separate policy making and policy implementation are likely to reinforce this concentration of power.

3.2.15 This brief outline of some of the features of the class structure in New Zealand and the distribution of economic power would be incomplete without reference to the role of the media. In a paper prepared for the Commission, called Social Policy and the

Media in New Zealand, John Farnsworth notes that 'the media, in New Zealand as elsewhere, are one of the main ways in which people experience and understand their society. . . . . the media have become an influential and persuasive force whereby we comprehend and negotiate our understanding and even place in society, sometimes in ways which provide terms of reference of which we are only partly aware.

3.3 *Indicators of Social Wellbeing*

3.3.1 For much of the past 50 years the economic performance of New Zealand rated well when measured in comparison to other countries and also in terms of delivery of basic needs such as employment, housing, education and health services. In the early 1950s New Zealand rated among the top three countries in the world (GDP per capita). By the 1970s New Zealand had fallen below 20th place with the most dramatic decline occurring in the late 1960s paralleling economic recession in Europe and the shock of British entry to the EEC. Nevertheless New Zealand remained in the club of affluent nations and much closer to the top group when more qualitative indicators of wellbeing were employed (Gould :1983:). By the mid 1980s New Zealand held twenty-first rank, behind Singapore and Belgium with a per capita income of 7,010 US dollars. *(World Development Report, 1987:203)*

3.3.2 This section will focus mainly on the overall standards which have been achieved in areas integral to individual and group wellbeing and the degree to which individuals and major groups within the population share those standards. The key areas considered are:

- income
- employment
- housing
- health
- education

Income Levels and Distribution

3.3.3 The issues surrounding what constitutes income and which social units incomes should be measured for—individuals, families or households—are complex and widely debated. Some care is required in the interpretation of income statistics given the different distributional patterns which result when incomes are analysed

for individuals as against households. While the former may tend to overstate inequality (because of the inclusion perhaps of individuals who may be dependents because they earn no market income) household income statistics conceal inequalities within households, (for example among flatmates, or between partners, husbands and wives in nuclear families, as the level of sharing of income may be very unequal):

> It appears that in some families spouses and children can be in poverty even when the principle income earner is receiving an adequate income. Less extreme and probably more common are situations where the main income earners receive a greater share of family resources. (NZPC July 1987:2)

3.3.4 In July 1987 the New Zealand Planning Council produced an overview statistical document on income distribution in New Zealand. Between individuals considerable market income inequalities exist—but the level of inequality diminishes when incomes are adjusted to include social welfare benefits and other income transfers. As table 3.3 illustrates there is similar effect with household income. When allowance is made for the impact of income transfers there is some reduction in the unevenness of income distribution.

TABLE 3.3: Income distribution by households 1985

Share of income received by households in high and low income groups

Form of Income	*Lower*	*Lower*	*Upper*	*Upper*
	20%	50%	20%	10%
Market	0.2	18.3	45.5	27.9
Total (gross—incl. benefits)	6.5	26.4	40.3	24.6
Disposable (after tax)	7.4	29.2	37.1	21.8

Source: NZPC 1987: 21

3.3.5 When incomes for women were matched against those for men they were invariably lower: (NZPC 1987:6). See Table 3.3a.

3.3.6 Incomes for Maoris are substantially below those of non-Maoris. (See Table 3.3b).

3.3.7 Recent research (Snively 1988, see also Appendix 1) indicates the extent of redistribution that is occurring and shows that the overall impact of redistribution mechanisms on income distribution in the mid 1980s has not changed significantly since the

TABLE 3.3a: Average income of women as a proportion of the average income of men

Market income	30%
Total income	45%
Incomes of those in labour force	70%

Source: NZPC

TABLE 3.3b: Comparison of incomes of Maori and non-Maori at 1986 population census

Proportion of social group receiving income		
Group	*Less than 15,000*	*Over 30,000*
	%	%
Maori males	52	5
Maori females	80	1
non-Maori males	34	14
non-Maori females	59	4

Source: NZPC

early part of the decade. However, increasingly redistribution rests less on taxation and more on government budgetary expenditures. However while some households groups benefit from these processes disproportionately (two adult superannuitant households) others such as single parent families and single pensioner households are less fairly treated. Even after adjustments are made for redistribution effects the bottom 60 percent of households receive 41 percent of income (Market Income adjusted for the Government Budget—Snively 1988)

Personal Wealth

3.3.8 The New Zealand Planning Council (1987) calculated the distribution of personal wealth among the adult population. Wealth remains concentrated in a few hands. 'The top 1 percent, about 22,200, owned 15.6 percent of total private wealth and 27.4 percent of wealth was owned by only 2.5 percent of individuals (some 55,000 people) . . . One fifth of the adult population owns three-quarters of the wealth.' (p 28) The data base for calculating

wealth distribution is far from satisfactory (see NZPC 1987: 28, Crothers 1987 among others) but no alternative currently exists.

Employment

3.3.9 For most people paid work is the chief source of income. There are more people in employment now than at any time previously and participation rates overall (including Maori male and female and non-Maori women) are at their highest level. Despite restructuring and recession, some additional jobs have been created for the increasing numbers of New Zealanders seeking work. This increase in the number of people seeking jobs is in part the result of the youthful demographic character of Maori population and in part a reflection of an increasing proportion of women seeking part-time and full-time work.

3.3.10 Disparities between men and women workers remain—although the gaps are closing. Women earn 81 percent of the wages men earn. Women are under-represented in more highly paid professional and management jobs, and over-represented in low paid 'women's work'. Despite the increased involvement of women in the paid workforce, they still perform the bulk of unpaid domestic labour and childcare. The division of labour in the home appears to have changed only marginally.

3.3.11 Between Maori and Pakeha significant differences are evident in employment and occupational characteristics. Maori are over-represented in production and labouring jobs while non-Maori are more strongly represented in professional and managerial occupations. (See Table 3.4.)

TABLE 3.4: Occupational structure 1986

	Distribution of occupational composition			
	Maori		*Non-Maori*	
Occupational Group	*Male*	*Female*	*Male*	*Female*
	%	%	%	%
Professional, Management	5.9	9.5	21.0	20.1
Clerical	6.7	17.5	8.3	34.2
Production	67.4	37.3	43.1	14.7

Source: 1986 population census

3.3.12 Unemployment levels, insignificant in the early 1970s, are now accepted as likely to remain high for the foreseeable future.

The rates for Maori and for non-Maori women are higher than those for non-Maori men. However, for young people in general and Maori particularly, the levels are disproportionately high.

TABLE 3.5: Umemployment Rate 1986

	Maori		*Non-Maori*	
Age Group (years)	*Male*	*Female*	*Male*	*Female*
	%	%	%	%
15–19	30.8	29.3	12.4	14.2
20–24	10.7	18.8	5.4	4.7

Source: 1986 population census

Housing

3.3.13 House ownership and the right to adequate housing have long been seen as cornerstones of New Zealand life. While the majority of New Zealanders are well housed, a significant number are not. Their experience can be summarised as follows:

3.3.14 HOMELESSNESS The Housing Commission estimates there are 17,000 to 20,000 homeless or inadequately housed families or households.

3.3.15 TOO LITTLE PUBLICLY OWNED RENTAL HOUSING IN AREAS OF HIGH DEMAND In areas like South Auckland state housing waiting lists continue to grow. A point system is used to grade households in the queues for available housing. Desperate need required a 50 point score 5 years ago: it now requires 70. (Housing Phase Report) In some areas 30 points will secure accommodation quickly; in others 50+ points merely moves the household up the list.

3.3.16 UNACCEPTABLE HOUSING CONDITIONS Numerous reports now chronicle the deterioration in housing available to the poor and those the market can readily discriminate against. Recently the Auckland Housing Network surveyed the conditions of 80 families living in central Auckland—in an area where three-bedroom houses irrespective of condition are sold for $120—$170,000 (and renovated versions for $200,000 +) and rented out for $300-$400 a week. Of the sample, 54 percent said their homes were infested with vermin, 32 percent had inadequate washing facilities, 40 percent of the children between the ages of 1 and 5

have been admitted to hospital: and 70 percent of those interviewed are Maori or Pacific Islanders.

3.3.17 RACIAL PREJUDICE A Race Relations Office study (Macdonald:1987–8) revealed:

> . . . some landlords and a high proportion of members of the of the Real Estate Institute prevent Maoris and Pacific Islanders from gaining access to rental accommodation . . . around 80 percent were rejected.

3.3.18 RACIAL DIFFERENCES Seventy-three percent of non-Maori households own their own homes; the proportion for Maoris is 45 percent. (1981 Census) Whereas 1 in 4 Maori households owned their own homes in 1961, by 1981 the ratio was 1 in 8. This change has been associated with the shift of Maori to urban areas.

3.3.19 At the other end of the market particularly since the mid 1980s the demand for expensive housing expanded rapidly. A proportion of the population also can afford second homes.

3.3.20 With high mortgage interest rates, and high prices for houses in Auckland and Wellington (even compared with major Australian cities except for central Sydney) the share of income generally expended on housing has risen. The submission by Shelter for All documents over 900 emergency housing requests in an 8 month period. On average each household seeking help spent over half their income on accommodation.

3.3.21 Variations in housing supply and prices reflect the widening gap in job opportunities between regions in New Zealand. Interviews with miners made redundant after corporatisation reveal their dilemma: stay in the small town with a decent solid affordable house and community attachments and no job or move to where the jobs are, knowing the take out price on the small town house may not even make a realistic deposit on a much lower quality house in one of the less attractive areas of a large city. (Margy-Jean Malcolm:1988)

Health

3.3.22 As with other macro indices of living standards health standards in New Zealand are generally high. For example overall life expectancy levels match those of of the OECD countries. Such indices however can hide very real differences in health status amongst the different groups of a community.

3.3.23 There has always been a wide discrepancy between the health of Maori people and that of non-Maori. Although death

rates of Maori people have come steadily closer to those of non-Maori, they are still significantly higher, especially in the first year of life and among older people. The ratio of Maori to non-Maori infant deaths in 1985 was 1.86, and in the 25 to 44 age group the Maori rate remained at 1.92 times the non-Maori rate, with the difference being particularly great among those aged 35 to 44. Similar rates are evident for those aged 45 and over. The Maori female death rate is 2.4 times that of the non-Maori female death rate.

3.3.24 Hospital admission rates, which are a useful indicator of morbidity, are higher for Maori than non-Maori people at all ages, with hospitalisation for Maori infants especially high. [Robinson, J.L. 1988]

3.3.25 Whatever the health standards, the notion that good health care is accessible to all is widely challenged. Studies of maternal and child health during the 1970s identified the operation of an 'inverse care law', in which health services tend to cluster in areas of least need, while areas of greatest need are poorly served. [Department of Health, 1983]

3.3.26 The findings of a National Wealth and Poverty Survey (1984 TVNZ) estimated that 460,000 households deemed it necessary to carry private health insurance. Costs were seen as a deterrent to seeking health care: 90,000 families postponed visits to the doctor, 44,000 went without correct dentures or glasses, and 37,000 lived in poor accommodation. (Waldegrave and Coventry 1987: 103). Studies of mortality levels for different occupational groups indicate a very wide gap between professionals and semi-skilled people (op cit p. 106). This experience matches that recorded in a wide range of studies of class differences in access to health care in the United Kingdom. Roy Carr-Hill commenting recently on the inequalities in health care in Britain said: 'there are very few unknowns' (558) and with respect to access to health care 'there is extensive inequality between various social groups' (510). In New Zealand the poor are also less healthy and receive less medical attention.

Education

3.3.27 In the late twentieth century the ability to compete for and get a job very much depends on schooling attainment. Low

skilled jobs frequently are dirty, dangerous, low paid and deadening to the spirit. In times of unemployment the premium on having a job is such that community attitudes tend to harden on who deserves job choice and satisfaction. Frequently (although not always) professional, technical and related jobs are not only well paid, safe and clean but satisfying. So educational achievement provides more than the means to just a job.

3.3.28 By international standards New Zealanders enjoy a high standard of education which, relative to many other countries, is cheap and accessible. However amongst OECD countries in comparative terms, too few New Zealand students are emerging adequately qualified from the secondary system and pursuing advanced training/education subsequently. In 1985 over 30 percent of all school leavers and 61 percent of Maori students left secondary school without formal qualifications.

3.3.29 Given the importance of qualifications in providing a launching pad for most rewarding careers two main groups are under-represented in tertiary institutions. These are the lower socio-economic groups and Maori.

TABLE 3.6: Educational attainment by father's socio-economic status

	Socio-economic status of father	
Educational attainment	*SES 1 (Professional etc.)*	*SES 4 (Semi/Unskilled)*
	Percentage	
	%	%
Male workforce	14	30
School form 3	20	24
School form 7	51	6
Otago Medical	65	2
Auckland Univ	54	8
T College	53	9
Tech Institute	31	20

Source: Haines: 1988:4

3.3.30 Given the close link between educational qualifications and the securing of worthwhile employment, the inability of tertiary institutions to accommodate those seeking education and professional training, frustrates both students and the objective of a

better qualified working population. This is particularly evident in subjects for which market demand is high—economics, law, accounting, business management—and in the major cities. The tradition of open entry to universities remains no more than a paper right. Its effective disappearance reduces the opportunity for low income students especially those seeking a 'second chance', to avoid confinement to low income, technologically vulnerable jobs.

3.3.31 The tendency for class patterns to reproduce themselves is accentuated in circumstances where students with higher grades from high school are favoured in the selection procedures for professional and commercial education. While such methods have simplicity to recommend them, the social impact is undesirable and the over-riding emphasis on intellectual over other qualities misplaced in careers where social and ethical responsibilities are as much required as mastery of knowledge and information resources.

3.3.32 Some of the most disconcerting evidence of divergent experience concerns the intentions of school leavers with regards to work and further training.

TABLE 3.7: Destination of school leavers 1983

	Percentage of School Leavers			
	Maori		*Non-Maori*	
	M	*F*	*M*	*F*
Tertiary Education	7 .5	11 .4	21 .0	28 .2
—University	2 .5	2 .0	15 .5	12 .4
Workforce	38 .3	23 .0	35 .5	36 .8
—Clerical	5 .3	14 .0	9 .5	25 .0
—Production/services	32 .0	19 .0	26 .0	11 .8
No occupation/ unknown	45 .0	52 .0	26 .0	27 .5

Source: Department of Education

3.3.33 Two points require underlining. The proportion of students with no clear destination—given the probability of unemployment—is unacceptably high. The differential between Maori and non-Maori is an indictment of assimilationist policies and a recipe for entrenching social and racial division. Given the strong links between qualifications, jobs and income the widening gap between ethnic groups in educational attainment will be reflected also in differences in access to quality housing, health and the general wellbeing.

3.3.34 Overall however the gender gap appears to be closing with a higher proportion of young women going on to tertiary studies.

3.3.35 Young women and Maori are projected to comprise an increasing proportion of the working age population at the beginning of the 21st century. Twenty-five percent of the projected increase in the working population will be Maori. At current levels of schooling attainment Maori and to a lesser degree Pacific Island Polynesian students are not qualified to participate in the anticipated occupational structure (Haines: 1988 16) Increasing the ability of these groups to participate is a necessity Haines argues 'not only for equity reasons but also for economic growth.' (p. 16) Under-utilisation of human resources is in effect lost GNP.

Poverty

3.3.36 In the 1980s the question of the level of poverty is once again being seriously debated. Recent studies in New Zealand have given widely differing assessments of New Zealanders living in poverty. Waldegrave and Coventry (1987) caused much public debate with its conclusions that 1 million New Zealanders, or one third of the population, are living in poverty. Other studies have given estimations of 8 percent (Rochford and Pudney 1985) and 18 percent (Easton 1976).

3.3.37 A major problem in obtaining estimations is the difficulty of getting an appropriate measure of 'poverty'. The differences in estimates in the New Zealand studies cited above are likely to arise primarily from differences in criteria for measurement rather than from variations in actual standards of living. Stephens (1988) has reviewed overseas debate on the measurement of poverty and standards of living. He points out that absolute definitions based on subsistence levels, are not useful, not only because they are hard to arrive at, but because poverty is essentially subjective, relating to a particular social context and changing with the overall standard of living of a society. He concludes that it is in New Zealand's interest to join those other Western countries which have already established an official poverty line, including the United States, Canada, the United Kingdom and Australia.

3.3.38 Whatever the estimates of poverty, the Commission agrees with the statement that 'while the proportion may be contestable the existence of poverty clearly is not.' (Smith 1987: 16) Waldegrave and Coventry wrote about people too poor to pay for

doctors' visits, to heat their homes in winter, unable to afford holidays away from home and who from time to time skip meals because of high food costs. It has been noted that poverty has accumulative effects so that all areas of life may be affected. It is clear that in New Zealand there would be greater numbers of people in poverty were it not for the redistributive effect of the social wage: that is social security provisions and tax transfers plus education, health and other welfare services. (See Appendix I.)

3.4 *Regional Issues*

3.4.1 Regional differences in New Zealand have been considerable for some time. Views have differed widely as to whether such differences should be addressed directly and if so how.

3.4.2 In the 1960s while regional differences in wellbeing existed, by international standards the level of regional divergence was small. (Williamson 1965) Then expectations based on cross national studies were that the process of economic development would reduce regional polarisation to acceptable levels politically and socially. (op.cit, Richardson 1979) However as is apparent in the United Kingdom, Canada and elsewhere regional gaps are once again widening.

3.4.3 Similar trends are apparent in New Zealand. (Frankel 1982) Employment growth is concentrated in the metropolitan centres (RCSP 1987: Discussion Booklet 3, p29). Unemployment nationally stands at 7 percent of the workforce in 1987. In 11 employment districts the level exceeds 9 percent—all are areas dependent on primary production. In 1983 Auckland and Manakau districts had among the highest levels of unemployment. In both cases 1987 levels are significantly below those of 1983. (Department of Labour 1988) The lowest levels are all either in the Auckland or Wellington urban areas.

3.4.4 For Maori the pattern is uniformly bleak with unemployment levels falling below 10 percent in only 3 regions (Clutha and Nelson Bays where there are few Maori, and Wellington). In the North Island particularly rates are higher in rural areas. (NZ Census 1986)

3.4.5 House prices also provide an index of divergence levels as they reflect growth rates and employment prospects. Average house price levels in Auckland and Wellington in the mid 1980s

were more than 50 percent higher than elsewhere. (Valuation Department.)

3.4.6 In the 1960s and 1970s two factors contributed to the shape of regional development. The first was the use of regulatory codes and statutory planning procedures. A raft of regulatory codes set safety standards for the built and 'natural' environment. Town and Country Planning with respect to particular localities focussed on land use management, arbitrating between social and economic development in the community interest, the coordination of place specific developments with people/goods movement, amenity provision and aesthetic questions. Procedures were put in place to minimise the impact of 'natural' disasters (earthquakes, floods, avalanches, etc.) and when unavoidable to deal with the events effectively. The elaboration of environmental policy and assessment procedures has been a significant addition to the regulatory structure.

3.4.7 The second was central government's regional policies. These policies can accentuate or diminish differentials in well-being between people and households within regions and between regions. Basic education, health care, housing and other services provision (Post Offices) are obvious examples. Transport and sectoral subsidies (e.g. agriculture, manufacturing) also tend to reduce the effect transport costs and lower population densities would have on the cost of goods (groceries, clothing, etc.) or services (doctors, car repairs, etc.). For the most part regional policy has consisted of limited concessions and grants with little influence on the distribution of job opportunities. Little systematic work has been done to examine the net impact on regional wellbeing currently, and in the recent past, of expenditure on public services, on income support, training schemes, rail and transport services, SMPS, and on fertiliser subsidies. The degree to which these shore up rural incomes and achieve a more even spread of income and population is not known. It seems likely however that they evened things up. The decline of rural population has been in progress for several decades. HCD Somerset who wrote about a Canterbury rural community noted in his 1974 study that Littledene had been changing since the 1930s. 'The small town had been enmeshed in a web of international and regional constraints that rendered the idea of local autonomy anachronistic.'

3.4.8 Many New Zealanders have assumed that 'progress' means both geographical and social mobility, that the price of material

and social status gains may be the decay of communities and compelling of individuals and households to break with established social networks and to move to new places and to join new groups. The consequence is that place aspects of wellbeing are infrequently raised, and poorly understood. The key issues include:

- how important is place to people's wellbeing—as individuals, groups and communities?
- to what extent can overall social wellbeing be enhanced by setting basic standards? For communities, and for regions?
- what level of variation in wellbeing is tolerable or desirable between suburbs, communites, town and country?
- who sets the agendas?
- What are the prospects for combining nationally set minimum standards with locally set agendas and strategies for enhancing wellbeing?

3.4.9 There appears to be two interrelated considerations. The first is tacit acceptance of the view that distribution geographically should not be planned or controlled in any way. The second concerns the difficulty of setting an efficiency measure which accommodates, among other things the cost of relocation of families, the underutilisation of resources in areas of outmigration, the merits of a diversity of lifestyle choices rural and urban.

3.4.10 The regional concentration of Maori population in areas such as North Auckland and the East Coast, where job opportunities are bleak, forces a reappraisal of these issues. The consequence is otherwise wasted/underutilised human resources in areas where unemployment is high and economic activity levels low if no solutions other than market options are followed. In many regions physical resources such as housing and infrastructure are also underutilised. In contrast shortages in Auckland and Wellington have pushed housing costs to levels beyond the reach of low income groups.

3.4.11 The question of whether people move to jobs or vice versa is emerging as a policy issue.

Submissions

4.1 *New Zealanders' Perceptions of Outcomes*

4.1.1 Many New Zealanders recognise the positive achievements of past policies, 'We have reasonably good systems of education,

public health and justice. We are a peaceful country and are making a contribution to world peace through our nuclear-weapons free policy . . . Many New Zealanders reject racism and work to eliminate it at home and overseas. A positive caring attitude for our environment has developed' (235). However, the same submission along with many others pointed to the growth of unacceptable conditions for sections of society commenting: 'The gap between the advantaged and disadvantaged is widening and there is no question there are injustices in our society (2541).

4.1.2 Many submissions focussed on the disadvantaged. For the working class living is 'drudgery . . . near the bottom of the power structure (which means they do not have the freedom to master their own destiny) adds frustration to financial stress, so compounding their struggle for survival' (728). 'There are many poor and disadvantaged people in New Zealand. Some are European but many belong to minority ethnic groups and are Maori or Pacific Islanders' (2541). 'Racial inequalities along with the feminisation of poverty' were seen to have 'dire consequences—not just in the enormous human misery for each person involved, but also in social unrest, crime, violence and failure to achieve national economic potential' (3116). Many felt the system was failing Maori students at all levels (577) the result being the loss of a 'great reservoir of unused talent in the population' (2864). Many women, youth, single people and those with a disability problem. . . are not provided for' (4652).

4.1.3 Unemployment was identified by some as the country's greatest problem (2969). Work is fundamental to wellbeing, self esteem, participation (730) and confronting racial deprivation. (559) 'Inadequate housing is a major source of social dislocation' and 'health services often do not reach those who need them most.' (4652) There is too much 'emotional and physical neglect of children' (235).

4.1.4 People living outside the metropolitan areas see themselves as doing worse because physical (sealed roads, private telephones, regular transport) services as well as community and personal services (Post Offices, access to Government Departments, schooling etc) are less available (2865). One South Island local authority reported a 12 percent population loss over the last 6 years largely because there are no jobs. Migration is northwards or increasingly to Australia (1001).

4.1.5 Unacceptable differences exist and are seen to be growing. 'There was a time when New Zealand enjoyed a tolerably egalitarian society (2956). But 'we see now the ever increasing differences between the 'haves' and the 'have nots' (2074). The result? 'An extremely unfair society.' (94)

4.1.6 Many submissions focussed on policy deficiencies. People spoke of the 'difficulty of getting off the unemployment benefit by self help' (4403), of housing inadequacies (722, 3146), the undermining of the health system (654), of the need for greater access to educational opportunity especially at the tertiary level for low income people (1840).

4.1.7 Decisions about what constitutes appropriate economic policy were seen to be dominated by Pakehas (4161) and the middle class (3486). Among the results were increasing poverty and inequality (710), impoverishment of Maoris in particular and the disabled and women (3486).

4.1.8 For many the evidence of failure to deliver to significant sections of the population was overwhelming (577). Failure of both local and national government to consult with people most affected, reflected policy maker's indifference to clients' welfare. (2925) It is seen as unfair that the cost of restructuring the economy falls on 'those who have least ability to influence the decisions' (728).

4.1.9 Very few submissions question whether the state should interfere. Rather the criticisms concern callousness, inflexibility and under commitment to people's welfare—the means and mechanisms rather than the need to do so. The latter is generally taken for granted. Confidence remains that state intervention on the whole benefits the poor (394)—and indeed society as a whole (4915).

4.1.10 While few submissions address the question of what causes social problems and whether society in general is better served if the state takes responsibility for maintaining standards with respect to people's needs and the wider environment, some inferences can be drawn. Economic change (728), wage inequalities (2956), monoculturalism (4161), entrenched gender attitudes (394), are seen as the major sources and expressions of the uneven sharing of benefits from social endeavour.

4.1.11 While most submissions favour providing more opportunities for people to care for themselves, there is broad acceptance that the crucial factors influencing social wellbeing are social and

structural and require action beyond that of a lucky or exceptional individual. The character of policies matters, 'Harsh and erratic changes in Government policies make for hardship and despair among the lower socio-economic groups in the community. . . ' (3324).

4.1.12 The need for new ways to determine accountability that go beyond budgetary approaches was raised frequently. 'We believe professionals whose livelihood is made by sorting out other peoples lives must be made accountable to those they serve—not just their peers'. (3324) The trend to privatisation should be reviewed. (983)

4.1.13 Two areas met with positive responses. They were the increasing recognition being given to the Treaty of Waitangi, (710, 3015) and the desirability of greater participation by communities (2929) in decision-making and the desirability of devolution (4652).

New Zealanders' Agendas

4.1.14 According to one submission effective social policy requires a broad base with people as its core concern (oral hearings 8, 7.5.87) and involves partnership. 'We are two peoples, one nation. Let us recognise and accept cultural differences and plan the future closely together' (3275).

4.1.15 In policy areas 'Economic policies should be set to attain social policy goals' (4915). Jobs come first (300). It is the responsibility of the state to 'intervene to ensure equity' (300) and to take the initiative with regard to economic growth: 'We want to see an expanded state sector of production of goods and services including housing using the valuable resource of 100,000 people currently registered as willing and able to undertake full time work under New Zealand and not third world conditions' (4915).

4.1.16 With regard to how services are administered and who should allocate priorities the concept of devolution found strong support. 'Future policy, economic and social should be evolved within the area and should proceed only if there is adequate community participation at every step' (2872). The debate over devolution clarifies more about the desire of people to be heard and be treated fairly than about how this is to be achieved. Devolution is recognized to be a 'not a cheap option' (3143).

4.1.17 For disabled groups a key priority is to make community care beneficial for clients and for families. Without adequate funding, professional and voluntary organisation backup 'community care' remained an empty promise (704,1870).

4.1.18 In addition to attaining basic standards in terms of full employment, economic security, housing, the removal of ethnic and gender discrimination, and enhancing the quality of human lives and interaction mattered. Humans deserve more than 'just a job'; they deserve the opportunity for full development and social participation (235). Spirituality was seen as an essential part of overall wellbeing (254, and 235). The strong voice expressed in the submissions is for diversity, trust, consultation, empowering people and communities. Implicit is a questioning of rigid centralisation, of bureaucratic obfuscation and a challenging of economism.

5 Issues, trends, and options

5.1 *Issues*

5.1.1 Before considering trends and options it is necessary to be clear on the issues which are at the heart of the social policy debate in New Zealand today.

Role of the State

5.1.2 The first relates to the role of the state in ensuring social wellbeing.

5.1.3 From the late 1930s until the 1970s there was considerable support for ensuring social wellbeing through the concept of the 'welfare state'.

5.1.4 The welfare state as represented in New Zealand—and maintained in its basic form until the 1970s—had the following major characteristics:

- Ownership and control over resources, production, land and distribution was shared by the state and private capital.
- The state set minimum standards and provided for wellbeing in basic areas: full employment, adequate housing, free education, health, provision for non-workers particularly the aged.

- The state influenced the distribution of population, productive activity and incomes by instruments such as fiscal, monetary and labour market policy. It set the rules for individual/group economic and social activity.
- The state managed the distribution of public goods by instruments such as fiscal policy, prices and incomes policy, labour market policy, housing, health, transport, and family welfare and housing policies.

5.1.5 The macro-economic objectives focussed on optimising the use of human resources (construed at that time as family men) in the workforce and increasing the use of local physical resources especially those in which New Zealand was internationally competitive. Hence, the emphasis on increased productivity from the land and greater utilisation of resources such as hydro-electric power. In the social arena the state initially financed basic needs and set the standards of provision itself in areas such as pensions, housing, schooling, health services. This included the provision of facilities, for example, houses, schools, hospitals, transport services. Overall average incomes rose and became more evenly distributed between the 1930s and 1960s. (Pearson and Thorns 1983)

5.1.6 While governments in the past have co-operated willingly with business the distinction between the proper concerns of government and business has been widely accepted. Most businesses by delivering jobs and goods contribute to social and national wellbeing. But their raision d'etre is to earn dividends for shareholders/owners. The responsibility of government has been seen to promote national wellbeing, and in the past in a small, vulnerable economy this has been seen as best achieved by government playing a strong regulatory role.

5.1.7 Finally, during these periods the partnership between private enterprise and government took a clearly defined form—albeit with variations according to external conditions and internal shifts in political philosophy. In effect government set the basic objectives—such as full employment, accessible housing, health and education—and established the mechanisms, for both state and private activity to achieve them.

5.1.8 The period from the mid 1930s to the mid 1970s was one of economic growth and improved standards of living. Nevertheless varied dissatisfactions with some of the distributive outcomes of the welfare state had emerged by 1975.

5.1.9 To some it began to appear as if the welfare state was a blunt instrument, appropriate to conditions of acute economic and social crisis but less than satisfactory in managing complex, diverse business activity and in adjudicating between and providing for the needs of diverse apparently competing claims. Examples that readily come to mind include women in paid work versus women in the home, rural producers versus urban professionals, the elderly versus youth, the Maori versus other ethnic groups, health provision for physically classified illness versus invisible 'mentally' located illness, and early childhood versus university education.

5.1.10 In the New Zealand setting one example stands out. For Maori the welfare state brought dubious outcomes. On the one hand urbanisation, partial assimilation into European based culture, and alienation; on the other a material base from which to challenge the dominant cultural system and focus on rights to land and resources.

Global Change

5.1.11 The second issue relates to how New Zealand should accommodate global change.

5.1.12 In the 1980s, with the growth of global corporations, national economic boundaries are being transcended by the forces of international competition and initiative. Recent deregulation of the financial sector, however, together with the lowering of protective barriers for domestic producers, has increased the exposure of the New Zealand economy to international producers, trade and investment possibilities.

5.1.14 Since the late 1960s the global economy has undergone significant changes. Among the major developments has been the internationalisation of manufacturing production—particularly the shift of factories to low cost labour countries in Latin America and South East Asia. Surplus capital from oil price rises in the 1970s fuelled global lending by international banks and the foray of, first Middle East oil money and later Japanese capital, into prime real estate markets in the United States, Europe, Australia and elsewhere.

5.1.15 In the restructuring of the international economy countries are competing for places in the hierarchy of growth sectors and centres, namely financial centres, sunrise industry locales and to a lesser degree tourism and recreational centres. The first of these, financial centre growth, is governed by three factors: first the

existing scale of financial activity (as in London, New York, Tokyo); second, locations relative to major markets; third, 'attractive' local conditions such as low corporate tax levels, skilled professional populations, safe attractive lifestyles.

5.1.16 Speculation about the place of New Zealand financial centres in the emerging Pacific Rim economy focusses on what conditions are required to attract international investors and financial activity. A key issue here is the extent to which competing in the international financial scene requires setting up a tax regime which may limit the fiscal capability of the state to address the needs of a fair and just society.

5.1.17 There are a number of questions which must be considered in determining how to accommodate global change. For example, whose standards will New Zealand have to match to be competitive? Since the price of modern technologies and capital are set internationally should the price of labour be as well? In the 1970s in the scramble for new business many countries set up free trade/business zones where ordinary regulations—safety, health, wage rates and taxes—did not apply. Labour intensive industries not surprisingly flowed to such areas. In some places low paid workers barely earn enough to survive.

5.1.18 There are other international models. For example, some countries have settled for a mix of protection of 'sunrise' industries and a carefully managed exposure and winding down of labour intensive activities.

Participation in Decision-making

5.1.19 A further issue relates to the processes of and structures for decision-making. The welfare state in New Zealand rested on a high level of centralisation of decision-making. This approach not only occasioned criticism of blatant inefficiency and tunnel vision but often appeared to scorn and demean those the welfare state was designed to assist. The centralist policy making form left many people unaware of how their lives were managed, unable to explain or fully understand their social position and thus to effectively assess the merits of past and current systems or proposed reforms. In a market led economy the determining decisions are taken by those possessing property rights. Unless those rights are evenly spread the reality of participation in shaping the direction of social development and setting of priorities for social outcomes will be restricted to the powerful—and the few.

5.2 *Trends*

5.2.1 The policy shifts in New Zealand in 1984 resulting in a more open economy, recession in agriculture and manufacturing, a boom in commercial activity and business and professional services, and 'rationalisation' of the state sector have had overtly uneven consequences. The construction boom associated with deregulation and financial services growth has transformed the central city areas of metropolitan areas. What is apparent is the degree to which major cities also will be more exposed to the cyclical swings of the property sector—influencing jobs, service provision and the quality of office building stock. In the 80s, internationally, overbuilding in the office sector (relative to expected occupancy/vacancy levels) has run at record levels reflecting frequently the unattractiveness of alternative investment opportunities and the surplus money available particularly from Asian sources. Confidence varies amongst 'experts' on the degree to which existing and projected office stock will be absorbed. Demand remains high for top quality accommodation.

5.2.2 New Zealand's current economic strategy seeks to position the country in the international setting. It is not yet clear where New Zealand (Auckland/Wellington) will fit into the emerging Pacific Basin hierarchy of financial centres. While some see a major role, the most likely outcome is regional significance on a par with Brisbane. Sydney appears likely to remain regionally dominant because of its size and greater array of financial services combined with its greater social diversity.

5.2.3 Overseas the crash came after the office sector had peaked and high quality, technologically sophisticated buildings designed for the top end of the market were in place. Substantial decentralisation of routine office functions also occurred. Inner city retail activity and gateway large scale multi-functional projects (hotel, festival, retail and parking) are well advanced (as in the Docklands United Kingdom, Boston, Baltimore, Sydney). Frequently these projects received strong state support (local or national) and are seen as crucial to securing the infrastructure and 'seed' sectors for growth areas in the restructured global economy. In the New Zealand setting much of the new office stock is compatible with new technology but not designed to optimise its use nor for 'leaner' corporate structures and the proliferation of specialist consultancies. There are few high quality technologically sophisticated

buildings. In Auckland for example, these number two or three buildings (the Shortland Centre, Fay Richwhite building). Major gateway projects matching the scale and complexity of those overseas have not yet got off the drawing boards—and may not, given the state of the share and property markets.

5.2.4 Thus New Zealand cities are now subject to the consequences of 'downturns' in several major sectors—agriculture, (including freezing work closures) manufacturing (plant closure especially in suburban areas), the building/construction sector (office construction), and the services sector (both private business and the state sector). The ability of urban labour markets to absorb migrants looks increasingly bleak.

5.2.5 Overseas studies indicate that greater exposure to cyclical movements can have extensive consequences for the quality of life in urban centres. Houston is the classic example of exposure to boom/bust conditions under relatively unfettered regulatory conditions. Water quality, rubbish disposal, housing conditions for black/poor citizens, traffic congestion are all problems almost out of control. In Houston the result has been to move to regulatory planning. The evidence from New York, Los Angeles and London—other boom cities in the global restructuring process—also indicate massive management problems (especially traffic and waste disposal), and widening social disparities between those in work and those not. Social alienation expressed in rising levels of violence and property crime is matched by increased expenditures on policing.

5.2.6 In New Zealand there is a continuing shift away from agriculture and manufacturing as employing sectors and as sources of national wealth, to the services sector in general, and the trade and business sectors particularly. The new activity is closely associated with large scale commercial activity (Auckland) and corporate and institutional headquarters (Wellington). Despite significant layoffs in the manufacturing sectors in the two major urban areas, these cities account disproportionately for net employment growth in the 1980s and particularly since 1984. The growth impact has been selective sectorally as well as regionally.

5.2.7 Between 1984 and 1987 the most dynamic response to these policy initiatives was to be seen in the finance and business sector and in central city property and office building booms. In

less than half a decade the business environment has been transformed as a result of takeovers and mergers, with three major companies dominating the market (Brierleys, Goodman Fielder/Watties, and Fletcher Challenge). From a country where the state played a significant role in the orchestration of economic and social life New Zealand is now seen as one of the least regulated economies in the western world.

5.2.8 Buildings and technology—and management techniques of business have been, as one Auckland businessman put it, brought out of the nineteenth century. (Auckland City:1987) These changes, which include new structures, skills, techniques, the contact and familiarity with international corporate resources and knowhow, are crucial to New Zealand's economic future.

5.2.9 Aided by micro-electronic technology, the patterns identified in New Zealand in the mid 1980s emerged in North America and Europe in the late 1970s —decline in manufacturing employment, growth of producer services, selective growth of very large cities and an urban/office real estate boom. These trends have been consistent in OECD countries regardless of economic management type (except Singapore and Hong Kong). Urban real estate speculation flourished where tax regimes and other investment options (like manufacturing) were unattractive.

5.2.10 A second critical matter concerns employment prospects — the types of jobs created and where. Several points are already clear from overseas trends. First, new jobs are being created in professional producer services and semi-skilled services. Second, job losses in manufacturing and services (public sector, middle management, part-time) cancel out job gains. Unemployment levels are historically high and appear unlikely to fall. The growth sectors are strongly associated with large metropolitan centres.

5.2.11 Thus gaps between rural and urban areas, between metropolitan and non-metropolitan areas widen under current economic regimes. Investment choices for corporations are not regional as they largely were 50 years ago, or national as they were 20 years ago but global. The choice is not between Penrose and Lower Hutt but Penrose and Canada, not Kawerau and Tokoroa but Kawerau and Chile. In the context of a more open internationally oriented economy the prospects for 'spreading' employment across the nation to where people currently live has become very much more circumscribed.

5.2.12 New Zealand remains a small vulnerable economy increasingly oriented in trade and identity to the Pacific rather than the Atlantic arena. Policy makers face the dilemma of creating a productive structure which overall is internationally competitive while at the same time delivering on jobs and basic social needs.

5.3 *Options*

5.3.1 Submissions to the Royal Commission seldom advocated 'turning back the clock', nor did they usually idealise that past. Instead there seemed to be a desire to develop policies and strategies to overcome both economic and social stagnation, building on the best of the past as well as learning from earlier failures, inadequacies and inefficiencies. There was in those submissions a conviction that there had to be a better way.

5.3.2 Though the detail of the desired policies and strategies was rarely fully developed, a broad framework emerges from the submissions.

- unemployment is unacceptable;
- basic needs especially housing, health, education, income security must be assured by the state;
- the injustices felt by the tangata whenua must be redressed taking account of the Treaty of Waitangi;
- all people must have the opportunity to fully participate regardless of gender, ethnic status, class, age, abilities;
- the economy and social wellbeing are interdependent;
- people want a greater say in setting the social and economic agendas that shape their lives and limit their choices.

5.3.3 The submissions reveal that unease about the uneven sharing of the burden of change in the community is widespread. The groups most affected are: the unemployed, the homeless, low income earners, the young (in all of which Maoris are over represented), the agriculture sector, and its service towns and other primary and manufacturing sector workers and women who feature disproportionately among the homeless and low income earners. The areas most affected are: rural areas (economies based on one activity for example, coal, forestry), secondary centres, working class suburban areas (associated with manufacturing cutbacks).

5.3.4 Other areas of the Commission's work deal in some depth with employment, social provision, the Treaty of Waitangi, the equality of men and women and all races, the inter-relationship of

social and economic policy and increased community participation in decision-making.

5.3.5 Not dealt with elsewhere is the question of regional disparities or territorial justice which also came through in submissions. It underlies many submissions on the Treaty of Waitangi and Maori development, as well as those dealing with unemployment, homelessness and community participation in decision-making.

5.3.6 The main questions which emerge from any consideration of regional disparities are:

- to what extent should individuals, communities bear the cost of remote location—or the disadvantages of some urban locations?
- how should the population be distributed and in what ways should service distribution match up?
- is access a matter only of affordability or is it acceptable that the availability of services such as health care, social security, convenience (electricity), communication (telephone, TV services), and their quality will vary territorially?
- what links and relationships can be most usefully developed between urban and rural populations?

5.3.7 These questions become more pressing as growth opportunities become more concentrated. Concentration means migration, the weakening of family/iwi links and the further decline in the rural population base that supports services.

5.3.8 It would seem therefore that before the question of devolution/power sharing can be addressed, priority needs to be given to determining what level of regional distribution of population and economic activity is desirable. Submissions see the spread of population as having benefits for the nation as a whole by reducing pressures on city resources, by reducing migration, by ensuring resources across the nation are more fully utilised (housing, educational and related resources), broadening the economic base and thus enhancing national economic stability. Viable economic activity in the regions is also seen as a way to ensure real choice about types of work and places to live.

5.3.9 Of the proposals for locally based development placed before the Commission in this area the most substantive are those made by Maori tribal groupings. The Ngati Porou strategy is indicative of such proposals. In essence Ngati Porou propose a tribal/regional strategy based on harnessing their land and human

resources, funded in part by the conversion of unemployment payments into a development fund and supported by appropriate access of Ngati Porou to administrative and financial management training. The strategy document contains a detailed inventory of existing and proposed projects, of amenity, service and social requirements. 'The people are tired of being the victims of external processes. They have a vision of a future shaped by the control of their resources, talents and skills.' Their proposals are for revitalisation of the economic base, greater local self sufficiency and a clear strategy to remove the causes of disadvantage, discrimination and second class citizenship. At the core of the proposal is tribally based control over human and 'natural' resources.

5.3.10 In an economic climate where market led approaches widen economic and social disparities and sacrifice local to national objectives, where past rigid procedures of interventionism managed overall wellbeing by excluding the conditions, needs and voices of sectors of the population (ethnic minorities, non-paid workers, less able), strategies which place wellbeing values at their core are likely to attract popular support. Such proposals are locally based, democratic, job oriented. Emphasis is placed on local provision for local needs as well as specialisation for export (interregionally, internationally). Regional/tribal development proposals appear among the optimistic and feasible proposals for achieving genuinely more equitable social and economic outcomes.

5.3.11 Some regional balance in the spread of population and economic activity is of especial importance to Maori people enabling them to make choices consistent with their cultural beliefs and tribal commitments. The spread of activity across regions and sectors also reduces economic vulnerability and susceptibility to cyclical movements.

5.3.12 The New Zealand tradition of self help merits support especially when applied to locally based comprehensive development projects. These merit government support to ensure feasibility and appropriate resources are available to enable projects to succeed. Critical to success is the training of administrative and managerial personnel. Such projects in rural areas would contribute to making tribal heartlands a place where Maori can live and work and to stimulate rural population growth in general—essential if vital services are to be available.

5.3.13 A strong and evenly spread distribution of wealth geographically appears to be a pre-requisite to any form of power-sharing that goes beyond the decentralisation of welfare services provision and the application of market principles to local authority administration and activities. Successful power-sharing requires an adequate funding base either from national taxes or local tax. Reasonable local autonomy in decision-making is necessary if the advantages of local knowledge and community sensitivity are to be realised. Measures also need to be put in place to ensure a fair distribution of service availability, quality and provision between regions.

5.3.14 The issues of participation, power-sharing and devolution are discussed further in the Commission's work on Policy Development, Assessment, and Monitoring.

6. Summary of Conclusions

6.1 The Commission's work on the inter-relationship of social and economic policy demonstrated that the two are interdependent. The historical perspective of this paper has shown that the structure of New Zealand society and the level of wellbeing of its people result from the intertwining of social and economic processes.

6.2 Economic processes and policies by their very nature have social implications and vice versa. Thus the attempt to treat these processes as if independent is at best artificial. It runs the danger of becoming a rationale for failing to consider adequately the social consequences of economic policy making.

6.3 This paper has highlighted within New Zealand an undesirable incidence of poverty, deprivation and social polarisation which has a strong racial and regional bias.

6.4 In particular the gap between Maori and the rest of the population in levels of wellbeing is inconsistent with the standards set out in the Commission's Terms of Reference for a fair and just society.

6.5 Consideration of the historical evidence and present international comparisons leads the Commission to conclude that any shift of substance away from the fundamental position of state responsibility for assuring basic needs, results in increased variation in the distribution of economic activity regionally and widening

gaps in levels of well-being between individuals, groups and communities.

6.6 The paper acknowledges the achievements of the welfare state as it developed from the 1930s, as well as the problems of the overcentralisation and concentration of power and of the marginalisation of particular social groups. Changing economic circumstances have forced recognition of the need for improved decision-making processes and multi-faceted accountability and these are considered elsewhere in the Commission's work.

Appendix I

The Budget and Social Policy 1981/82 and 1985/86

This appendix is drawn from the budget impact analysis carried out in the Department of Social Welfare, by Suzanne Snively. That study will include information to 1987/88, when it is published later in 1988 by the Department of Social Welfare.

The budget impact study is designed to identify which social groups pay the various taxes and other forms of government revenue and which social groups benefit from government expenditure in its various forms. It is a major contribution to our knowledge of these processes.

Government Expenditure

Social Welfare Cash Benefits (National Superannuation, Family Benefit, Family Care and Income-tested benefits) are by far the largest single item of government expenditure, being 29.9 percent of total government expenditure in the year ended 31 March 1982, and 31.1 percent in the year to 31 March 1986.

The largest growing area of expenditure is debt servicing, which increased its share of government expenditure over the same four year period from 13.2 percent to 20.5 percent.

Summary Tables A/82 and A/86 show the extent to which Social Welfare cash benefits are targeted on the lowest 30% of households, when ordered by their market income.

The Tables A/82 and A/86 show that health expenditure is fairly similar across all household income groups, while government expenditure on education increases with the income of households.

What these analyses in themselves do not show is the extent to which family size, and age are associated with household income, and thus make appear stronger than it is, the relationship between expenditure and income.

However Table B shows that the expenditure on health per person falls with increasing income, as a consequence of the joint

effect of household size also increasing with income, and retired national superannuitants using more medical care and also generally having low market incomes.

Government Revenue

Government provided goods and services are paid for in several ways, personal income taxation being the most significant.

The contributions of direct and indirect taxes are analysed in the Funding paper, and Tables A/82 and A/86 show the progressive nature of personal income tax, and how they have changed between 1981/82 and 1985/86.

Summary

The budget impact analysis gives estimates of the impact of government spending and taxation on social groups. The attached tables relating to household income groups, will be extended to cover other dimensions of social groups when the complete paper by S. Snively is published.

TABLE A/86: The distribution of household money income adjusted for total central government non-market budget activities in 1985/86
(By household income group: each group represents a decile, 10 percent of private households)

Household Market Income Decile ($ p.a.)	Income	Payments to Government					Money Income Value of Government Expenditure							Adjustment for All Govt Non-Mkt Activits. (C–B)	Market Income Adjusted for Govt Budget (A+D)
	Market Income A	Personal Income Tax B1	Indirect Taxes B2	Company Income Tax B3	Other Receipts B4	Total Payments (B1–B4) B	Social Welfare Benefits (excludes SMPS) C1	General Government Goods (Case 1) C2	Health C3	Education C4	Subsidies and Other C5	Interest C6	Total Govt Expend. C1–C6 C	D	E
							$ Million								
Less than $282	−48	169	145	29	91	434	1,072	105	196	62	21	50	1,507	1,073	1,024
$282– ($3,198)	147	241	157	56	96	550	1,143	111	213	47	18	161	1,693	1,143	1,290
$3,198–($10,959)	743	272	234	108	147	761	833	170	178	135	58	299	1,673	912	1,655
$10,959–($16,247)	1,487	401	292	99	176	969	438	203	167	172	107	238	1,326	357	1,844
$16,247–($20,742)	2,000	573	322	103	194	1,193	333	164	165	204	151	243	1,322	130	2,129
$20,742–($25,452)	2,482	716	357	107	224	1,404	230	259	166	208	178	227	1,268	−137	2,345
$25,452–($30,830)	3,033	886	412	132	246	1,676	235	284	163	209	196	299	1,376	−300	2,733
$30,830–($38,160)	3,702	1,118	453	139	277	1,987	150	319	161	222	238	328	1,418	−568	3,133
$38,160–($48,731)	4,650	1,463	515	160	314	2,452	110	363	154	206	243	337	1,413	−1,038	3,612
$48,731 and over	7,340	2,811	671	381	402	4,265	108	464	175	254	243	844	2,087	−2,178	5,163
Total	25,536	8,650	3,558	1,314	2,167	15,691	4,860	2,502	1,738	1,719	1,453	3,028	15,083	−606	24,928

data continued on next page

TABLE A/86:—*continued* Data from previous page expressed as a proportion of total

	A		B1	B2	B3	B4	B	C1	C2	C3	C4	C5	C6	C	D	E
								Proportion of Total (%)								
Less than $282	−0.2		2.0	4.1	2.2	4.2	2.8	23.1	4.2	11.3	3.6	1.4	1.7	10.0		4.1
$282–($3,198)	0.6		2.8	4.4	4.3	4.4	3.5	24.6	4.4	12.3	2.7	1.2	5.3	11.2		5.2
$3,198–($10,959)	2.9		3.1	6.6	8.2	6.8	4.8	17.9	6.8	10.2	7.9	4.0	9.9	11.1		6.6
$10,959–($16,247)	5.8		4.6	8.2	7.5	8.1	6.2	9.4	8.1	9.6	10.0	7.4	7.9	8.8		7.4
$16,247–($20,742)	7.8		6.6	9.1	7.8	9.0	7.6	7.2	9.0	9.5	11.9	10.4	8.1	8.8		8.5
$20,742–($25,452)	9.7		8.3	10.0	8.1	10.3	8.9	5.0	10.4	9.6	12.1	12.3	7.5	8.4	68.2	9.4
$25,452–($30,830)	11.9		10.2	11.6	10.0	11.4	10.7	4.8	11.4	9.4	12.2	13.5	9.9	9.1	Not	11.0
$30,830–($38,160)	14.5	83.0	12.9	12.7	10.6	12.8	12.7	3.2	12.7	9.3	12.9	16.4	10.8	9.4	rele-	12.6
$38,160–($48,731)	18.2		16.9	14.5	12.2	14.5	15.6	2.4	14.5	8.9	12.0	16.7	11.1	9.4	vant	14.5
$48,731 and over	28.7		32.5	18.9	29.0	18.6	27.2	2.3	18.5	10.1	14.8	16.7	27.9	13.8		20.7
Total	100.00		100.00	100.00	100.00	100.00	100.00	100.00	100.00	100.00	100.00	100.00	100.00	100.00		100.00

Source: Derived with SEBIRD using assumptions which are similar for both 1981/82 and 1985/86. Numbers may not add due to rounding

TABLE A/82: The distribution of household money income adjusted for total central government non-market budget activities in 1981/82
(By household income group: each group represents a decile, 10 percent of private households)

	Income	*Payments to Government*					*Money Income Value of Government Expenditure*							*Adjustment for All Govt Non-Mkt Activits.*	*Market Income Adjusted for Govt Budget*
Household Market Income Decile ($ p.a.)	*Market Income*	*Personal Income Tax*	*Indirect Taxes*	*Company Income Tax*	*Other Receipts*	*Total Payments (B1–B4)*	*Social Welfare Benefits (excludes SMPS)*	*General Government Goods (Case 1)*	*Health*	*Education*	*Subsidies and Other*	*Interest*	*Total Govt Expend. C1–C6*	*(C–B)*	*(A+D)*
	A	*B1*	*B2*	*B3*	*B4*	*B*	*C1*	*C2*	*C3*	*C4*	*C5*	*C6*	*C*	*D*	*E*
								$ Million							
Less than $250	−22	50	66	14	30	160	648	101	152	52	16	18	987	827	805
$250–($3,950)	170	89	90	35	37	251	596	124	146	37	18	31	952	701	871
$3,950–($9,750)	731	156	135	61	51	403	371	168	132	89	71	75	906	503	1,234
$9,750–($13,450)	1,212	255	161	46	58	520	192	195	113	101	49	52	702	182	1,394
$13,450–($16,900)	1,567	366	185	54	69	674	167	233	122	133	60	64	779	105	1,672
$16,900–($20,250)	1,922	483	225	55	81	844	144	269	118	159	53	59	802	−42	1,880
$20,250–($24,200)	2,291	594	229	59	86	968	102	287	116	169	63	65	802	−166	2,125
$24,200–($29,200)	2,774	777	266	70	98	1,211	118	329	109	168	81	81	886	−325	2,449
$29,200–($36,650)	3,387	994	321	86	119	1,520	114	398	111	176	68	85	952	−568	2,819
$36,650 and over	5,211	1,788	409	189	145	2,531	134	484	138	209	93	158	1,216	−1,315	3,896
Total	19,243	5,552	2,087	669	774	9,082	2,586	2,588	1,257	1,293	572	688	8,984	−98	19,145

TABLE A/82:—*continued* Data from previous page expressed as a proportion of total

	A	*B1*	*B2*	*B3*	*B4*	*B*	*C1*	*C2*	*C3*	*C4*	*C5*	*C6*	*C*	*D*	*E*
							Proportion of Total (%)								
Less than $250	−0.1	0.9	3.1	2.1	3.9	1.8	25.1	3.9	12.1	4.0	2.8	2.6	11.0		4.2
$250– ($3,950)	0.9	1.6	4.3	5.2	4.8	2.8	23.0	4.8	11.6	2.9	3.1	4.5	10.6		4.5
$3,950– ($9,750)	3.8	2.8	6.5	9.1	6.5	4.4	14.3	6.5	10.5	6.9	12.4	10.9	10.1	Not	6.5
$9,750–($13,450)	6.3	4.6	7.7	6.9	7.5	5.7	7.5	7.5	9.0	7.8	8.6	7.7	7.8	rele-	7.3
$13,450–($16,900)	8.1	6.6	8.9	8.1	9.0	7.4	6.5	9.0	9.7	10.3	10.5	9.3	8.7	vant	8.7
$16,900–($20,250)	10.0	8.7	10.8	8.2	10.4	9.3	5.6	10.4	9.4	12.3	9.3	8.6	8.9		9.8
$20,250–($24,200)	11.9	10.7	11.0	8.8	11.1	10.7	3.9	11.1	9.2	13.1	11.0	9.4	8.9		11.1
$24,200–($29,200)	14.4	14.0	12.7	10.4	12.7	13.3	4.5	12.7	8.7	13.0	14.2	11.8	9.9		12.8
$29,200–($36,650)	17.6	17.9	15.4	12.9	15.4	16.7	4.4	15.4	8.8	13.6	11.9	12.3	10.6		14.7
$36,650 and over	27.1	32.2	19.6	28.3	18.8	27.9	5.2	18.7	11.0	16.2	16.2	22.9	13.5		20.4
Total	100.00	100.00	100.00	100.00	100.00	100.00	100.00	100.00	100.00	100.00	100.00	100.00	100.00		100.00

Source: See chapters 3, 5 and 6 for derivation

TABLE B: Average amount of household money income from central government non-market budget activities in 1985/86
(By household income group: each group represents a decile, 10 % of private households)

Household Market Income Decile ($ p.a.)	Income	Payments to Government					Money Income Value of Government Expenditure							Adjustment for All Govt Non-Mkt Activits. (C–B)	Market Income Adjusted for Govt Budget (A+D)
	Market Income A	Personal Income Tax B1	Indirect Taxes B2	Company Income Tax B3	Other Receipts B4	Total Payments (B1–B4) B	Social Welfare Benefits (excludes SMPS) C1	General Government Goods (Case 1) C2	Health C3	Education C4	Subsidies and Other C5	Interest C6	Total Govt Expend. C1–C6 C		
							Per Household ($ p.a.)								
Less than $282	−450	1,570	1,353	267	849	4,039	9,980	981	1,820	580	198	463	14,021	9,983	9,532
$282–($3,198)	1,368	2,237	1,459	519	891	5,105	10,606	1,029	1,981	441	166	1,492	15,715	10,610	11,978
$3,198–($10,959)	6,906	2,528	2,171	1,007	1,364	7,070	7,744	1,575	1,652	1,255	538	2,778	15,541	8,471	15,377
$10,959–($16,247)	13,822	3,726	2,718	923	1,637	9,004	4,073	1,890	1,554	1,602	996	2,208	12,323	3,319	17,141
$16,247–($20,742)	18,569	5,320	2,990	958	1,804	11073	3,093	2,083	1,529	1,896	1,400	2,275	12,275	1,202	19,771
$20,742–($25,452)	23,078	6,663	3,317	992	2,085	13,058	2,139	2,407	1,540	1,935	1,655	2,110	11,787	−1,270	21,808
$25,452–($30,830)	28,188	8,234	3,830	1,226	2,284	15,574	2,089	2,637	1,516	1,945	1,820	2,782	12,788	−2,786	25,402
$30,830–($38,160)	34,437	10,398	4,215	1,296	2,573	18,482	1,398	2,970	1,497	2,068	2,213	3,049	13,195	−5,286	29,150
$38,160–($48,731)	43,094	13,558	4,769	1,479	2,913	22,719	1,016	3,363	1,424	1,912	2,254	3,126	13,097	−9,623	33,472
$48,731 and over	68,144	26,097	6,232	3,537	3,728	39,594	1,004	4,303	1,624	2,361	2,252	7,833	19,376	−20,218	47,926
Overall Average	23,716	8,033	3,305	1,220	2,013	14,572	4,314	2,324	1,614	1,599	1,349	2,812	14,012	−560	23,156

TABLE B:—*continued* Data from previous page expressed as a proportion of the total

	A	*B1*	*B2*	*B3*	*B4*	*B*	*C1*	*C2*	*C3*	*C4*	*C5*	*C6*	*C*	*D*	*E*
							Per Person ($ p.a.)								
Less than $282	−248	865	745	147	468	2,226	5,500	540	1,003	319	109	255	7,727	5,501	5,253
$282–($3,198)	787	1,288	840	299	513	2,940	6,107	592	1,141	254	96	859	9,049	6,109	6,897
$3,198–($10,959)	2,866	1,049	901	418	566	2,934	3,213	654	686	521	223	1,153	6,449	3,515	6,381
$10,959–($16,247)	4,857	1,309	955	324	575	3,164	1,431	664	546	563	350	776	4,330	1,166	6,023
$16,247–($20,742)	6,280	1,799	1,011	324	610	3,745	1,046	704	517	641	473	769	4,152	407	6,687
$20,742–($25,452)	7,090	2,047	1,019	305	641	4,011	657	739	473	595	508	648	3,621	−390	6,699
$25,452–($30,830)	8,774	2,563	1,192	382	711	4,848	650	821	472	605	567	866	3,981	−867	7,907
$30,830–($38,160)	10,190	3,077	1,247	383	761	5,469	414	879	443	612	655	902	3,905	−1,564	8,626
$38,160–($48,731)	13,140	4,134	1,454	451	888	6,927	310	1,025	443	583	687	953	3,993	−2,934	10,206
$48,731 and over	17,690	6,775	1,618	918	968	10,278	261	1,117	422	613	585	2,033	5,030	−5,248	12,441
Overall Average	7,143	2,491	1,098	395	670	4,654	1,959	774	614	531	425	921	5,224	569	7,712

Source: SEBIRD. Assumptions are similar for both 1981/82 and 1985/86. Numbers may not add due to rounding

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Note: Royal Commission on Social Policy is referred to as RCSP

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THE FUNDING OF SOCIAL PROVISION

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The Funding of Social Provision

1 Introduction

Our terms of reference require us to report on what may be required to secure a more fair, humanitarian, consistent, efficient and economical social policy which will achieve a more just society. This of necessity involves not only the way in which society provides for the needs of its members, but also the way in which those provisions are funded. The most obvious of these is taxation, but clearly the way in which society goes about providing health care, education and other social services for its members is equally important. Funding affects both the recipients and the payers, and as most of us fall into both these categories, the relationship between funding and provision is a complex one. Furthermore, decisions about both funding and provision affect the way in which the economy operates in that they lead to different distributions of wealth and income, and different signals to participants in the economy.

In looking at the funding of social provision, we have not endeavoured to examine in detail how particular existing policies are funded or how specific proposals for changes to social provision might be funded. We recognise the importance of the market place as both a provider of goods and services and of incomes, meeting much social need. We also recognise that the provision of needs is not just individual but that groups in society (for example, the family, cultural or tribal groups) provide for the needs of members and that there is a wide range of voluntary organisations meeting many tangible and intangible needs of people in our society. These networks of families and voluntary organisations are an essential part of the fabric of social provision.

It is clear though that, if a more just society is to be achieved, there will be a major continuing role for government intervention. One key funding question relating to government involvement is whether the major issue to be addressed is one of redistribution of cash incomes. In other words, if individuals and families were provided with sufficient cash incomes, would that allow most other issues, such as the provision of education and health care, to take care of themselves? In our view, that would not be an adequate response. Our terms of reference require us to have regard to people's need for dignity and self determination, to the maintenance of a sufficient living standard which would enable participation in society and to genuine opportunities for all people to develop their own potential. It is our view that redistribution of cash incomes is not an adequate response to these requirements. Rather there needs to be actual provision by the government of some aspects of social need to ensure dignity, genuine choice and a reasonable standard of living.

In some of these areas, market provision will have a continuing significant role. It needs however to be recognised that the interaction between private and government provision or private provision and government funding, can involve significant difficulties especially in relation to cost and targetting. This is not to say that there is no scope for improved performance in these areas provided by the state. The mechanisms used to achieve this may in some situations involve a degree of competition, but we do not see competition as providing an adequate basis for improving efficiency in many areas of social provision. Other means of assessment also need to be strengthened in order to enhance the efficiency of production and delivery of social services.

Clearly taxation is an important question in relation to the funding of social provision. While there is some discussion on this subject in this chapter, much of what we have to say on taxation has been included in the chapter on Income Maintenance and Taxation.

Our discussion begins with an overview of the role of the market processes in social provision, proceeds to look at some of the practical limitations in the way these processes operate or in the way social goods and services are delivered, then moves to look at forms of insurance, direct government provisions and some taxation issues. Aspects of group and charitable provision are then

touched on, followed by issues arising from integrating public and private provision and by some consideration of taxation questions.

It will be clear that many parts of this paper inter-relate with other sections of our work, but this cannot be avoided given the nature of social policy.

While not diminishing the role played by the private sector and by voluntary agencies in social provision, the Government has a dominant role in the provision of social services. Much of this section of the report therefore relates to government provision.

In 1987/88 it is estimated that the Government will spend around $14,000 million on education, health and social services. This is nearly 58 percent of the Government's overall expenditure of $24,200 million. The main source of funding for the Government's activities, including its range of social services, is taxation. The Budget estimate for taxation revenue for 1987/88 amounted to $21,250 million, of which 61 percent is income tax on individuals and companies, nearly 20 percent is goods and services tax with the balance being obtained mostly from other indirect taxes.

New Zealanders have often thought of themselves as highly taxed, and this may have been partly related to the steeply progressive personal income tax scale that was then used. From the following table it can be seen that among the OECD countries New Zealand has a relatively low overall rate of tax receipts as a proportion of Gross Domestic Product. Of the 23 countries listed, New Zealand had between the sixth and eighth lowest overall tax rates for the three years shown. Although the distribution of taxes may have been heavily skewed towards income taxes in previous years, there is clearly nothing to suggest that compared with other similar countries, New Zealand has reached some sort of limit as to its taxable capacity. (See Table 1.)

An important additional point to bear in mind is that historically part of government spending has been funded through the deficit. The impact of that has been to shift the funding into the future by two mechanisms. First, the extent to which the deficit has been financed through borrowing in the market, it has created more public debt to be serviced by taxpayers in future years. Secondly, the extent to which it has been financed by some device which expands the money supply, the cost has been shifted into the inflationary process. (Which in turn has enhanced government revenues through fiscal drag.)

TABLE 1: Tax receipts as percentage of GDP

	1965	*1975*	*1985*[1]
Australia	24	29	31
Austria	35	39	42
Belgium	31	41	47
Canada	26	33	34
Denmark	30	41	49
Finland	30	35	37
France	35	37	46
Germany	32	36	38
Greece	21	25	29
Ireland	26	32	38
Italy	27	29	41
Japan	18	21	27
Luxembourg	30	38	41
Netherlands	34	44	45
New Zealand	25	30	31
Norway	33	45	48
Portugal	18	25	31
Spain	15	20	28
Sweden	36	44	51
Switzerland	21	30	32
Turkey	15	21	16
United Kingdom	31	36	39
United States	26	30	29
Unweighted average	27	33	37

[1]1984 Figures are used for Australia, Belgium, Greece, Italy, Japan, Luxembourg, New Zealand and the United States

Note: Tax receipts include social security contributions

(a) Northern and Central Europe: Diverse tax structures, but nearly always a high reliance on general consumption taxes

(b) OECD non-Europe: High reliance on income and property taxes, low reliance on consumption taxes and social security contributions

(c) Mediterranean Europe: High reliance on social security contributions and consumption taxes, low reliance on income and property taxes

Source: Revenue Statistics of OECD Member countries 1965–1985, Paris 1986.

Another aspect relating to the question of the extent of taxation in New Zealand is its relationship to economic performance. Without going into this in an extensive way it is perhaps sufficient to point to work done by Peter Saunders for the OECD. In his article 'Public Expenditure and Economic Performance in OECD Countries', he traces the trends in general goverment expenditures and receipts in relation to Gross Domestic Product (GDP) over the period 1960–81. He then seeks to discover if there is a statistical relationship between these data and such indicators of economic

performance as the rate of economic growth, the rate of consumer price inflation and private sector employment growth. His research shows that while an inverse relationship existed in the 1960s between government size and economic growth there is little evidence that government size and growth have been detrimental to economic performance. This is particularly demonstrated in the period since 1975.

2 The Role of Markets

Broadly speaking, the New Zealand economy is a mixed one—that is, it has a significant private sector, but the State sector is also involved in production and distribution of goods and services. By and large, this process is one carried on in an environment where the prices and quantities of various goods and services are determined by interaction in the market place rather than by government fiat, but with government actions setting the bounds to market activity in many areas. Furthermore, the market not only provides goods and services, but also it is where incomes are earned to purchase goods and services.

The realm of social policy and the operation of economic markets are often thought of as being in some sort of conflict. This arises because in the areas where social policy is most often considered, it appears to be seeking to adjust the outcome of the market process so that it conforms more to desired social values. For example, state funded benefits to deal with income insufficiency, as a result of inequitable distribution of income from the labour market, or the provision of public health services where these would not be available to those who need them.

While these may be the perceptions, the fact is that in modern mixed economies (such as New Zealand), most private and social areas of need are provided by the private sector through the market place. For example, one of the most basic requirements for sustaining life is food, and this is generally provided in the market place albeit governed somewhat by government regulation dealing with standards. (Water on the other hand is most often provided by local government rather than sold in private markets.) Another example is housing, where although the Government (both central and local) has a significant presence, most people's housing needs at

any time are met either in the private rental market or in private ownership.

Neo-classical economic theory indicates that the community's welfare in aggregate will be best served when markets are perfectly competitive. In these conditions, the theory postulates that economic output will be the maximum possible. That is, in these conditions and given any particular endowment of resources, the mix of production and consumption will be such as to maximise total economic welfare. According to this theory, that particular outcome is the most economically efficient given the initial resource endowments and any deviation from this will reduce the volume of production. But there is a range of efficient outcomes, depending on the initial endowment of resources. Efficiency is therefore not an absolute term, but one which is closely tied in with resource distribution. The assumptions on which the theory is based however are very restrictive and generally not met. They include perfect competition (that is, no individual or group having market power, but all being price takers), perfect information (not only about prices and quality, but also about the future), the absence of market failures and complete market coverage. In reality these restrictive assumptions cannot be met. Because these conditions fail in practice, economic theory can identify circumstances where the Government might intervene in the economy for the purpose of enhancing the efficiency with which the economy operates. (This does not mean though that where perfect market conditions do not arise, government intervention will necessarily lead to greater efficiency than non-intervention.)

Intervention may be aimed specifically at the areas of information, competition, access and market failure and initial resource endowment. Thus government regulation as to the contents of particular products, or a requirement to display prices, could be seen not as an unwarranted interference in the operation of markets, but could be seen as a means of enhancing consumer information with a view to improving the operation of markets. Where the assumption of perfect competition is not met, governments can intervene with a view to improving competition if the benefit of intervention outweighs the costs. This has been part of many Governments' policies for many decades (especially anti-trust legislation in the United States). Lastly, the area of market failure: that is, where the normal 'rules' of the market do not apply. This arises where there are externalities (that is, where costs or benefits arise

external to the production process that are not captured by the price mechanism, where there are public goods [these are goods which once provided are available for all to consume] and any one person's consumption of the good does not affect the amount that may be consumed by another), or in industries of increasing returns to scale.

Examples of externalities are the control of contagious disease (for example, AIDS), pollution control and car safety regulations. Street lighting and radio broadcasting are examples of public goods (see later section).

Furthermore, the operation of free markets does not necessarily maximise benefits over the longer run. For example, whole areas of forests could be cleared (and have been in the past) for sale as timber, but leaving the denuded hillsides vulnerable to erosion, rivers subject to silting and flatlands to flooding with the costs that involves. Even coastal fisheries can be detrimentally affected. It is a costly process to rectify, but there are examples where that cannot be done. (For example, where a particular fishery is fished to extinction.)

The preceding discussion sketches out cases where government intervention in the market may be warranted in order to enhance the operation of the market (that is, to improve economic efficiency). Government intervention may also be justified on grounds of equity. The distribution of rewards from the market that arises from the uninterrupted operation of markets may not (and usually does not) conform to what is considered to be just and fair. As a consequence, access to some essential services which depends on market incomes could be unequal if the need for the services depends on factors other than income. Governments intervene to ensure as much as possible a more fair distribution of income and essential services. Such a distribution could have considerations of equity between various sections of society or of equity between generations or of equity between regions. Intergenerational questions raise issues of differences in time preference between various sections of the community, not only in relation to issues such as superannuation, but also in relation to the use of non-renewable resources. For some the size of the discount rate applied in project evaluation is a suitable indication of social time preference, whereas for others the conservation of certain resources for future generations is much more valuable than would be indicated by the discount rate. (It should be made clear that the discount rate used

in public sector project evaluation is not, as some think, an immutable law. It is a technique of economic analysis enabling different expenditure and revenue streams to be evaluated. Amongst other things its level is related to returns available on private sector investment, but of itself does not take account of non-quantifiable costs or benefits or of a strong desire to preserve certain resources for future generations.)

Calls for government action in relation to geographic equity find expression in issues such as the maintenance of rural services (for example, post offices), regional development subsidies or national pricing (which is mainly a means of subsidising areas away from the main centres). Government intervention in the operation of markets can be in a number of ways. Typically there are four modes of intervention:

- regulation. The Government can use its law-making powers to enforce a particular mode of behaviour.
- subsidies or taxes applied to particular products or categories of products which alter relative prices.
- income subsidies (or taxes) alter the quantum of income that is available for spending. These subsidies can either by untied (for example, social welfare benefits) or tied (for example, social welfare housing allowance).
- public production. Governments can and do get into the act of producing goods and services themselves, thus both financing and producing the desired goods and services.

While these are modes by which governments intervene, not each method of intervention is equally appropriate. Operating from the assumption that there may be efficiency gains to be had from a more market oriented economy, the Government will want to intervene, when it does, in a way which does not unnecessarily reduce economic efficiency. Thus for example, from an efficiency point of view, protection for local industry is best granted by means of tariffs than by regulatory import licensing which may create almost unlimited levels of protection. In the same way, environmental protection may best be granted by setting appropriate standards and providing sufficient penalites for failing to keep to these standards, while leaving the enterprise with the task of internalising its environmental costs in a way which imposes the least cost on it. There are cases where taxes, subsidies and income grants are the best response, but there are also areas where public production is the most efficient response.

With the Government and the private sector both being possible providers and/or funders of services, there are four cases which arise.

(a) Private provision, private funding. A wide range of household expenditures (for example, food) is under this category.

(b) Private provision, public funding. The free dental service available to secondary school children is an example.

(c) Public provision, public funding. (For example, prisons).

(d) Public provision, private funding. Electricity supply through local authorities, paid for largely by consumer tariffs, is an example of this.

Each of the four cases has different characteristics and in some instances the distinction between government funding and government provision is important to make (for example, in the voucher debate).

In summary, governments intervene both for reasons of efficiency and for reasons of equity. Short of direct public provision (which by-passes the normal market), government intervention seeks to modify behaviour within the market framework. That is, by altering relative prices and incomes it alters either the quantity or the distribution (or both) of goods and services produced or consumed. Taxation allowances (such as used to be available for life insurance premiums) and direct prices subsidies (as on visits to a general practitioner) are expressions of this. Other interventions by means of regulation (for example, minimum information requirements) can still leave the market as the main determinant of the outcome.

However, there are situations in which adjustments to market outcomes still fail to produce results which fully overcome deficiencies either in terms of market efficiency or of equity. We now consider general rationales for direct public provision of goods and services. This will be followed by brief consideration of how these principles apply in some of the more important (or contentious) sectors.

3 Public Goods

There are some goods that, once provided, cannot be rationed and the consumption of one of these goods by any one individual does

not lessen the consumption possibilities of that good by other individuals. Goods in this category are called public goods. Examples of public goods include street lighting, roading (in the New Zealand context), defence and some aspects of law and order. While this category of goods cannot be rationed it does not necessarily mean that people must consume the goods, once provided. Neither does their labelling as public goods make them any more beneficial or necessary than other categories of goods and services. Whether and to what extent, they should be provided is still a matter for analysis, debate and decision as with many other social goods and services.

In general, public goods require public provision or public funding because it would be impossible for a private individual or company to adequately charge for services rendered and to exclude those who did not want to pay for what was provided. There are, however, some public goods which can be privately provided, but only because some other method of funding exists. An example of this is private radio broadcasting—once a service is provided, anyone with a radio receiver can benefit from the service without payment of a fee. This is possible because the service is paid for by advertisers.

4 Merit Goods

As indicated earlier, we would want government interventions to be made, as much as possible, in such a way as to enhance or at least not detract from, the efficient operation of the economy. There are, however, some categories of goods or services which, while it is possible to fund them publicly but produce them privately, are so significant to social wellbeing that public production is thought to be the best way of ensuring an appropriate level and distribution of these goods or services.

Clearly we need to identify the pros and cons of provision of social services in cash or in-kind.

4.1 *In-kind versus Cash Transfers*

The present system is a mixture of both cash transfers (for example, welfare benefits) and provision of social services (for example, education, health care). In some areas both direct provision and cash transfer apply (for example, housing where the State both

provides housing and also makes available a cash grant to those who have higher than usual accommodation costs).

At its broadest, the distinction between the provision in kind of social services and cash transfers lies in the philosophical understanding of the nature of social need. Those who favour cash transfers approach the issue from the perspective that the only problem to be solved is one of income insufficiency. A solution in their terms, therefore lies in making up that shortfall and allowing the recipients to choose which goods and services they purchase. Those who favour provision of social services in-kind seek to guarantee that the recipients can receive particular goods and services that relate to what are perceived as basic or fundamental needs. The distinction between these two approaches will become more apparent as we proceed to list the features of each approach.

4.2 *Features of Cash Transfers*

(a) Cash transfers enable the recipient to spend the money on whatever provides *them* with the most satisfaction. Rather than stipulating that the money be spent on health or education or childcare, etc it enables individuals to express other spending priorities should they so wish. Thus it grants the recipient a greater degree of independence and freedom than the provision of social services in kind; it respects people's right to choose for themselves. There is however a difference between freer choice in theory and in practice. For example the provision of a cash supplement with which to obtain childcare only provides choice if there are facilities to choose from. The actual provision of facilities in, say, a rural area, will enhance choice for the residents in that area.

(b) All redistribution of income, by definition, alters the outcomes that would have flowed from the market alone. However, some methods of redistribution alter this more than others in that they are not the neutral as between various forms of economic activity. For example, a general income supplement would be much less distorting than either subsidies applying to particular goods and services or than the provision of particular groups and services in kind. Thus cash transfers are in general less economically distorting then direct provision provided the distributional outcomes are consistent with Society's values. Intervention

itself does not of itself, however, imply inefficiency. A particular intervention is efficient if no other policy could have brought about the desired result at less cost.

(c) The provision of income supplements is thought by some to be much less paternalistic in dealing with the disadvantaged than the provision of particular goods and services. Given the need to provide for those who are disadvantaged, direct income supplementation in some situations enables the recipients to choose what suits them best rather than be told by the Government what goods and services they will consume. Again this ignores the question of effective choice.

(d) If cash benefits were channelled to the main family income earner, through the tax system for example, there is no guarantee that the money would reach the areas of need for which it was intended. Allocation to both parents such as used by Family Support would increase the chances of the money being used for the purposes for which it was given.

4.3 *Features of Provision In-kind*

(a) Provision of social services in-kind ensures that the recipients obtain the benefit of those particular services. As Steven Kelman argues, this ensures that certain fundamental needs are met. Thus he argues that based on the philosophical requirement that human beings be valued (the right to life and the right not to live in degrading circumstances), people have the right to the provision of particular goods and services which will make this possible. It is not the cash equivalent of any particular goods or services to which entitlement is given but the goods and services themselves. For example, as part of society's expression of its valuing human beings, there is provision of health care. To provide an income supplement of similar value would be to undermine the basis of the provision of benefits. People have a right to health care (leaving definitional aspects of that aside for the present) not to the cash equivalent of health care. These rights 'are claims that are derived directly from valuing human beings and that have

ethical force independent of whether securing them happens to maximise benefits'. The key to community provision is the securing of the rights associated with valuing human beings; it is not primarily a question of maximising net benefits, either to the individual or to the community as a whole.

(b) Provision in-kind need not involve state provision of the goods or services themselves. At present the Government provides such services as education as a means of ensuring that children receive education. Another valid way (at least theoretically) of providing in-kind education would be through the earmarked voucher for the particular services required. (A more extensive discussion of vouchers follows later.)

(c) Clearly the views of the community are also important. The community may well be prepared to support the provision of health care but not the cash equivalent which could be converted into other areas of consumption. By extension it is possible that the greater the degree by which social needs are met by cash provision, the lower may be the extent to which society in general is prepared to fund provision of social needs. Furthermore, there are some areas, where the community may not be prepared for the consequences of free choice—for example, a refusal by some to be immunised against a particular infectious disease.

While the argument above has been made in an either/or way, clearly in reality this is not the way the system operates in practice. The present system in New Zealand is a mixture of cash and in-kind provision. Social Welfare benefits are mostly provided in cash but with much of health, education and housing being provided in kind. It is unlikely that anyone would suggest that all social goods and services ought to be provided by means of an income supplement. It would be inconceivable that services such as justice could be met by a cash grant to individuals. Clearly, however, the moves towards user-pays on a wider range of government provided services and the programme of corporatisation and privatisation, coupled with family income supplements, is changing the balance towards income supplementation and away from particular goods and services in-kind. Some of this may well be appropriate, but it is important to focus on what we need to consider when deciding

which social services should be provided in-kind and which should be covered by means of income supplements to those in need.

4.4 *Criteria for In-kind Provision*

There are a number of questions involved in determining which social services should be provided in-kind.

(a) Firstly there is the degree of to which externalities in either costs or benefits are involved. Because we do not live on desert islands as individuals, almost every action (or lack of action) impacts on other people. Music on the radio may bring pleasure to us, but may also bring either pleasure or annoyance to neighbours who can hear it (depending on the congruence of their musical tastes). Many of the rules governing social behaviour (for example, traffic laws) reflect this interdependence. (As mentioned earlier, public goods are those where there is a high degree of interdependence and some of them also require a high degree of collective action in their provision.) The greater the scope of externalities and the greater the degree of collective consumption, the greater is the justification for collective provision of the services required.

(b) Secondly, there may be examples of market failure. That is, because of the way markets behave there may be an inadequate response in the provision of a particular service deemed to be socially necessary or desirable. Thus, for example, insurance markets could be used to finance a wide range of health needs. But there are some people who would be uninsurable, or only insurable for an exorbitant premium (for example, those who have congenital illness or disability or those who are chronically ill). To ensure adequate provision across the whole population may require some provision (or at least some direct funding of provision) of health services.

(c) Thirdly, there is the provision of services not already provided by the market, that are deemed to be necessary for the maintenance of life or of a particular quality of life. (For example, national parks or meals on wheels.)

(d) There may be areas where government provision of a particular service is necessary or desirable to prevent a subsidy to a private sector provider from being captured by that

provider or by others. In other words considerations of targeting can sometimes lead governments to provide services rather than to fund others to provide them. An example of this is in the housing area, where widespread provision of rent supplements may, especially in a 'tight' accommodation market, merely result in higher rents. (This *may* be a transitional problem only, depending on how the market responds.)

(e) There are instances when the Government may wish to actively discriminate in favour of a certain group and provision of particular services enables it to do that. Again this is a question of targeting.

(f) Governments may provide particular services in instances where, because of inadequate information, the user is at a serious disadvantage in relation to the service provider. This issue is of particular importance in relation to health, but it also arises elsewhere. Inadequate or misleading information deficiencies is one aspect that causes markets to fail.

(g) Agency questions also can lead to government service provision. Where people act on behalf of others they may not always act in the best interests of the person they are acting for. Governments sometimes intervene in these situations on the assumption that they can more adequately reflect the real needs of the person acted for. This most often arises in relation to children especially in the provision of *compulsory* education. Another example is the supply of blood for transfusions.

(h) Where both the public and private sectors provide a service that inter-relates, the cost of the interface between the two sectors can sometimes be high. These costs could be avoided with overall government provision thus eliminating the interface. Transactions cost also apply in the private sector. Internalising these can sometimes be part of the rationale for vertical integration in a particular industry.

(i) Where the nature of a particular market is such that monopoly supply to that market is the most desirable or efficient outcome government intervention can sometimes take the form of government production. (Other means of intervention may also be available.)

(j) Where the perceived rate of social time preference differs significantly from the discount rate being used in the market place, the Government may provide services which would not otherwise be provided in the marketplace. That is, the Government may wish to make greater provision for succeeding generations than would be the case using straight commercial decision-making analysis. An example of this may be the construction of hydro dams, which have large initial costs but a stream of benefits for many succeeding years.

In all these areas, arguments can be advanced for the collective provision of particular goods or services in kind rather than merely bolstering individual or family incomes.

Research done by Ussher and by Weitzman has sought to establish the conditions under which particular goods or services are likely to be socially provided. Ussher points out that:

(a) The greater the degree of income inequality in a community, the more likely it is that a majority can be found to vote for the collective provision of any given commodity. (Those who oppose collective provision in principle therefore have an incentive to encourage equalisation in the distribution of net income!)

(b) The more diverse are people's tastes for a commodity the less likely it is that a majority can be found to support its collective provision.

Weitzman's conclusions can be seen as generally supporting those of Ussher. He maintains that there is a class of commodities whose just distribution is sometimes viewed as a desirable end in itself, independent of how society may be allocating other resources. (He mentions basic food and shelter, security, legal aid, military service, medical assistance, education and justice.) In the case of these goods or services (and in Ussher' terms they appear to be commodities for which people seem to have a much more uniform taste), Weitzman reaches the conclusion that rationing is a more effective means of distribution than the price mechanism when the needs for the commodity are more uniform or where there is greater inequality of income. (Presumably this rationing could be achieved by means of direct provision or voucher.) Thus in conclusion it can be said as follows:

1 Greater income equality lessens the need for, and likelihood of, in-kind provision of social services.

2 There are categories of goods and services which are necessary for the maintenance of human life without degradation and it can be argued these need to be provided in-kind rather than with the cash equivalent. More generally, collective provision of social services is more likely where there is a widely perceived need for those services which is not related to the ability to pay.

3 Collective provision is more readily justified where there are significant externalities or where there is market incompleteness failure.

There are a number of key policy areas that need to be addressed in terms of the role the State has in providing services or funding services in an earmarked fashion (that is providing social services in-kind) rather than merely bolstering individual or family incomes. The ones looked at briefly here are:

(a) Health

(b) Education

(c) Early childhood services

(d) Housing

An important element of the debate surrounding the provision of most of these services, is that of consumer sovereignty. We thought it preferable to discuss this concept before coming to grips with each particular section.

The concept of consumer sovereignty suggests that consumers should, as much as possible, be permitted to choose from the market place the goods and services which most suit them. The corrollary of this argument is that, whenever possible, the state should not be in the business of actually providing goods and services as this tends to leave consumers with less choice.

While this concept has a degree of validity with a wide range of goods and servies, we think it has many deficiencies when actually applied to many areas of social policy.

(a) Freedom to choose applies only to the range of goods and services the market is prepared to provide and even in the area of everyday goods and services, this can be a very real limitation.

(b) Choice is only meaningful if the individual or family has the capacity to make a genuine choice. Shortage of income, living in an isolated area or having special needs

are just three examples where choices can be severely narrowed.

(c) Consumer sovereignty is not a concept which places a high value on participation. In addition to choosing particular products or services, many people also want to have a say in areas of their lives that are important to them ('voice' as well as 'choice'). The normal purchaser/producer relationship often does not allow for that. (Public provision of particular goods and services may not allow a 'voice' either, other than by means of a general election.)

(d) Consumer sovereignty implies that the purchaser of the good or service is the only person interested in the outcome. While that may be true for the purchase of baked beans it is not so in large areas of public policy where social values need also to be reflected. For example, the child and its family are not the only 'users' when it comes to health, education, housing or childcare. Other members of society could also be described as 'users'.

(e) Considerations of equity and quality in the provision of social services are more readily handled by state provision than through the application of consumer sovereignty. Government regulation can also be an instrument to deal with quality questions.

Our approach to much of what follows will be governed by our attitudes to this issue and will be reflected in the conclusions we reach in each area.

4.4.1 *Health*

Health can be defined in a number of ways, but at its broadest includes all aspects of physical, emotional, intellectual and spiritual wellbeing. More commonly when related to social service provision, health provision is often interpreted more narrowly as the provision of medical services, usually to combat ill health. While this narrower definition is probably adequate for the purposes of this paper (as that is mainly what it is addressing), it clearly needs to be remembered that health expenditures are much more widely based than medical expenditures. Thus expenditure on good food, exercise (for example, sport and leisure), reading, music, regional planning, sewage disposal and water supply may all be regarded to

some extent as health expenditures, in as much as they contribute to individual, family or community wellbeing. Also, expenditures on such things as smoking and excessive alcohol consumption are also related to health, but in a negative sense.

Because relief of ill health is probably seen by most people as a key factor in their welfare, the provision of adequate medical care is rated very highly. While the various aspects of health care are diverse, and there would be considerable argument over the 'right' course of treatment for any particular ailment, there would be strong agreement that health care has a high priority.

It is, in fact, an essential component in society's expression of the value it places on human beings. It would not be consistent to maintain the notion of valuing human beings without at least some concept of health care provision.

In another section of the paper, total reliance on market provision of health care or on health insurance is considered. Clearly, there are inadequacies in both, in terms of coverage, especially for the poor, for those with longterm illnesses, for the congenitally sick. To ensure adequate coverage of health services, there needs to be some state involvement.

The questions to be asked then relate to the extent of that involvement—whether as residual funder/provider or as the dominant funder/provider. The present arrangement is clearly a mixture of both. At the primary care level the services are largely provided by the private sector and also largely funded privately, with some subsidy assistance from the State to the patient. At the secondary level the situation is largely reversed with the state both funding and providing substantial hospital care, but with some involvement by private hospitals.

Various arguments have been raised (see for example 'Choices for Health Care' the report of the Health Benefits Review), about the right balance between the public and private sectors for both efficiency and equity reasons. The present system of funding primary health care is deficient for a number of reasons. First, the high user charge may dissuade people from visiting a general practitioner even though they may need to for genuine health reasons. Secondly, it is focused around the general practitioner, not giving enough recognition to other categories of primary health provision (for example, plunket, public health nurses, health counsellors etc). Thirdly, it has led to some degree of medicalisation of non-medical problems. Fourthly, it does not lead to primary health services

being accessable to all those who need it. This is not only a financial matter but also a question of distribution of primary medical care and is particularly important in some rural areas, and in areas deemed by general practitioners as undesirable for a range of personal, professional or financial reasons.

This is not to suggest that some user charge may not be appropriate at the primary level, but rather there needs to be a close look at the distribution of assistance, not only between primary and secondary sectors, but also between the various primary health providers. At the secondary level, dominated by the state sector, there may be improvements in efficiency to be had through developing the services in different ways.

As 'Choices for Health Care' notes, one of the keys to any improvement in the efficiency of the system is the nature of the link between the service provider and the funder. Third party problems for cost containment arise when neither the user nor the provider have an interest in the cost of the service. But also when these aspects are internalised, as for example, when the state both provides and funds hospital services, inefficiencies can arise through lack of competitive pressures on the system. Increasing the extent of competition may help overcome inefficiencies in *some* aspects of the operations of public hospitals. We do not, however, believe that the competitive model, based as it is on the profit motive, is suitable for widespread use to promote efficiency in public hospitals. In our view, profit is too narrow a concept to be able to measure performance in an area such as a hospital service. This is certainly not to say that there is no room for improvement but rather that in dealing with health services, a range of methods needs to be deployed in order to satisfactorily measure and improve performance.

One of the options listed in 'Choices for Health Care' is the introduction of Health Maintenance Organisations (HMOs). These are agencies (mainly in the United States) which contract with a number of doctors to provide health care services at primary and secondary level. Members of these organisations pay a fee to cover the cost of primary and secondary medical care, but do not pay on the basis of fee for 'service'. Sometimes Health Maintanence Organisations (HMOs) employ their own medical staff (who often have a financial interest in the HMO), or make referrals to doctors or specialists who have agreed to see HMO patients on the basis of agreed fees. This arrangement has the

advantage that the medical practitioners have the incentive to minimise the cost of care (through reducing the incidence of hospitalisation or other expensive medical care). In major population areas, where there are a number of competing HMOs, this is balanced by competition between HMOs thus minimising the risk that cost containment could seriously jeopardise the patients health care. One of the disadvantages, similar to health insurance is that HMOs tend to exclude 'costly' patients from continuing membership (or from commencing membership).

In order to provide some balance to the dominant state hospital sector (that is, introduce a greater degree of competition), some contracting out is suggested by the Review Team as another alternative, hopefully to encourage some experimentation, innovation and diversity. It must however be noted that the review team found that international experience seemed to indicate that publicly funded health care systems seem better at controlling cost than in the United States which is mainly funded privately.

Given the present domination by the state of the hospital sector, any move to other arrangements would need to be developed cautiously. The development of area health boards may however provide a better framework for bringing together the user, provider and funder in a better arrangement which reduces third party problems and, where appropriate, enhances the degree of competition, leading to greater efficiency. Furthermore, we believe that the area health boards may also provide a framework for the provision of a better distribution, range and diversity of primary care, including general practitioner services. Diversity in primary health provision presently includes special areas, marae health initiatives, union clinics and well women clinics. An involvement by area health boards in the full range of primary services may require legislative change. Equity issues in the provision of primary health care such as the high user payment for primary medical care, and the variable rates of subsidy inherent in the system, are matters of concern to the Commission. We would want to see action taken to improve aspects of accessibility to, and funding of, primary health care (including, but not confined to, access to and affordability of general practitioner services), and also the positive promotion of health and the prevention of ill health.

4.4.2 *Education*

Probably more so than with health, education funding is in the forefront of public debate on social spending. Formal compulsory education is widely accepted as being among that category of goods that society regards as of fundamental importance to its development. Again there is widespread acceptance of a significant role for the state as guarantor of standards, as substantial funder and as provider of services.

From a funding perspective the issues that arise have to do with whether the funding ought to apply to the main consumers of education (parents/children), or to the providers. Associated with this is the question of the extent to which the state should be a provider, as distinct from a funder of education (see earlier discussion on consumer sovereignty). At the tertiary level, the key funding question is the extent to which the Government ought to fund advanced study in view of the significant private benefits involved.

For some, the debate as far as education is concerned focuses around 'vouchers'. (This also arises under child care and housing.)

Vouchers

The essence of a voucher system for funding education is that all parents with school-age children would receive a certificate from the Education Department which would entitle them to a quantum of education (for example, 1 term or 1 year) at a school of their choice. The school in turn is able to exchange this certificate for cash from the Government in order to fund the school. Thus the size of funding for any particular school would depend on the number of voucher carrying pupils it is able to attract. Vouchers could come in various forms, and indeed different people have differently constructed vouchers in mind. Vouchers could have different values or all have the same value, they could include transport costs to enable a wider freedom of choice, they could permit the charging of additional fees, or not, and so on. The permutations are many. The arguments in favour expressed by a variety of commentators include the following:

(a) With school funding much more dependent on the acceptability of school programmes to children and parents, schools would become much more responsive to the needs of the users. This could lead to greater parental involvement.

(b) This factor would tend to promote diversity as schools seek to adjust their programmes to meet the perceived needs. This diversity may take place within a particular school or between schools. If the latter, then vouchers could encourage a degree of specialisation.

(c) Greater competition would promote efficiency in school operations reducing waste and freeing up the system of rewards to school employees.

(d) It would encourage the development of private education as it would increase the state provision of funds to private schooling.

Arguments against vouchers include:

(a) By increasing the mobility of children from better off families, vouchers will tend to increase social stratification (including further racial divisions). This may enable some goals (for example, academic performance) to be better achieved but to the detriment of other goals such as social cohesion. This process may also be aided through making private schooling cheaper and if public schools were permitted to charge fees over and above the voucher, making state schools more expensive. Education benefits would tend to become more unequal.

(b) It is likely to be a form of compulsory education that requires greater expenditure of public funds, arising from three factors.

- private schools will in effect be state funded to a higher level.
- greater diversity is usually more expensive
- schools which face excess demand will need to spend money on more facilities, while facilities may be idle at other schools.

(c) If transport costs are included in the voucher then the benefits of neighbourhood schooling of at least some schools will diminish. If transport costs are not included then the range of choice for poorer families will be very small. This is especially so in areas away from the main centres.

(d) Even within the present state school system some schools are better endowed than others. True freedom of choice for parents implies that schools must start the competitive

process on a reasonably equal footing. Otherwise the currently well endowed schools with positive reputations will become better endowed while those less endowed will be further disadvantaged.

(e) There are doubts as to the adequacy of information availability to enable parents to make appropriate choices, or whether parents alone are in an adequate position to make a suitable choice for their children.

(f) If schools responded in a competitive manner it could be expected that they would endeavour to secure attendance, not only through providing attractive courses but also by making it more difficult or expensive for pupils to change schools. Fixed costs such as uniforms are relevant here.

(g) The very limited experiments carried out in the United States have not produced the sort of outcomes claimed by the protagonists. (There is of course a real difficulty in measuring educational outcome, because the results depend as much on the characteristics of student as on the type of education.)

The concept of education vouchers was developed largely in the United States which has a significantly different mixture of private and public education than New Zealand. Also in the United States there is a significant proportion of public education that is funded locally rather than centrally as in New Zealand. We are not convinced that the concept can be transplanted into the New Zealand setting, given its inadequate underpinnings theoretically and the very limited success in the experiments so far carried out.

As we have looked at the present compulsory education system in New Zealand, we do not see a monolithic structure. Within the state sector itself, there is already some variety and freedom of choice. At the primary level, there is a measure of parental choice. While in some locations there are strict zoning requirements relating to state secondary schools, there is also considerable variety and some freedom of choice. Clearly, for those in rural areas or smaller towns, this freedom to choose is severely constrained, but in the larger centres many parents exercise the choice to send their children to non-local state secondary schools. Further adaptations of state education are likely (and desirable). For example, we have received submissions from Maori communities for schools that continue on after the Kohanga Reo programmes, provided by the state in partnership with Maori authorities.

Further, the private and integrated schools, now provide more choice for those who want to exercise it. Both these types of schools receive state funding, both through grants and, until recently, through the tax rebate applying to a proportion of school fees. As we have indicated elsewhere we generally support the broadening of the tax base by the removal of special tax concessions. This will of course mean a lower level of state support, but even without this tax concession, there is still some scope for schools to be established outside the state system. Under the present legislation, integration may also provide a process for increasing variety in education opportunities funded by the State.

In summary, while in some situations a voucher system may enhance school responsiveness to parental wishes, we do not see that the inherent risks involved (given the the theoretical objections and the indifferent apparent performance when tried in the United States) would warrant a wide experiment with vouchers in New Zealand schools (and the nature of vouchers means that to experiment requires a fairly widespread involvement of schools). There are other ways parental and community wishes can be given greater weight, and efficiency can be improved, than a widespread introduction of a voucher system. The main issues and problems brought to our attention in the submissions will not in our view be resolved through the introduction of vouchers. In our view the potential disadvantages far outweigh any benefits that may result, and many of these benefits can be secured in other ways.

Funding for Tertiary Education

Education for New Zealand children up to the age of 15 is compulsory. While good arguments can be made for state funding (and provision) of education which it makes compulsory, there is a valid question as to whether other means of funding would be more appropriate for the post-compulsory phase. Strictly, this applies to that proportion of secondary schooling when the pupils are older than 15, but for practical purposes the consideration here applies only to education at the tertiary level.

The funding of the tertiary sector (that is, universities, technical institutes and teachers colleges) in New Zealand is presently characterised by state provision. Fees are charged but these are not at all closely related to the cost of the services provided. In addition, students qualify for grants to finance other living costs. This combination of subsidies results in a tertiary education system

which, according to Boston, is more heavily subsidised than almost any other in advanced industrialised society. Many other westernised countries include either higher levels of fees payable by students or loans (usually subsidised) as an adjunct to student grants or both.

However, as the Universities Review Committee reported in 1987 there was still a significant proportion (about 50 percent) of the cost of tuition and living costs to be funded by the student and/or parents. When the opportunity cost is included (that is, the cost of earnings foregone), the privately funded proportion rises to about two thirds. The offsetting factor is, of course, the generally higher level of earnings achieved by university graduates throughout their lifetime. A high level of state funding and/or provision of tertiary education could be justified on a number of grounds.

(a) The social gains of higher education may be thought to exceed the private gains. These social gains could include increases in economic output in society generally arising from the higher level of skills (that is, over and above the individuals remuneration), the acquisition of learning that may not be immediately marketable or a contribution to the cultural development of New Zealand.

(b) Promotion of greater equality by means of making higher education more readily available to those who would not have the means to obtain it on the basis of user pay. As higher education generally produces higher levels of income in subsequent years, it was thought that access to higher education would, over time, provide a way to greater equality in society. However, the evidence is that the involvement of students from lower socio economic groups is still very low in spite of the high level of subsidy. Clearly there are factors other than financial involved. Among the lower socio-economic groups there is often a lower level of educational aspiration. This applies not only at the tertiary level but also in the higher levels of secondary education. However retention rates at secondary school reduce the population from which tertiary students are drawn. Family and peer group expectations play an important role in this. For some groups, such as Maori and Pacific Islanders there are cultural barriers to be overcome in attending tertiary educational institutions.

(c) In some courses in particular there may be economies of scale. While this does not necessarily mean that the state should provide, the way higher education has developed means that a high level of state involvement is the most likely means for capturing those economics of scale.

Given the high level of state funding of tertiary education, and also the significant private benefits that this level of education brings to a relatively small section of the community (not withstanding the social benefits and private contribution mentioned above), it could be argued that some reconsideration of the balance of cost would be appropriate. Two main areas for shifting the balance of cost are considered. First, the level of fees paid by the student could be increased. This *was* proposed recently by the Government (an increase from 25 percent to 50 percent), but has since been withdrawn following substantial opposition to the proposal. However, to raise the tuition cost substantially would run counter to systems in most other countries. Furthermore there would have to be a very significant rise in fees to make much of a dent in the overall cost of tertiary education.

Secondly, the study grants and bursary payment system could be modified by the introduction of some elements of loans to cover student living costs. Again, unless there was a substantial shift from grants to loans there would not be much of a fiscal saving, particularly if the State were also involved in a subsidised loan scheme. If the State actually provided the loans there would be very little reduction in government outlays for several years, until loan repayments began to flow. Even then, this would need to be offset against higher administration costs.

Overseas experiences with loan schemes have not always been happy ones. There is some evidence that loans may inhibit tertiary education being undertaken by students from lower socio-economic backgrounds. Further, it needs to be ascertained whether the level of graduate incomes is such as could reasonably support loan servicing in the years immediately post graduation.

Should any loan scheme be introduced it would need to take account of the following factors:

(a) It would need to be introduced gradually with a goal of having a mixture of loans and grants, monitoring the impact on student enrolments.

(b) There would almost certainly need to be some degree of state subsidy. The present high nominal level of commercial interest rates would almost certainly create cash flow problems for students and graduates. A government subsidy element may also mean that it was more efficient to have a total state scheme, in order to achieve the desired objectives.

(c) The scheme would need to be flexibly administered, especially with regard to repayments in relation to income levels. Provision would need to exist for write-offs in certain situations.

(d) The relationship between government bursaries and subsidised loans would need to take account of a student's capacity (and/or parents), to provide for themselves. A lack of flexibility here could act against the objective of encouraging the participation of students from lower socio-economic groups in higher education.

Clearly any change to the form of student support needs to relate to levels of support given to other sections of the community at the tertiary student age level. This matter is already being addressed by the Government. As we noted in the section of our report dealing with income maintenance, a key factor in determining the level of public financial support to tertiary students is to signal the weight society places on education both at the higher secondary level and also at the tertiary level. We indicated that we saw a need to increase the standard tertiary allowance as part of this. Thus while it may be useful to look at a loans scheme as part of a package of student support, our consideration of this area has not led us to the conclusion that a significant shift from the present methods of funding tertiary education is justified.

4.4.3 *Early Childhood Services*

One of the key emphases given by the Royal Commission is towards ensuring there is adequate provision and support available for children. This emphasis underpins our approach to family assistance, to education, to some aspects of health and a recognition of the value to society of the work of those whose main role, at least for a period of their lives, is to care for children. A crucial element

of New Zealand's social policy must be to secure as much as possible, the wellbeing of all our children. This attitude governs our approach to childcare and other early childhood services.

The funding arguments relating to child care have many aspects similar to those more generally surrounding education. However, because childcare services are not so consistently provided by the Government as other levels of education services the debate takes on a much more urgent appearance. In essence, there are two key funding questions relating to childcare. First, to what extent should the Government fund childcare and to what extent is childcare a private family cost that should be borne by the family. Secondly, should any government funding be provided to the service providers or to the users of the service giving them the freedom to choose the form of care most appropriate for them.

Present, childcare arrangements are a mixture of both private and public provision—from care at home by a parent, through care at home by someone else (or at someone else's home), through part day institutional programmes such as kindergarten and play centres, through to all day care centres either privately or community provided. This assortment of types of childcare is matched by a variety of funding—unpaid or paid informal arrangements, employer funded, community funded or government funded. In any of these arrangements there may also be fees to parents. Thus there is a wide variety of ways in which these services are funded and in which they are physically provided. Where there is public funding of any of these services it is the service provider that receives the funding. In addition, the tax system has also permitted the deductibility of some childcare expenses and some Social Welfare benefits are available. To this extent the user is funded.

Government involvement by way of funding the service provider has the advantage that it ensures that the services are available in areas of need, and not just where private or community resources are sufficient. Disadvantaged groups are more likely to be provided for. Further, it is more likely to guarantee the provision of a quality service, involving better trained staff. While funding the service provider cannot cover the full range of childcare models (especially those more informal arrangements), there is a broad range of services available.

On the other hand, some submissions, especially from women professionals, have suggested that, providing funds to the user gives greater freedom of choice to parents where a range of options

exist from which choice can be made. If funding of the user is by means of the tax system, a number of disadvantages arise—it is of value only to the user who has taxable income, as a tax deduction. It provides a larger benefit to those on higher incomes and it is only available in a lump sum at the end of the tax year in question. Funding the user does not ensure that services are provided to take up that funding. This is especially relevant in view of significant start up costs involved particularly for community based groups seeking to establish childcare facilities.

The Government has indicated that it wishes to give a high priority to boosting the funding of early childhood services. We agree with this. Our approach to broadening the tax base (discussed in earlier papers) would indicate that we do not favour using the tax system as the vehicle for channelling funds to childcare. For this reason, and for those mentioned above we support as a first priority in early childhood services, increased state funding of the providing of childcare facilities. This will directly increase the availability of services to communities.

4.4.4 *Housing*

Housing is another area of the social system where similar issues arise in relation to funding.

Because adequate shelter is considered by most people to be a basic human requirement, successive New Zealand governments have sought to ensure adequate housing for its citizens. Assistance first took the form of enabling individuals and families to acquire their own home. This form of government involvement began during the 1890s and has led to a level of home ownership in New Zealand which is high by world standards, reaching 76 percent by 1986. It was somewhat later, during the term of the first Labour Government, that the state also became involved as a landlord, in order to ensure an adequate supply of good quality housing available at modest rents. Both these strands of government policy have continued since then, although different governments have placed differing weights on the various aspects of housing policy. While these have been the main two thrusts of public housing policy, there have been other elements. During the 1960s and 1970s the Government exercised widespread controls over most financial intermediaries. One aspect of this was a requirement placed on some of these institutions that a certain proportion of lending

ought to be directed to the housing market. Interest rates were also controlled. Further, the Housing Corporation has been involved in significant development of urban subdivisions, in the provision of pensioner housing, and its funding through local authorities, urban renewal and in aiding the funding of housing provision by local authorities. Not many local authorities have seen housing provision as part of their brief, regarding it as the preserve of private markets and central government. (This may be a reflection of the fact that many local authorities see their prior responsibility to the ratepayers—who by definition are property owners—rather than to those whose housing circumstances may be inadequate.) Some local authorities (for example, Wellington City Council) have seen housing as an element of their responsibility and are a significant presence in their local housing market. The Government has also provided housing in its capacity as an employer. As with most employee housing (provided by either the public or private sector), it has been a highly subsidised form of housing aiming mainly at enabling the Government to recruit employees for undesirable or isolated locations, or to enhance employee mobility through the provision of pool housing.

More recent changes to the government's housing policy have been consistent with its approach to overall economic policy—namely a greater reliance on market forces and an attempt to target assistance more closely on those in need. The outworking of this change in emphasis includes:

- greater freedom to financial intermediaries to manage their lending as they see fit, both as to the direction of lending and interest rates;
- the application of rents to Housing Corporation rental stock which are at levels assumed to exist for equivalent private sector rental properties. These rents are then abated in the cases of lower income tenants;
- much greater flexibility in interest rate levels charged on Housing Corporation lending for home purchase. This enables the interest rate to be adjusted upwards as incomes rise.

While there are a number of positive aspects about the thrust of government policies in relation to housing, there are also matters of concern. First, there is the speed at which some of the changes have taken place, which have not given households time to adjust their financial affairs. And a number of these are not well-off

households. For example, it is difficult in principle to object to a policy which involves assisting those in need while phasing out the assistance as the need lessens even though it raises effective marginal tax rates as assistance is reduced. But the sudden large changes in rent levels for many Housing Corporation tenants left families wondering where the extra rent would come from, bearing in mind their existing financial commitments.

Secondly, the advantages of much freer access to private sector mortgage financing loses some of its gloss when cash constraint resulting from the present level of nominal interest rates is considered. This raises the whole area of affordability of housing which is one of the key issues.

Thirdly, we have some concerns about how far the present thrust of policy might continue. Again, this raises the whole matter of the way in which social provision is funded.

In many respects housing is a good with characteristics similar to many other goods provided by the market. Most of the benefits flow to private individuals and households; information is widely available to producer and consumer, housing is provided by a wide (and often small) range of production units and a wide range of product types exist. There are, however, a number of factors which differentiate housing from other commodities. First, it is both a consumption and investment good in common with other consumer durables but with, in most instances, a life-long age span.

Secondly, the durability of the product means that new 'production' investment is only a very small proportion of overall available supply. Thus while overall supply can only be increased slowly demand may fluctuate markedly in response to factors such as net migration and the economic situation. Further, the processes involved in expanding housing supply can involve very long lead times. The development of subdivisions (which may involve questions of local authority zoning), and the training of skilled labour are two aspects which may require many years to achieve. In situations of rapid growth in housing demand (often at times when there is an upsurge in demand across a range of construction activities) bottlenecks often appear on the supply side, leading to price escalation.

Thirdly, changes in the level of demand (especially increases in demand) are readily transferred into house prices. This can also give landlords a degree of market power which in some situations

can be translated into acts of discrimination on the basis of race, gender or some other characteristic.

Fourthly, the quality of housing is an issue of concern, not only to the residents, but also to the wider community (for example, public health and safety, welfare of children).

Fifthly, it has many characteristics of a merit good in most developed countries. That is, society deems that it is desirable for there to be a minimum level of housing for all members of the community. Adequate housing is one of the keys to unlock the poverty cycle.

Nothing we have seen in the submissions would lead us to the view that New Zealand ought to move to a housing market which is solely determined by the interplay of market forces. We believe, the State still has a significant role in housing, especially because of its fundamental nature in relation to social wellbeing, bearing in mind the foregoing points.

Accepting the need for Government intervention in the market to continue the question then arises as to the most appropriate form of that intervention. In our opinion, the issues surrounding the housing market that we have outlined are not such as could be resolved simply by dealing with income insufficiency (that is, by bolstering the incomes of poorer households, or by housing voucher-type arrangements).

Affordability is one of the key issues in housing policy at present. A combination of rising property prices and interest rates has meant that the proportion of average weekly earnings required to service borrowings on the purchase of a home has risen sharply (from 42 percent in 1975 to 63 percent in 1985 for existing houses and from 49 percent to 73 percent for new houses). While homeowners have benefited from capital gains associated with this rise in house prices, they have had to face cash flow difficulties. Clearly, bolstering family incomes, either in a tied or untied way, would be one way of dealing with the affordability question. It would have the advantage of enabling the family concerned a range of options as to their housing—whether to rent or to purchase and in what area.

However, overseas experience seems to indicate that on a widespread scale, housing allowances do not work as well as the theory would suggest. Uptake of allowances is often low especially among the groups most in need. Furthermore, when the accommodation market is tight, the presence of housing allowances is not readily

translated into an increase in accommodation supply, but rather leads to higher rents or house prices. This defeats the purposes of the allowance. It is also more difficult with a broad policy instrument to target assistance to those sections of society with special needs. Financial institutions, geared as they are to make the best return, would tend to bypass some of the marginalised groups which may pose more of a risk, or involve a higher management cost. It is doubtful whether just putting more purchasing power in the hands of consumers and leaving the rest to the market would lead to appropriate responses in relation to, for example, Maori housing and single income families.

In our view, the State should continue to have a role in the provision of housing to various sections of the community. It is clear that the present arrangement leads to some unevenness in the distribution of housing assistance. We recognise, for example, the equity problems which arise between those occupying Housing Corporation tenancies and those in the queue, but who may have greater needs. (This and other equity issues are discussed more fully in our Housing paper.) We do not, however, see the solution lying in its abandonment and replacement by a system of housing allowances which, while in theory may lead to a fairer distribution of assistance, in practice may not deliver the required services and may advantage no one other than landlords and financiers. We see a continuing role for the Housing Corporation in the provision of subsidised housing services (rather than be transmitted into a commercial organisation), but with much greater efforts being made to deliver these services in an equitable and flexible way. Furthermore, there are issues beyond questions of public supply of housing. We believe that there is a government role in the research area involving questions of supply and demand for housing. Clearly this aspect needs to be in conjunction with the construction industry.

Housing allowances are provided through the Department of Social Welfare, and they may continue to have a role in the housing policy mix. In our view, however, they should not dominate the other means of social provision.

5 Insurance Alternatives

One of the conditions for the operation of competitive markets is that agents in the market have perfect information. In particular,

information is required as to the prices of goods and services and their quality. But furthermore, information is required about the future. Decisions by agents in the market place will be affected, depending on information they have about the future. The knowledge that petrol prices will rise by 10 percent tomorrow leads to increased purchases today. While for other areas of inadequate information the required knowledge may be obtained usually with a cost attached, by research and enquiry, information about the future is not readily obtainable. Because there are not means by which the future can be known, the market responds in a way to minimise the effects of uncertainty. Insurance is the means for market users to cope with uncertainty.

Insurance can be provided by private markets where particular conditions are met. Firstly there must be a demand for insurance. For there to be demand there must exist individuals who want to avoid risk, that is, are risk averse—and who are prepared to pay a positive price for certainty. The premium paid reflects the sum insured, the probability of the insured event occuring and the costs and profits of the company offering insurance. These transaction costs mean that those purchasing insurance are paying more by way of premium than the cost of the probable losses that may be incurred. This is the price paid for certainty.

Further, there will be no demand for insurance where the premium charged exceeds the insured loss. This may also be true where the annual premium approaches the perceived loss. In these situations there will be no demand from buyers and no offer by insurers. An example is the inability of health insurance to cover congenital ailments or those ailments pre-dating the taking of insurance.

Secondly, the probability of the insured event must be independent of the probability of other people suffering the same event. If these probabilities are significantly dependent on each other, private insurance companies cannot provide insurance. To operate successfully, insurance depends on the ability of the insurance company to pool risks—that is, there must be both winners and losers—and inpredictable numbers. This ability to pool risks depends on 'the law of large numbers'. While for the individual the probability of a particular event may be uncertain, in a large population, that this event will occur for a given number of times is reasonably certain. Insurance thus operates on the ability for there to be trade (via the insurance company) between winners and

losers on the basis that with a large number of people involved the insurance company has reasonable certainly as to its outlays and can also provide a degree of certainty to the individual.

Inflation is an important example of an event which is not independent for all the insured. Thus all those involved in a pension scheme are affected adversely by inflation. While it is theoretically possible for an insurance company to offer inflation proof pensions provided nominal capital gains are not taxed, in practice this is not done. With private insurance schemes, inflation reduces the value of the pension of one individual but at the same time reduces the pensions of all the others in the pension scheme.

While insurance is the way in which the market handles uncertainty (that is, the lack of perfect information about the future), there is the possibility that buyers and sellers in insurance markets may hold different information about the insured event. There are two problems which arise:

(a) Adverse selection arises where the purchaser of insurance is able to conceal information from the provider of insurance which is relevant to the degree of risk involved. For example, in health insurance, relevant information about a person's condition could be withheld from the insurance company and thus reduce the premium payable. Thus a high risk person could obtain insurance at the low risk premium. Adverse selection is not a problem where insurance is compulsory at an average premium arising from the pooling of the high and low risk. Without compulsion an average premium would lead to low risk people reducing consumption of insurance and encouraging consumption by high risk people, making it not viable for the insurance company to provide insurance. Compulsion results in the low risk people subsidising the high risk.

(b) Moral hazard arises where the presence of insurance affects the behaviour of the insured to take advantage of the benefits. This will occur when the benefits from adjusting behaviour outweigh the costs involved. Thus people are unlikely to commit suicide because they have life insurance, because the costs to them outweigh the benefits they foresee. (People contemplating suicide may, however, take out life insurance for the benefit of dependents, but this is more a problem of adverse selection rather than moral hazard.)

Another aspect of moral hazard arises where payment in respect of claims is paid to a third party. For example, damage to a car is repaired by an independent panelbeater. In the absence of close inspection by the insurance company neither the owner of the car nor the panelbeater have any incentive to minimise consumption. Another example is visits to the doctor. If these are covered by insurance it is likely that more visits to the doctor would be made, resulting in possible over-consumption. Co-insurance (that is, the meeting of part of each claim by the user) is one way insurance companies seek to minimise this additional burden.

Having looked briefly at aspects of private insurance markets, we need to enquire whether and to what extent private insurance markets can, or should, be used to fund social provision. There are, of course, large areas already provided by means of private insurance. Many people take out life insurance or belong to pension plans with a view to providing themselves with an income in retirement when they may no longer be earning a wage or salary. Increasingly in New Zealand people are subscribing to health insurance in order to assist with medical costs, or to speed the course of treatment through bypassing the queueing system in public hospitals. Clearly the extension of private insurance to other areas of social provision is one possibility the Commission has needed to explore.

5.1 *Retirement Income*

As noted above, many people provide for retirement at least in part by setting money aside during their working life into a superannuation scheme. Private schemes vary significantly; some involve individuals, some are employment based, some are contributory, some are not, some can be transfered with a change in occupation, and some not. A private superannuation scheme either involves automatic transfer of accumulated contributions plus earnings to an income flow for life (an annuity) or provides the benefit in a form of a lump sum and leaves the individual to convert to an income flow through the purchase of an annuity or through income from another form of investment. The size of the income stream flowing from a lump sum depends on the size of the lump sum, the life expectancy of the individual and the expected interest rate over the period. Life expectancy at any given age is relatively easily determined, and again there are winners and losers. Those who die before the average age are the losers and those that live beyond are

the winners. Adverse selection can be a significant problem in the annuities market, as those with known shorter life expectancy refrain from purchasing annuities, preferring other forms of retirement investment which give them a better return. For the insurance company to be able to make a return from annuities they need to lower the value which in turn increases the likelihood of increased adverse selection. Compulsory superannuation would overcome this problem.

From the insurer's point of view the aspect of greatest uncertainty lies in the interest rate, which in turn is related to the rate of inflation. The higher the anticipated rate of inflation, the higher will be the expected rate of interest, and for any given lump sum the larger will be the annual income flow. Because of the uncertainty involved, it would be reasonable to assume that insurance companies will act conservatively in relation to the interest rate expectations.

Private superannuation schemes are largely funded schemes — that is, the level of benefits is related to the size of accumulated contributions plus earnings. This has two implications: firstly individuals (or cumulatively a particular age group of people) get no more out of their superannuation than they have put in (including earnings), secondly, there will never be a shortfall of funds in the scheme to meet superannuation obligations.

Pay-as-you-go schemes, as the name suggests, are not based on contributions to the scheme but rather on a commitment to meet particular obligations when certain conditions are met, for example, a particular age is reached. By their nature, pay-as-you-go schemes require state involvement because the ability to meet superannuation obligations is based on an ability to raise revenue, usually by means of taxes. Pay-as-you-go schemes involve taxing the working generation to pay for the superannuation of the retired generation. National superannuation is a pay-as-you-go scheme whereas the New Zealand superannuation scheme introduced by the Government in 1974 was a funded scheme. The Government Superannuation Scheme for the Government's own employees, although it involves employee contributions, is essentially a pay-as-you-go scheme because a significant part of the superannuation incomes are met out of general government revenue. Pay-as-you-go schemes have a number of advantages. First, they release the constraint that benefits received cannot exceed the contributions made. Thus rights to full pensions can be achieved

much more quickly. Secondly, it is possible to adjust the level of benefits to take account of both inflation and real growth in the economy. This occurs because the funding base rises in money terms both with inflation and with real economic growth. In fact, it is possible for every generation of retired people to receive more than their 'contributions' if the economy is growing in real terms.

A pay-as-you-go scheme, however, has a funding problem when there are demographic changes which increase the proportion of retired people whose superannuation is to be funded, in relation to those still in the workforce. This is one of the major problems facing national superannuation. Demographic changes indicate that in the early part of next century, the ratio of persons aged 60 and over to those in the work force will rise sharply creating an increased burden on the working population.

While this can produce a financing problem, the underlying economic issues are the same whether the scheme is funded or pay-as-you-go. In economic terms, superannuation involves foregoing consumption now in exchange for consumption in retirement and this is the same irrespective of the method of funding. Under a funded scheme the money set aside is used to buy access to current production from the then working population. This assumes that there will be production surplus to their immediate requirements as they too will be foregoing current consumption to build up the fund to finance their own retirement consumption. Under a pay-as-you-go scheme the money to buy a share of this production is provided by means of compulsory taxation. Thus under both schemes current consumption of the work force is foregone and this leaves some of the current production available for superannuitants to purchase with either their funded or pay-as-you-go income.

Thus under either scheme the economic effect of an imbalance between the number of superannuitants and those in the work force lies in the availability of goods and services both locally produced and imported, to meet demand without undue inflation. Pay-as-you-go schemes have the added problem relating to the tax burden on the working population necessary to finance the superannuation. This financing burden can be eased by dealing with matters on the demand side such as raising the age of eligibility or reducing the benefits paid. On the supply side, the difficulties in

both economic and funding areas could be eased by increased economic growth per head (probably through technological enhancement), increasing the working population through reduced unemployment or increased participation rates (especially of women), or increased immigration, increasing labour productivity, both through technological improvement and through education of training.

To sum up, private superannuation will continue to play an important role in providing income for retirement. As we noted in our working papers on Income Maintenance and Taxation, rules should be developed covering private superannuation schemes so that they have comprehensive coverage (no exclusion of categories of employees), early vesting of rights in respect of employer contributions, portability and limiting the band of income support by providing a cap or ceiling. Should it form the basis of social provision for retirement, being supplemented by the State only in areas of inadequacy? Or should the State play the major role with private superannuation being in a supplemental role? There is the need to provide for those who for whatever reason, have not been able to generate sufficient contributions to provide an adequate retirement income for themselves. This will almost certainly require State involvement. Furthermore, the private sector is limited to funded schemes. The question arises as to whether, if it is to provide superannuation for those unable to provide for themselves, it is more efficient to provide just for that niche in the market or to have more general State provision of retirement income (for further discussion see *Income Maintenance and Taxation* Paper 6—The Elderly).

5.2 *Health Insurance*

The second major area where private insurance could be considered as an alternative to present arrangements is health care. In principle, health care could be regarded as are other professional services and be provided on the basis of a fee for service. For some elements of primary care this may be an adequate response (and indeed with the general medical benefit shrinking as a percentage of the cost of visiting a general practitioner, general primary medical care is increasingly provided on a fee for service basis). However, as mentioned earlier, this method of provision does have limits in terms of accessibility to a range of services and of course in terms of prevention. There are, however, a number of difficulties. Firstly, there

may be income insufficiency on the part of the poorer people who would be unable to afford even basic primary medical care. Secondly, there are those with substantially above average medical costs who would not be able to afford the costs of ongoing treatment. These would include the chronically ill (having a particular impact among the elderly), and families with a succession of childhood ailments requiring medical attention. Thirdly, there are the cases of serious illness or accident which could strike at any one, probably requiring hospitalisation, and/or expensive medical treatment, the costs of which would be beyond all but the most affluent in the community.

Some of these problem areas could readily be handled by some form of private insurance, as they involve uncertainty for the individual, but a risk factor that can be readily ascertained by the insurance company. Other aspects could be dealt with by means of redistribution of income to support those people with a general income shortfall. However, neither of these approaches can overcome all the problems. For example, those with congenital ailments or who have a long history of illness prior to insurance being applied for would not be insurable and may not be able to afford treatment. Psychiatric illness is another area which would be difficult to insure against privately. Adverse selection can arise where those insuring withhold information relating to their medical condition when taking out insurance. Moral hazard arises for those aspects of medical care which are consumed as a matter of choice, for example medical costs associated with pregnancy and visits to the doctor. Furthermore, where the consumption of medical services is removed from the agency which pays, there can be over-consumption. In other areas of insurance (for example, for the repair of damage to a motor vehicle) the third party problem is overcome by the insurer inspecting the damage. It is scarcely possible, except perhaps in major cases, for the insurer to make independent assessments of the medical practitioner's judgement before treatment takes place. Thus the private market, perhaps bolstered by income support, plus voluntary medical insurance would still leave some gaps in provision; the needs of the chronically ill, the elderly and pregnancy are examples where this would be the case. One estimate is that these categories which would remain after voluntary insurance, account for about 60 percent of present state medical expenditure.

The history of medical provision in the United States gives some weight to this. Until the mid 1960s medical care was largely funded by the user and by medical insurance. Over the last 25 years various federal/state programmes have been introduced to provide assistance in the areas not adequately covered privately or by insurance. Thus there are government programmes for the medical care of the elderly, the poor, war veterans, maternity and child welfare. The third party problem is also in evidence with the burgeoning cost of these programmes so that it is now a very substantial proportion of gross national product in addition to private and insurance payments on health. Third party problems can be overcome if the service provider is owned by the insurer, thus internalising the costs. This is one of the advantages of state provision of health services as the state both funds and provides the service. It can also be achieved through integrated private schemes.

5.3 *Conclusion*

In the Commission's view, the best approach is for the State to remain the major player in the provision of health and hospital care, and in the provision of retirement income. This is not to say that all is well with the various aspects of the state provision. Rather, it is our view that the alternatives of a significant switch to private provision or to private insurance will not deliver the range and quality of health care or superannuation which is both efficient or equitable. There is however a need to come to grips with the shortcomings of the present system, so that the need for private insurance, with its own shortcomings, is greatly reduced.

5.4 *Compulsory Insurance*

A further issue arises. Could some of the problems of coverage with voluntary private insurance as noted above, be resolved if insurance (either for retirement income or for health purposes) were made compulsory? An example of this with regard to retirement income was the New Zealand superannuation scheme introduced in the mid 1970s. This scheme stipulated minimum conditions required of a superannuation scheme and stipulated that all working people had to either belong to a private scheme that met the conditions or join the government scheme. This was based on compulsory contributions of the percentage of income and the resulting pension based on accumulated contributions. (This was

subsequently superseded by national superannuation upon the change of Government.)

In the health area it would be possible to fund the operators of the hospital system and base funding on compulsory private sector insurance. The State would have the role of laying down minimum standards and providing for those who are uninsurable—(for example, the chronically ill and the poor). Premia would still be based on risk categories. Compulsion would ensure that low risk individuals did not withdraw, thus enabling the pooling of risk and would reduce the danger of moral hazard (for example, if insurance were voluntary then it could be taken out just prior to pregnancy; whereas, if compulsory, payment of the premium would include a component relating to the average probability of pregnancy). Under this system the insurable cases would be covered by private insurance while those uninsurable would be funded by the State. There could well be difficulties in defining the boundaries and monitoring costs may prove prohibitive. Insurance companies could also set up non-financial barriers to reduce their share of higher risk people.

Alternatively the State could run, either itself or through an agent, a compulsory insurance scheme. Premia would then in effect become a form of earmarked taxation and need not be related to any risk category. They could, for example, be based on the ability to pay and would also need to be sufficient to cover areas which would not be covered by actuarially based insurance. Thus compulsory medical insurance or compulsory superannuation run by a state institution would become increasingly close to a directly state funded system out of general taxation, especially if premia are not directly based on risk categories.

New Zealand's social welfare system is mainly based on benefits paid out of general taxation. (It will be recalled however that for some years, certain community health programmes were funded from earmarked taxes on tobacco and alcohol. This earmarking practice was stopped in order to produce greater flexibility in the administration of government finances.) The area of compensation for accident is however a compulsory insurance based system. Premia (levies) are based on categories of risk as determined by an individual's occupation. The levy is paid by the employer as a percentage of the payroll for each category of employee. There are also levies on motor vehicle owners and the Government makes a contribution in respect of non-income earners. This does produce

some anomalies with respect to the rest of the system (for example, lump sum payments are made and benefits are income related whereas sickness benefits are not), and some tensions in relation to the use of publicly funded hospital services. Together with the rapidly rising cost of levies these anomalies are calling into question the basis of funding accident compensation. Furthermore the form of the levies, being a payroll tax, is a tax on employment which is less appropriate at the present state of the economy. Also the fact that the Government provides independent funding for non-earners highlights one of the weaknesses of insurance type systems—that is, providing for non-contributors. One particular issue which is under consideration is whether accident compensation should continue to be based on a range of categories of risk, or whether there should be a single levy over the whole range of risk. Should the latter be introduced it will be a further step in taking the system away from its insurance moorings and more towards benefits paid out of general taxation.

There are a range of alternatives regarding funding accident compensation:

(a) The status quo (that is, continuation of a variable payroll levy, motor vehicle levy and government contribution with respect to non-earners). As we have said, as a significant proportion of the levies amount to a tax on employment, it would be preferable to find some other way of raising the required revenue. On the other hand, the levies are in place and in principle seem to be accepted; even though the levels of particular levies may lead to dispute.

(b) It could be made compulsory for all people to take out accident insurance. This is discussed in the working papers on Income Maintenance and Taxation—The Sick, The Injured and The Disabled.

(c) Other taxes could be introduced, specifically earmarked to fund accident compensation. An earmarked tax could take a number of forms. It could be an extension of the principles involved in the present motor vehicle levy. That is, particular products or activities could be taxed. Alternatively, a surcharge could be applied to personal and corporate income taxes and specifically earmarked. Another alternative would be for an earmarked increase of the Goods and Services Tax (GST).

(d) Existing sources of government revenue (for example, income taxes or GST) could be adjusted upwards to pay for accident compensation but not specifically earmarked for accident compensation.

In considering the future course of accident compensation funding, a number of factors need to be borne in mind.

First, there are advantages in retaining in practice as much as possible, the concept that those activities which are responsible for most of the cost of injuries should also be responsible for most of the levies. This would seem to imply some form of specific or earmarked levies where possible.

Secondly, our recommendations relating to accident compensation point towards a much greater degree of uniformity in treatment between those incapacitated because of accident and because of sickness. This would seem to involve, over time, some integration between accident compensation and other forms of benefit provided by the Government. A tightly earmarked source of revenue, in this context, would seem to be inappropriate, bearing in mind that sickness benefits would presumably continue to be funded out of general taxation. (While earmarked sources of revenue do have some conceptual advantages, they can also inhibit necessary flexibility. Surpluses in one area of activity cannot then be applied to shortfalls in others.)

These two factors taken together seem to lead to the conclusion that a mix of revenue sources should be applied to accident compensation. A continuation of the present levy system, but with lower levies on payrolls so as to inhibit employment growth as little as possible, would enable there to be some relationship between the source of accidents and the funding of support, treatment and rehabilitation. Any shortfalls in funds resulting from lower payroll levies could be made up from general revenue sources, increased if required by slightly higher income taxes or GST.

As the systems of support for accident victims and the sick converge, there would be merit in reviewing the level of taxation on those specific products which lead to significant expenditures in caring for the sick. Just as specific accident compensation levies highlight the costs of accidents, so taxes on tobacco and alcohol products highlight the costs associated with smoking and alcohol abuse. We think it is a valid function of such specific taxes to highlight the costs to society of these activities and to contribute to the meeting of these costs.

5.5 *Social Insurance*

In many European countries benefits covering areas such as unemployment, sickness, disability and retirement incomes are provided through forms of social insurance. These schemes typically are funded by means of a compulsory levy on incomes shared between both employer and employee. These levies build up a history of contributions for the individual and carry with them entitlements to particular benefits in the event of unemployment, sickness, disability or retirement. In most countries, while the schemes are labeled as 'insurance', they bear little relationship to actuarially based insurance. In most cases the contributions are based on income rather than on risk and the benefits are not only dependent on the occurrence of a single event but may also vary depending on the number of dependent children, etc. Furthermore in covering unemployment (and indexation of superannuation discussed earlier), social insurance is providing for a risk which is not assessable in actuarial terms because of the presence of moral hazard (that is, an individual is able to influence to some degree whether he/she becomes unemployed, and more importantly, the duration of that unemployment). Social insurance is also unable to provide benefits where there is no history of contributions; for example, for school leavers or those joining the work force after a period of caring for children. Even under systems of social insurance extra benefits over and above the insurance payments are made out of general taxation to cover situations where there is no history of contributions.

While social insurance has the advantages of lessening any stigma attached to receiving benefits, and of reducing the problem of the poverty trap, it is not in practice very different from a system financed by general taxation revenue, (the levies being little different from an income tax on employees and a payroll tax on employers) and paying benefits to those in need. A significant problem associated with the form of social insurance levies is that the employer's contribution is essentially a tax on employment at a time when the numbers of unemployed people is high in most Western countries.

6 Taxation

6.1 *Goals of the Taxation System*

Taxation in New Zealand will account for over 90 percent of government revenue in the 1987/88 fiscal year. The 1987 Budget estimate for taxes was $21.25 billion or about $6,450 for every member of the population. Relative to the average wage of about $22,000 per annum, one can readily appreciate the magnitude of the financial flows between government, households, companies and other organisations.

The Commission has not carried a comprehensive review of the New Zealand taxation system. However, in addressing social policy issues it is inevitable that the Commission's views must encompass tax issues, particularly at a time when the taxation system is undergoing radical policy changes. Most emphasis has been placed on the interaction of the tax system with social welfare provision including income maintenance. (See the papers in Volume III on Income Maintenance and Taxation.)

Such is the breadth of reform, however, that a number of new initiatives, apparently not directly related to social policy, will influence the social policy environment. The Commission cannot hope to provide a definitive set of views on all of these. In this, we acknowledge that the goals of the tax system often involve conflicting objectives. Evaluation of the benefits of reform should address how well the reforms are expected to perform in reducing the scope for conflict in the context of the overall social and economic environment. In this regard, the Commission is concerned about the available level of theoretical and empirical research to guide evaluation, and the level of public education and understanding of the reform process.

The importance of the goals of effectiveness of tax and a tax yield which is sufficient to satisfy the demands of government spending programmes and constraints is magnified in the present situation where the accumulation of budget deficits over many years has become a particularly binding constraint. The debt servicing components of spending now account for 20 percent of total net spending. The aim of reducing this component of spending, demands that budget surpluses must be achieved during the next few years.

As expressed in Volume II (*Policy Development, Assessment and Monitoring*), the Commission also supports greater emphasis being placed on the evaluation of social expenditure programmes and believes that through better monitoring, assessment and review procedures, more effective social provision per dollar spent can be achieved. To that extent constraints on Government spending and social aims will not always conflict.

Government spending includes both current spending and capital spending (investment). Investment by government implies a stream of expected future benefits flowing from decisions taken in the present. To that extent it is generally argued that financing investment by borrowing is fair, because future taxpayers who will reap benefits should be expected to meet part of the costs. Budget deficits arising from too high a level of *current* spending are a back-door form of taxation which affects intergenerational equity, by shifting responsibility for consumption of goods and services *in the present* onto future taxpayers. Current levels of official internal and external debt limit the recurrent continued use of deficits.

As we noted earlier in this paper, the overall level of taxation, taking into account all of the costs associated with high public debt levels, is still not high in New Zealand.

Of particular relevance to the Commission's work are the goals of fair distribution of tax payments, the acceptability of tax scales, and compliance with tax rules. The Commission has treated several important aspects of these issues in the discussion of the interaction of taxation and income maintenance (Volume III, including capital gains), wealth taxes, integration of tax systems, and work incentives.

The Commission's views on these matters are based on acceptance of the following basic features and directions as being desirable. First, that the *unit for assessment* of personal taxation liability should be the individual. Secondly, the comprehensiveness of the *income tax base* should be increased. Finally, that while there is much to be said in favour of a flat *income tax rate structure,* there are important considerations when simplifying the tax system which need to be addressed before unqualified support is warranted.

Two other issues connect taxation and social policy—the distribution of tax payments, and public acceptance and compliance with tax systems. In addressing these issues, the Commission acknowledges that a tax system which achieves good balance between the varying forms of tax, is also likely to lead to tax forms

reinforcing one another. Therefore, it is also likely to lead to greater transparency of the tax distribution and greater compliance.

6.2 *The Incidence of Tax Payments on Households*

The results in this section draw largely on a major research project under way at the Department of Social Welfare, the *Study of the Effects of the Budget on Income Redistribution and Distribution* (SEBIRD). A draft paper with results for income years 1981/82 and 1985/86 was submitted to the Commission in March 1988. Work is continuing on further updating of the results to the year 1987/88, that is, following the introduction of the 10 percent Goods and Services Tax, and other income redistribution measures, in October 1986.

As indicated by its title the project covers much more than taxes, including also the redistribution effect of cash benefits, debt interest payments, provision of such government services as health and education, and other items. The results given here are for tax measures only, but the total redistributive effect of government can only be judged by including all the other measures as well.

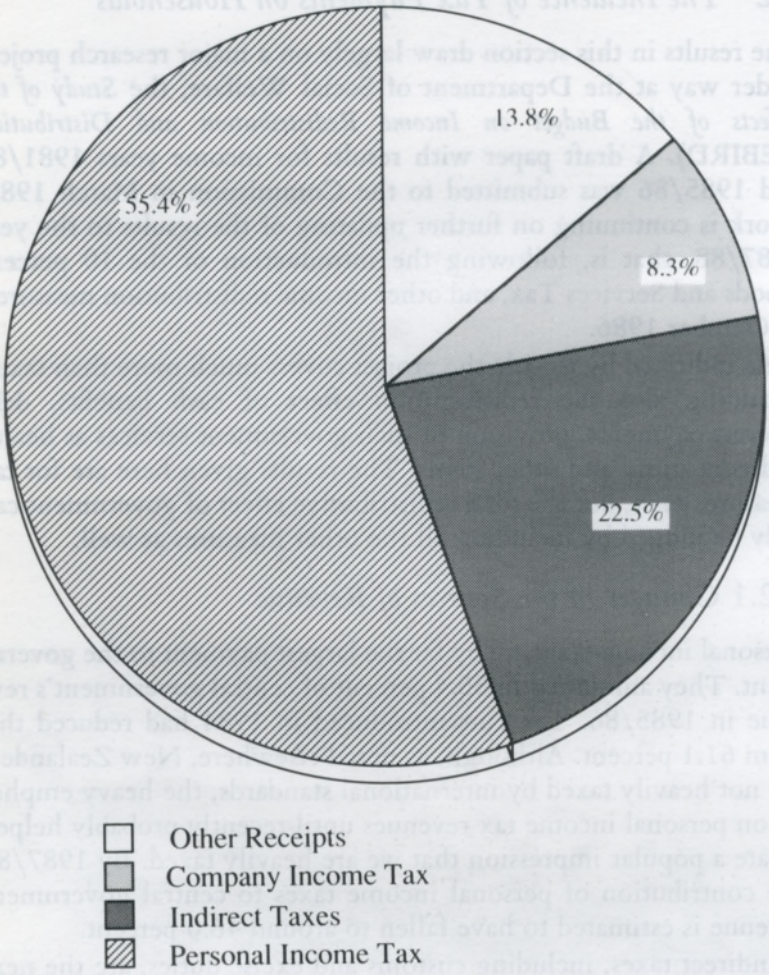
6.2.1 *Changes in the Sources of Revenue*

Personal income taxes are by far the largest payment to the government. They amounted to 55.4 percent of central government's revenue in 1985/86. Tax cuts introduced in 1984 had reduced this from 61.1 percent. Although, as noted elsewhere, New Zealanders are not heavily taxed by international standards, the heavy emphasis on personal income tax revenues until recently probably helped create a popular impression that we are heavily taxed. By 1987/88 the contribution of personal income taxes to central government revenue is estimated to have fallen to around 46.0 percent.

Indirect taxes, including customs and excise duties, are the next most important source of revenue, followed by other government receipts (mainly from trading departments or state-owned enterprises), and company income taxes.

Figure 1 shows government income shares by main source for 1985/86. Figure 2 shows the change in the composition of government tax receipts (excluding other government revenue) between 1985/86 and that estimated for 1987/88.

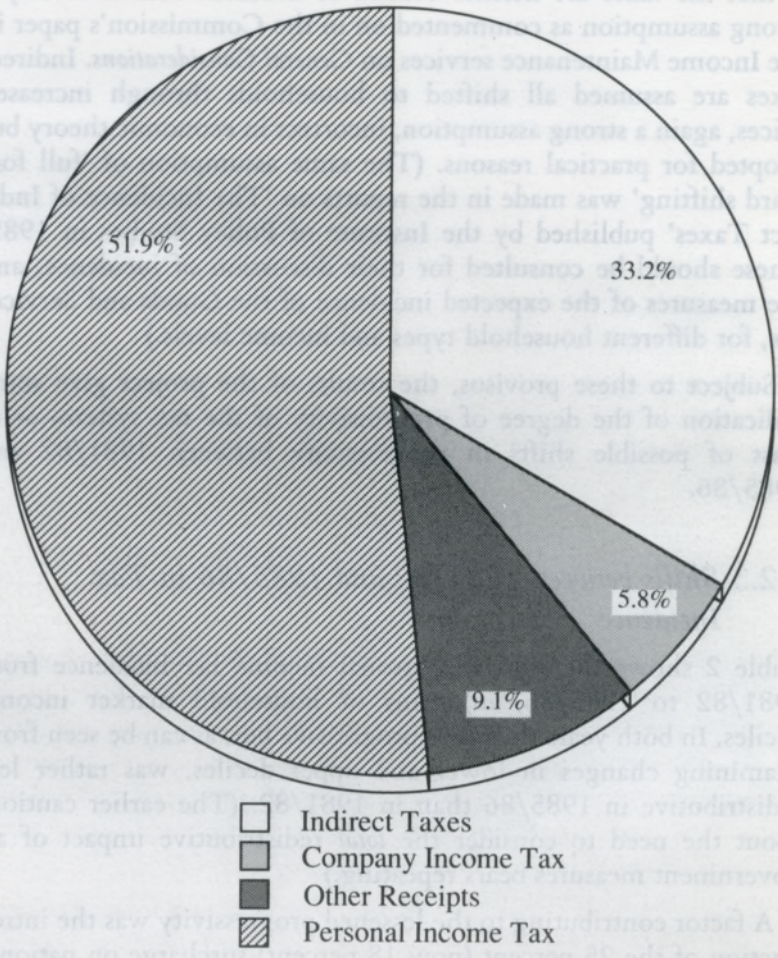
FIGURE 1: Government income shares by main source for 1985–86



Source: NZ System of National Accounts (unpublished estimates, Department of Statistics)

The results which follow are largely about personal income taxes and indirect taxes. The budget impact study referred to contains estimates of the incidence of company taxes on a number of different assumptions. The results vary widely and, as company taxes are a relatively small component of total revenue, are not included here. In general, however, they are relatively progressive in incidence.

FIGURE 2: Government Income Shares by main source for 1987–88 (forecast)



Source: NZ System of National Accounts (unpublished estimates, Department of Statistics)

6.2.2 *The Incidence of Taxes*

It is necessary to distinguish between the statutory incidence of a tax and its economic incidence. For instance, businesses are legally responsible for the payment of sales tax to government, but of course much of the burden of such taxes actually falls on the consumer.

Unfortunately it is not easily possible to compute the economic incidence of a tax, and even more difficult for a tax (and benefit) system in its entirety.

The budget impact analysis in the SEBIRD report makes several simplifying assumptions. For personal income taxes the assumption is that the taxes are neither evaded or avoided. This is clearly a strong assumption as commented on in the Commission's paper in the Income Maintenance services on *General Considerations.* Indirect taxes are assumed all shifted to households through increased prices, again a strong assumption, incorrect in economic theory but adopted for practical reasons. (The same assumption of 'full forward shifting' was made in the reports on 'The Incidence of Indirect Taxes' published by the Institute of Policy Studies in 1985. These should be consulted for their discussion of incidence, and the measures of the expected incidence of the Goods and Services tax, for different household types and income levels.)

Subject to these provisos, the results of the project give some indication of the degree of progressivity of the tax system, or at least of possible shifts in progressivity between 1981/82 and 1985/86.

6.2.3 *Shifts between 1981/82 and 1985/86 in Tax Incidence*

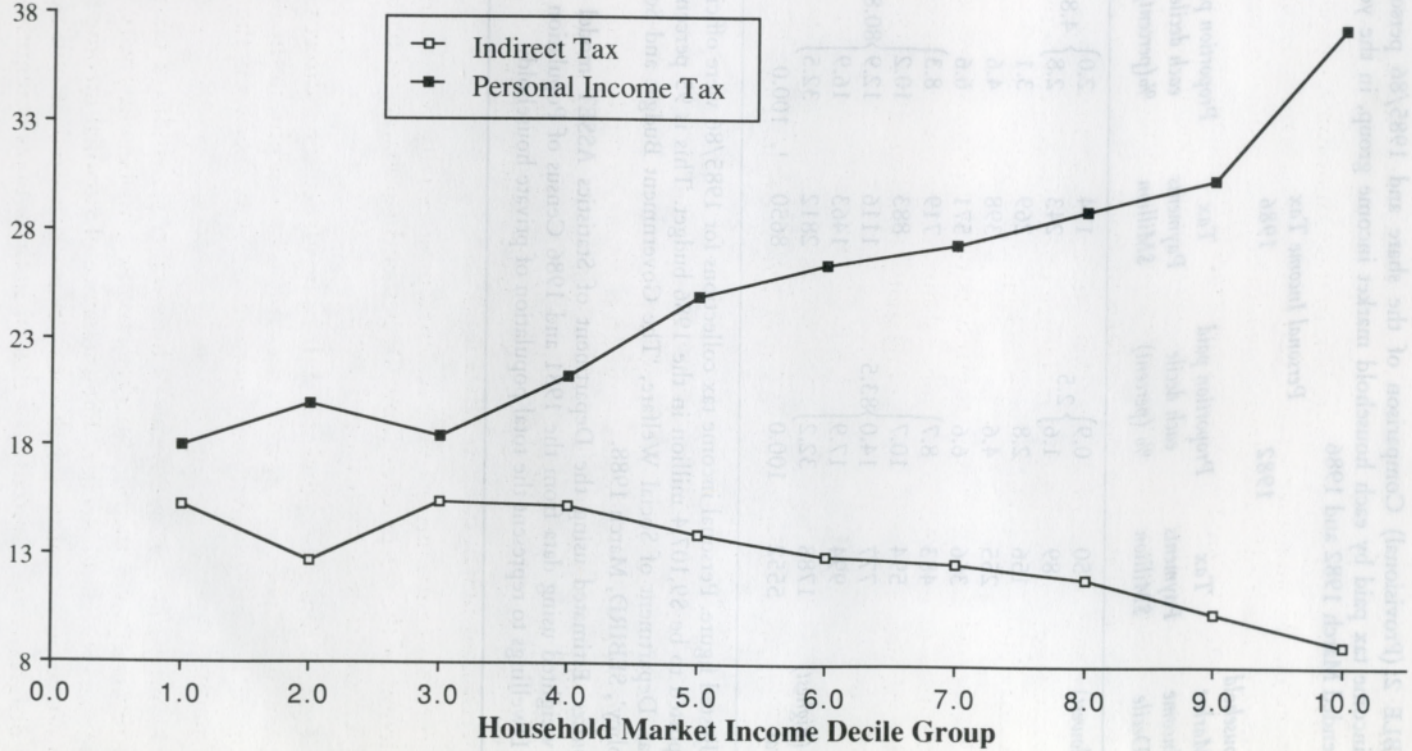
Table 2 shows the shift in personal income tax incidence from 1981/82 to 1985/86, in terms of household market income deciles. In both years the tax is progressive but, as can be seen from examining changes in lower and upper deciles, was rather less redistributive in 1985/86 than in 1981/82. (The earlier caution, about the need to consider the *total* redistributive impact of all government measures bears repeating.)

A factor contributing to the lessened progressivity was the introduction of the 25 percent (now 18 percent) surcharge on national superannuation as from 1 April 1985.

Table 3 similarly shows the shift in incidence for indirect taxes. Again there appears to have been a shift, if only slight, in the direction of less progressivity, or more regressivity, between the two benchmark years.

Figure 3, for 1985/86, shows how direct and indirect tax-rates in terms of total income (market income plus benefits) vary over the market income deciles. The incidence of personal income tax is progressive (in reality, for reasons already discussed, it will not be as progressive as charted); and that of indirect taxes is regressive.

FIGURE 3: Direct and indirect tax rates as a proportion of total income for market income deciles for 1985–86



Source: Department of Social Welfare, *The Government Budget and Social Policy,* March 1988

TABLE 2: (Provisional) Comparison of the share and 1985/86 personal income tax paid by each household market income group, in the years ended March 1982 and 1986

	Personal Income Tax					
	1982			*1986*		
Household Market Income Decile	*Tax Payments $Million*	*Proportion paid each decile % (percent)*		*Tax Payments $Million*	*Proportion paid each decile %(percent)*	
1 (lowest)	50	0.9	2.5	174	2.0	4.8
2	89	1.6		243	2.8	
3	156	2.8		269	3.1	
4	255	4.6		398	4.6	
5	366	6.6		571	6.6	
6	483	8.7		719	8.3	
7	594	10.7		883	10.2	
8	777	14.0	83.5	1116	12.9	80.8
9	994	17.9		1463	16.9	
10 (highest)	1788	32.2		2812	32.5	
Total	5552	100.0		8650 [1]	100.0	

[1]Adjusted figure. Personal income tax collections for 1985/86 were officially reported to be $9,107.4 million in the 1986 budget. This is 95 percent of that. Department of Social Welfare, 'The Government Budget and Social Policy', SEBIRD, March 1988.

Sources: Estimated using the Department of Statistics ASSET model and weighted using data from the 1981 and 1986 Census of Population and Dwellings to represent the total population of private households.

TABLE 3: Indirect taxes paid by each household income group, for year ended March 1986

Household Market Income Decile	*Total Indirect Tax Payments (year ended 31 March)*			
	1986		*1982*	
			(percent of total)	
1 (lowest)	4.1		3.1	
2	4.4		4.3	
3	6.6		6.5	
4	8.2		7.7	
5	9.1		8.9	
6	10.0		10.8	
7	11.6		11.0	
8	12.7	67.7	12.7	69.5
9	14.5		15.4	
10 (highest)	18.9		19.6	
Total	100.0		100.0	

(a) See text of SEBIRD Discussion Paper, Section Two, February 1988 for methods of imputing indirect taxes to households.

(b) The total amount of indirect tax payments recorded by the 1981/82 Central Government Income and Outlay Account was $3,922.2 million. The amount of $3,558.5 million is 95 percent of this, representing the population residing in private households. Sources: SEBIRD, Snively [1986].

Source: Department of Social Welfare, 'The Government Budget and Social Policy', SEBIRD, March 1988.

6.2.4 *Subsequent Changes*

The changes since 1985/86 will be of considerable interest when available. At this point it is only possible to speculate. However the nominal income tax scale introduced from October 1986 was less progressive than the previous tax-scale. The major change in indirect taxes at that date was the replacement of a number of indirect taxes by the 10 percent Goods and Services Tax (GST) on value added. This is probably, though not certainly, more regressive than the earlier indirect tax structure. (At the same date a number of adjustments to benefits, and to family assistance, were introduced, in part to offset such effects.)

6.3 *Distribution of Tax Payments*

As we note in the previous section an over-riding issue in tax distribution is the difficulty of analysing who bears the varying forms of tax. Lack of transparency in tax rules in combination with government policies to provide selective assistance (as distinct from public goods) has tended to inhibit rational analysis. Indeed, this consideration itself has provided the momentum for tax reform.

The Commission's task is one of reviewing social policy at a time when the Government is pursuing a vigorous tax reform and income maintenance programme as an integral part of a comprehensive programme of economic structural reform.

In addition to the usual problems faced by analysts of tax burdens, the present New Zealand context is, therefore, one of unusually rapid change. The Commission recognises the boldness of Government initiatives. Inevitably such an approach brings about associated uncertainties and risks which are potential threats to the orderly evolution of social policy.

The following areas are examples of the types of concern which the current environment suggests could be important. These areas of concern are in addition to those already canvassed by the Commission in *Income Maintenance and Taxation,* Volume III.

6.3.1 *Indirect Taxes*

The Goods and Services Tax (GST) was introduced from October 1, 1986. This is a broad-based value-added tax and as such the final burden of payment is largely on the consumer.

The Commission acknowledges the difficulties of assessing the full impact of GST on the progressivity of the tax system, since the presence of loopholes in personal income tax rules has allowed tax evasion and avoidance. Under GST, a proportion of everyone's consumer spending is included in the tax net. A concern remains that the GST tax now paid indirectly by lower income households should be acknowledged in the calculation of a fair tax distribution. Finally, it is noted that indirect taxes, other than GST, continue to be levied on tobacco, alcohol, and betting (TAB and Lotteries).

6.3.2 *Charities*

Current debate is concerned with whether the rebate for payments to charities, including religious, educational and medical organisations should continue, or be replaced by direct public funding support.

The question of the existing deductibility of payments to charities by companies also must arise. We know little of the mechanisms by which direct government support for charities could be channelled to replace their loss of income due to the removal of the rebate.

Such questions are subject to ongoing policy design and it is not easy to establish an analytical framework for discussion. A strict application of the neutrality principle would remove the tax deductibility of payments by companies to charities.

The Commission sees arguments that favour tax rebate for charitable donations, for the reasons of:

(a) The tax rebate is an incentive to increase donations which benefit the community, not the individual. This is particularly important at a time when government policy is to increase the pressure on voluntary organisations (deinstitutionalisation, etc).

(b) There is considerable uncertainty about the effect on giving of eliminating the tax rebate.

(c) The particular form of the tax rebate limits its being applied to purposes beyond the immediate interest of Parliament.

(d) The voluntary spirit is the predominant resource of community welfare services not included in State provision. The elimination of the tax rebate would be seen by some as a clear signal of a diminishing value placed by Government on public spiritedness.

(e) While the tax rebate continues, the charitable cause would receive in full its money there and then—without the additional bookkeeping a grant system would involve.

(f) The allocation of tax expenditure in accord with public preferences is more consistent with the Commission's view about the decentralisation of decisions, so that the views of the Government alone do not exclusively determine the direction of funding for voluntary organisations.

Whether the income of charitable organisations should continue to be exempt is another matter of principle.

The question of the competitive advantage given to tax-exempt institutions arises.

It must be tempered by the extent to which charitable institution investments are usually held in interest bearing accounts. The taxation of interest in a time of inflation is, of course, effectively a capital tax, and the imposition of such a tax will act as a discouragement to donors, particularly as most voluntary organisations are non-profit organisations and are not set up to manage funds in such a way as to minimise tax liability.

The concern with the competitive advantage held by any major commercial activity of currently tax exempt organisations may be alternatively met by a more rigorous classification of those to whom tax exempt status should apply, rather than removing the tax exempt status of all non-profit charitable organisations.

A set of principles were described by the United Kingdom Royal Commission (1955) which could equally well apply in New Zealand to reduce the advantages that tax-exempt charities now have in operating the competition with taxable businesses. They noted that:

> where a charity is exempt from tax in respect of the profits of a trade carried on by it, provided the profits are applied solely to the purposes of the charity, and either:
>
> (a) the trade is exercised in the course of the actual carrying out of a primary purpose of the charity; or
>
> (b) the work in connection with the trade is mainly carried on by the beneficiaries of the charity,
>
> any yearly interest or other annual payment forming part of the income of a charitable body is exempt: for this purpose the profits of a trade paid over by trustees to a charity are regarded as an annual payment.

The cost of compliance with tax legislation on those who are currently tax-exempt, may well be substantial, given the size of their activities. Clearly this should be an important consideration in considering ways for limiting the tax-exempt status of organisations now exempt from taxation.

6.3.3 *Integration of Tax Systems*

Item (ii) raises the general issue of the integration of the company and personal tax systems. The broad thrust of Government's approach in both cases has been to shift selective policies away

from tax expenditures towards direct public support. In this way the tax base is broadened allowing tax rates to be reduced.

This process is being guided by the concept of a pure income tax, that is, an income tax system which does not favour some types of behaviours over others. This move to simplify the tax system is supported by the Commission and our recommendations in selected areas have been guided by it.

For its part, the Commission is satisfied that the focus of tax design should be on increasing the comprehensiveness of the income tax base, thereby enhancing revenue raising, as well as economic efficiency and simplicity goals. Any exclusion from the comprehensive tax base and any concession, preference or subsidy provided through the tax system should have to be justified in terms of the standard criteria of equity and efficiency (and be regularly reviewed), and the revenue foregone should be reported publicly.

6.4 *Public Acceptance of Tax Systems*

It is clear that for tax systems to perform well there should be wide acceptance of the tax scales and compliance with tax rules. Particularly during a period of rapid change in the tax policy environment, government has a responsibility for and, indeed, a vested interest in, winning over support for the changes.

It is equally clear that the degree of complexity of tax systems varies across the various specific issues. There are issues about which it is unreasonable to expect the lay person to gain full understanding. Implicit in such cases is the need then for a reliable mechanism by which the public may be made to feel more comfortable that all relevant aspects of debate are covered.

Parliament, itself, provides one forum; consultative committees are another. Evidence from the United States suggests that much attention should be focused upon the empirical bases of policy proposals. The spectrum of issues here starts from the quality of the available data, moves to the design of testable theories, and rests with a reasonably objective appraisal of the strength of competing instruments for the achievement of similar aims.

The tax reform process in New Zealand appears to have its roots in dissatisfaction with historical scales and rules rather than as a result of an extended and comprehensive analysis of the effects of

competing alternatives. Hence, it cannot be too surprising that Government itself has met difficulty in finalising decisions.

The Commission, therefore, has three particular concerns in this area:

- *First,* while the pace of reform, if regulated to the pace of empirical research, may be slowed down, the evolving policies ought to be more resilient to change, including political change. The fact that radical reform of the tax system is able to be implemented, in New Zealand, in a rather short space of time reflects both a strength and a weakness of the political system.
- *Secondly,* it is not entirely clear what the specific roles and responsibilities should be for the public and private sector organisations, in promoting research, monitoring performance and advocating change. The fact that such radical changes were required to design acceptable reforms suggests that the nation has been too slow in adjusting its tax practices to other realities. What were the reasons for this and are they likely to reappear?
- *Finally,* it is not clear that enough is being done to provide education in tax matters and tax advice to the public at reasonable cost. Part of the reason why the less privileged may shoulder an unreasonable tax burden may be due simply to lack of access to information and help with understanding.

7 Group Provision

In addition to provision of social services by the market and the state there is a large amount of social provision made by groups on behalf of their members. This includes family groupings ranging from the nuclear family through extended families to whanau, hapu, iwi, to groupings of immigrant cultures. Outside of family or cultural groupings there are other groups providing care and support for their members (and sometimes for non-members). These would include such organisations as neighbourhood support groups, churches and a whole range of informal and community groupings.

These groups are vital ingredients in the whole social fabric of care and support. In many of them significant finances are not involved but there is still a large resource being used (namely

people's time, effort and commitment) to care for those who are members of the same organisation. Here we discuss briefly the work of friendly societies on behalf of members and some of the ways in which Maori groups provide for their own people.

7.1 *Friendly Societies*

Prior to the introduction of the welfare state, organisations such as friendly societies played a significant role in providing a welfare safety net for a segment of society.

From the early days of the 'modern' friendly society movement, the provision of sickness and medical benefits has been an important service offered to its members and their families. While the bulk of provision for the sick has now been picked up by the State, friendly societies still provide medical benefits to their members, but mainly in those areas not fully covered by the state's provision or where privately provided medical services are utilised. With the government providing much of the friendly societies' services of the past, they have broadened out the range of benefits and services they make available to members to include life insurance, housing finance and holiday accommodation at a range of New Zealand locations. Clearly the role friendly societies take in the future will be governed in large part by the direction the Government takes in social provision.

The benefits of membership of friendly societies are secured through payment of regular fees, by which means funds are built up to meet benefit claims when they arise. Traditional friendly societies have fraternal and ceremonial aspects to their membership.

Some of the more recent medical insurance schemes have been registered under the friendly society legislation, but do not have these other aspects. Membership of traditional friendly societies is declining but still numbered about 46,000 in 1985. Accumulated funds for these societies amounted to about $80 million in the same year, with medical care societies registered as friendly societies (including Southern Cross) having an additional $60 million.

7.2 *Maori Group Provision*

In essence Maori assets comprise people (around 10 percent of the population) their lands (1.33 million hectares) forests and fisheries.

Maori people are predominantly young and urbanised while their land holdings are mainly committed to agricultural production. Both Maori people and their physical resources suffer from underdevelopment for a variety of reasons including conflicting economic and social goals and limited access to central policy development and power sharing.

These are a number of formal and informal Maori groups which make provision for their members, including well established community and national bodies such as the Women's Health League, the Maori Women's Welfare League, Maori Committees, the New Zealand Maori Council and the churches.

Marae, however, provide the most enduring examples of institutions which provide a wide range of social benefits, funded for the most part by voluntary effort and donations, though with some state subsidy for capital development. The system of koha has generally enabled adequate collective arrangements to be made without undue reliance on individuals or families. Koha recognises several costs including caring, general marae maintenance, obligations arising out of historical associations, the position or standing of the host group and the developments or activities forming part of the reality for that marae. It is not simply a catering cost but an acknowledgement of the importance of manaakitanga (caring and sharing) as a broad function and goal of social wellbeing.

Changing demographic and economic patterns, together with heavy demands on some marae and their guardians, has required the acceptance of contributions from new sources often based on principles not in accord with Maori views of koha. Submissions to the Commission have also raised for discussion the impact of GST on koha, both in terms of administrative demands and, more importantly, the implication that catering costs can be assessed apart from the wider understanding of koha.

Social provision is also a function of Maori Economic and iwi authorities including Tribal Trust Boards, Maori Incorporations, Section 438 Trusts, Tribal runanga and, in urban areas, Maori Regional authorities.

Funds for their use came both from their own assets and from Government (Maori Trust Boards for example, receive Government funds as compensation for rights lost and for confiscated lands). Maori people themselves also assist financially and in-kind, though often there is inadequate recognition of their actual contributions:

(i) serving as 'owner representatives' on very low fees. For example, the fees paid to the members of the Committee of Wakatu Incorporation (assets over 30 million) were set at $35 a day;

(ii) being able to assist the needs of the organisation as they arise for example, offering equipment or themselves;

(iii) helping trace successors of deceased beneficiaries;

(iv) serving on subcommittees of the Corporation/Trust on a voluntary basis for disbursement of funds where available (for example, education grants).

Assistance to beneficiaries may take the form of educational incentives (scholarships, grants, including at a tertiary level), personal dividends, funds for marae development and for cultural advancement. Recently, with Mana Enterprises, Maori Access and Matua Whangai, these authorities have also become vehicles for the delivery of new services fostering greater employment opportunities and social cohesion.

The funding of Maori authorities so that they may provide for their members requires serious consideration. Obviously it cannot be considered outside the claims for compensation now with the Waitangi Tribunal, nor apart from discussions on the devolution of government functions and the resources required for effective and efficient tribal delivery systems.

At this point, the Commission simply notes that Maori social provision is considerable and that to a large extent it depends heavily on voluntary contributions.

8 Voluntary Provision

In addition to those groupings in society which provide for their members a range of social services, there is a wide variety of organisations which provide services to people in need who may not be members of their group. These groups cover a very wide range of people and services. Organisations such as marriage guidance, family planning, womens refuge, IHC Society, Barnados, playcentres, church groups, citizens advice bureaux are just a few examples of voluntary agencies providing services. In addition to mobilising voluntary labour and finances, many of these organisations are also substantial users of central government revenues.

Because of the wide variety of groups of greatly differing sizes, it is very difficult to obtain accurate figures of the size of financial provision by voluntary charitable organisations, let alone be able to account for the value of volunteer labour, transport and other resources. While there is no precise data available approximate figures suggest that the present *financial* support provided by voluntary organisations is about $350 million. Of this about 45 percent would be funds provided by the Government to run particular programmes.

The voluntary sector is a very important part of overall social provision. It has a number of significant advantages which need to be recognised and encouraged. While the degree of adaptability and innovation in the voluntary sector is variable, the capacity to respond to changing needs exists in many organisations. New agencies can arise in response to needs, or existing ones themselves can adapt. It is important that the means of any public funding should not inhibit the development of new voluntary agencies, or inhibit change in existing agencies.

The involvement of volunteers and the lower level of adminstrative structures make voluntary provision cost effective, at least in some areas of provision.

Further, the involvement of volunteers in community voluntary organisations enhances social participation and is an important aspect of the democratic process. Being more usually based in local communities, voluntary organisations are able to give more personalised welfare services because they focus on individual needs.

In our view, a flourishing and vigorous independent voluntary sector sometimes acting in partnership with the state, is an important component of welfare provision. This needs to be recognised and encouraged, both by the Government and by others in the community. The weight of submissions we have received is inclined towards government support of voluntary agencies. Whether this is achieved through the tax system or more directly, any policy of support needs to be designed carefully, recognising the diversity within the voluntary sector. It is very important that the voluntary spirit be fostered, not discouraged. (See also Section 6.3.2.)

9 Integrating Public and Private Provision

Other parts of this phase of our work have touched on aspects of the boundaries between the public and private provision of social services. This brief section draws some of this together.

Clearly in New Zealand there is a mixture of private and public provision of social service much of which occurs without complication or difficulty because it is just like any market where there are multiple suppliers. Historically of course, there have been problems associated with state enterprises which compete with private enterprise, because such competition has often not been on an even footing. Thus state enterprise or trading departments had not previously faced similar market conditions in relation to such things as interest rates and capital servicing and therefore had considerable advantages over private sector competitors. This has changed considerably with the process of corporatisation and privatisation now underway in the state sector. Without wanting to necessarily affirm the way in which this process has been carried out or even the extent of the process there is at least the advantage that commercial activities where efficiency is the main dimension, can be contested with the private sector on a more level footing. This process, presumably, will reduce the areas of tension between state and private provision of goods and services, even at the same time as it enhances competition in those areas that are dominantly commercial.

There remain however large areas of present government activity where the sort of market contestability that may be appropriate in other areas, is neither possible or desirable. In these areas the question of the relationship between state and private provision can become much more problematical. Even in some areas which are dominated by government provision, for example, health provision, the private sector is able to take some segments which are not part of state provision (for example, some types of cosmetic surgery). Another example of market segmentation is the way in which compulsory accident compensation provisions obviate the need for an extensive private market for accident insurance. Some aspects of the Accident Compensation Corporation (ACC) operations compare with private sector insurance and this combined

with the compulsory universal coverage of the scheme mean that there is not a boundary problem between private and public sectors.

Thus significant difficulties do not arise between public and private provision either for strictly commercial operations carried out in contestable ways or where private and public sectors have separate segments of particular markets.

Problems of integrating public and private provision become much more apparent when either both sectors are providing closely related services or when the public sector is funding private sector provision. Examples of both these have been given in other sections of the report.

For example, in the section on retirement income, the question was raised as to whether the state should be the dominant supplier of superannuation with private sector top up for those who desire it or the private sector should dominate with the public sector dealing with the 'too hard' areas. The boundary problems of this issue have become apparent with such devices as the tax surcharge on non-national superannuation incomes. The question of universal versus income tested provision is another aspect of the boundary problem between private and public provision. In removing tax concessions associated with the provision of retirement income (and we support the Government's action on this), the balance seems to have continued to shift towards a greater recognition of the reliance of most on state provision, with the private market taking a subordinate role for those who want more than a basic level of retirement income. Income testing of superannuation, which is one component of our proposals relating to national superannuation may either increase or reduce the level of dependence on the state provision, depending on the relative strengths of the income and substitution effects (see the Commissions paper on the Elderly under the Income Maintenance and Taxation Phase).

The integration problems associated with public funding of private provision touch on matters raised earlier. Questions revolve around issues of moral hazard (as neither user or supplier is paying the bill) and around who benefits from the public funding (for example, is it the doctors or the patients who benefit from the GMS benefit, does the landlord or the tenant benefit from the Social Welfare housing allowance). These questions of the incidence of benefits are not easily resolved either in theory or practice.

Furthermore, as mentioned earlier, there are often significant transaction costs associated with monitoring the interface between

private and public provision. There are costs of adminstration policing and targeting which could be so significant as to lead to different forms of social provision to overcome them. One of the different forms could be state provision, but need not necessarily be so.

Targeting of public social provision is clearly a very important aspect of policy. The less tightly targeted any element of social provision the less difficulties there are with integration with the private sector. On the other hand limited targeting can be very expensive. The more any social policy is targeted the greater become the problems of integration with private provision and the higher the monitoring costs. This is the essence of the problem of the poverty trap, discussed elsewhere, in which public provision of income through benefits is reduced at the same time as private income, from wages, is rising. This can lead to very high effective marginal tax rates at levels of income that could only be described as modest.

Much social provision that is funded out of the taxation revenue of central government is delivered by local and regional government, or other bodies constituted on a regional basis.

The tax revenue appropriated by Parliament for expenditure nationally has to be equitably shared among communities and regions.

Each form of social provision may serve a different group in the community, and the characteristics of each group will determine the amount of information needed to identify their features of importance to the particular service provided.

Some services may relate to the whole community, others such as services for visitors will depend on tourist numbers.

For many social services, provision involves both investment in capital and current expenditure. To the extent that the latter resources are mobile, allocation decisions will reflect estimates of the current population. On the other hand, investment in capital assets that will serve current and future populations will require knowledge of both.

The increased decentralisation of the control of social provision will require equitable allocation formulae to be developed. This may mean a need for increased availability of up to date detailed information of local populations, as funding formulae need to consider factors other than basic demographic variables to equitably assess target populations.

10 Conclusion

In this paper, we have sought to highlight some of the key issues surrounding the funding of social provision. It is clear that much of the needs of everyday life for individuals, families and communities is provided without direct intervention by the Government; incomes are earned in the market place, goods and services are purchased in the market place, tribes, communities and families provide for their own and voluntary agencies reach out to others in need. There remain, however, significant areas of social provision which are presently provided by the Government, and we address issues relating to the extent to which some of these should continue to be provided as at present.

There is a thread of debate on economic and social policy issues which suggests that social problems are mainly to do with income insufficiency and should be tackled by means of cash transfers, allowing recipients to determine their own expenditure patterns in the light of their enhanced incomes. While there are a number of areas where this is an appropriate response, including the use of various forms of insurance to cope with uncertainty, we do not believe that it can be generalised to cover many areas of substantial government social provision. In our view, there is a range of social services which are important in themselves as key ingredients in the social fabric and which the State should take a large hand in providing. Taxation is obviously a key aspect in the funding of these services. Much of health and education fit into this category and, to a smaller, but no less important, extent, housing and childcare. These categories contain services which, in our view, the Government ought to ensure are provided for and available to the section of the population to which they are aimed, in order to secure a number of the conditions of a just society, as set out in our terms of reference.

INCOME MAINTENANCE AND TAXATION

Summary: Agenda for Reform

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1 Introduction

These working papers have drawn on the wide perspective of New Zealand society required under the terms of reference of the Royal Commission. They incorporate the Commission's assessment of the values, concerns and goals New Zealanders have as a society. That assessment has come out of our work over the last year and, in particular, from submissions received from throughout New Zealand from national and community organisations and from individuals. Even though the focus here is on income maintenance and related taxation questions, the approaches taken in these working papers and the conclusions expressed reflect the work of the Commission in all areas of the inquiry.

The papers are lengthy and rather complex. This reflects the range and kinds of questions that call for discussion in the circumstances of today and our concern to provide some explanatory material not otherwise readily available. This first paper is essentially a summary paper, drawing together the underlying thinking, the conclusions and the recommendations contained in the 5 further papers and Annexes in Volume III. Their respective titles are self-explanatory:

General Considerations—and there are annexes on (i) single rate tax and tax progressivity; and (ii) the personal income tax base.

The Social Security System—and there are annexes on (i) the history of New Zealand income support provisions; and (ii) the current status of social welfare benefits.

Families with Children

The Sick, the Injured and the Disabled—and there are annexes on (i) preliminary results of the attitudinal survey; and (ii) definitions of disability.

The Elderly—and there is an annex on population projections.

2 The Role of Income Maintenance and Taxation Systems in Social Policy

Our terms of reference require us to report on what needs to be done to make New Zealand a more just society. They also require us to have regard to what are identified and described there as standards of a fair society and as the foundations of our society and economy.

Income maintenance and taxation policies are central to this task. In a modern economy there are 4 ways in which the tax and benefit systems modify the distribution of income: (i) the way in which taxes are raised (for example, on income or on expenditure); (ii) the use of tax relief for certain groups or activities; (iii) the provision of cash benefits; and (iv) the provision of collectively provided goods such as defence, health and education.

A fair distribution of income and wealth—identified in the terms of reference as one of the standards of a fair society—is, we are satisfied, necessary to achieve economic and social justice. But income redistribution alone is not sufficient to ensure justice. Coordinated and consistent action over a range of other social policies requiring funding support by government is also necessary. The tax-transfer system reflects social and economic policy decisions about the revenue to be raised through taxes and expended to achieve broad social objectives. And in the achieving of those objectives the funding of social provision in such areas as health, education, housing and other social services and the funding of cash transfers redistributing income and wealth to support living standards have to be looked at together in terms of their overall contribution to social wellbeing. If, for example, an increase in

health spending is proposed, it is necessary to establish not only who will benefit directly but also who bears the extra taxes required or the burden of reduced expenditure elsewhere.

The approach taken here proceeds on the assumption that government intervention through the tax-transfer system is required to achieve society's values and goals. We are satisfied that this is so and the rationale for government intervention to provide adequate income support for people in varying circumstances is set out in the second paper, 'General Considerations'. For most people participation in society and the opportunity to lead a fulfilling life are achieved primarily through paid work and family and community. However, for various reasons many categories of people such as the young, the elderly, the sick, the disabled, the unemployed and those engaged in unpaid caring activities are simply unable to rely on paid employment in the labour market as a source of income. And despite a long history in New Zealand of attempts to provide a living wage which took account of family size and the number of dependants, it is now recognised that the labour market is an inappropriate device for pursuing family income policy. The general case for government intervention and public funding rests essentially on contemporary social attitudes reflecting as they do the reality that private arrangements will not cover the limitations of labour market outcomes so as to provide an adequate and comprehensive support base, and that society has a collective responsibility for all its members, who in turn are entitled to support.

The policy environment in which this inquiry is being conducted is very different from that of the late 1930s when the present income maintenance structure was introduced; or from that of the confident 1950s and 1960s when economic growth seemed to underwrite the sustainability of the welfare state. The fair distribution of resources becomes a much more difficult question when the economy is static or declining. In recent years, too, other concerns have developed: whether the tax-transfer system is achieving its objectives; whether the income maintenance and social provision structures remain affordable; whether the system might itself be contributing to weaker economic performance through not striking the right balance between self-reliance and collective responsibility; whether demographic changes, particularly as the proportion of the elderly to the workforce population increases, require a rethinking of the distribution of social responsibilities as between the individual, the family, the community and the state;

and whether changes in the structure and operation of the labour market call for a rethinking of the integration of income maintenance and labour market policies.

We shall come shortly to the objectives, principles and criteria that in our judgement should guide our tax-transfer policies. Before doing so, we note the case developed in the 'General Considerations' paper for intervention through the tax-transfer system. What that analysis brings out is that the labour market and employment policy are central to any policy focussing on the distribution of income and wealth and that this leads to 3 consequences for social policy: (1) that income maintenance as well as broader social policy interventions should so far as possible facilitate and not impede the smooth functioning of the labour market; (2) that income maintenance and tax policies should be designed to aid transition into or back into the workforce for those of workforce age; and (3) that the income maintenance system should take account of changes in the labour market. Finally, it is unreasonable to expect a system that has matured in an era of full employment to be able to withstand unscathed the impact of widescale and persistent unemployment. We believe that the primary instrument for achieving a fairer society must be economic and social policies designed to provide wide employment opportunities. This is the essential platform on which an income maintenance policy integrated with the labour market can build.

3 Objectives of Income Maintenance

In arriving at and formulating the specific objectives on which we consider the income support or redistribution system should be based, we have been very conscious of the need to ensure that these objectives are firmly grounded in today's society and on the aspirations of New Zealanders for the future. We have reflected on our history, on the values that have shaped social policy, on current income support and related taxation arrangements, and on what we have learnt from the submissions themselves which, while numbering almost 6,000, actually represent through the national and community organisations as well as individuals involved some hundreds of thousands of people in every part of the country. We have also drawn on the expertise of people in particular areas.

These then are the objectives of income redistribution which on our assessment should guide our social policies over the next decade and into the 21st century:

1 To ensure that all New Zealanders have access to a sufficient share of income and other resources to allow them to participate in society with genuine opportunity to achieve their potential and to live lives that they find fulfilling. In so doing to provide a measure of certainty and security for all throughout their lives.

2 To relieve immediate need arising through unforeseen circumstances.

3 To ensure the wellbeing and healthy development of all children.

3.1 Participation in Society

The first objective expresses the right of all New Zealanders to a sufficient share of resources so that they can live and participate

with dignity as contributing members of society. It reflects the goal identified by the 1972 Royal Commission on Social Security that every person is entitled to a standard of living sufficient to provide a sense of belonging to the community. It also recognises that an essential element of individual self-fulfilment is a genuine chance to develop one's potential. The objective requires that the income maintenance system should redistribute income towards those at the lower end of the income spectrum. Finally, it acknowledges a role for provisions which in some circumstances and for a limited term maintain incomes relative to past levels for those whose income potential is unexpectedly reduced.

3.2 Alleviating Immediate Need

Our second objective, to alleviate immediate need, recognises that there may still be times when individual members of society find themselves destitute. Responsive income support provisions are required to meet such situations. The obligation of the state to provide a minumum income for all who may at some time find themselves in poverty is emphasised. We recognise that this poverty alleviation objective should be the foremost priority when there are limits on the resources available for income maintenance. However, we also stress that a 'safety-net' approach is not the only, nor indeed the most important, objective of income maintenance policy. If our income maintenance policies are to provide, for all, the lifetime income support that the market cannot provide efficiently and equitably—and in so doing are to assist in further developing social cohesion and a sense of community as well as personal security—they must be more broadly conceived than is implied by the second objective alone. This is why our first objective is seen as the more fundamental.

3.3 Wellbeing of Children

Our third objective is really covered by the first, but identifying it separately emphasises the importance of the need for fair and adequate treatment of children in our income maintenance system. Children are, in a very real sense, our most important and valuable

resource. Our terms of reference reflect this emphasis in identifying 'a commitment to the country's children' as one of the foundations of our society and economy. The wellbeing of children has a significant bearing on our future social and economic prospects. Because of their vulnerability, they are entitled to special consideration. We emphasise that the concerns behind this objective apply to all children, not only to those in low income families. The important role the family plays during the child-rearing process has beneficial consequences for society as a whole. The state should play its part by directing sufficient resources to all families with children.

4 Principles Designed to Achieve the Objectives

Policies designed to achieve the above objectives will reflect certain underlying values. Recognition of these values will facilitate the attaining of the objectives in a manner relevant to contemporary New Zealand. All are important values but the weighting to be given to particular principles embodying particular values will of course depend on time and circumstance. The criteria which we suggest should be applied to assist in balancing those principles in particular cases are listed in the next chapter. As to the principles, the following set of guiding principles is again taken from the second paper:

4.1 Community Responsibility

The responsibility to ensure that all receive a sufficient share of resources rests with the community. This is not to ignore the valuable and important role of private provision and other support mechanisms of individuals themselves, their families, larger social groupings or voluntary organisations. However, it is only through state provision funded by compulsory taxation that the systems required to achieve consistent, certain and adequate income support and more equitable outcomes overall will be forthcoming. Beyond that, it is fair in principle that all should share in such provision because all will benefit from the increase in social stability and cohesion.

4.2 Individual Responsibility

Community responsibility should not unduly undermine individual responsibility. As far as is possible, income maintenance and

taxation should not seriously impede the incentives for individuals to achieve financial independence from their own efforts. People should be encouraged to contribute to society.

4.3 Dignity

The receipt of income support must be consistent with the rights of citizens according to the rule of law, and should respect the dignity of all individuals. Income support recipients should not be made to feel demeaned or that they are the object of charity. There are some who will abuse the income support system. While such abuse is to be deplored, attempts to expose abuse by the few must respect the rights and dignity of the many.

4.4 Equality of Treatment

Income support should reflect a consistent definition of need. Those with similar needs should be treated equally without regard to any involuntary cause, or to any previous contribution, and without regard to gender or race. The tax system should also treat equally those with similar taxable capacity or ability to pay.

4.5 Progressivity

The income maintenance and taxation systems together should redistribute resources in a way that is progressive over the entire income and wealth spectrum.

4.6 Cultural Diversity

The income maintenance and taxation systems should recognise the different perspectives of those from different cultures, not only in relation to the administrative processes involved in assessing eligibility for income maintenance and in the delivery of entitlements, but also in relation to the principles on which those systems are based.

4.7 Fiscal Responsibility

State interventions in pursuit of the objectives of income redistribution must be matched by the ability and willingness of taxpayers to fund them. They must also be fiscally reasonable from the viewpoint of the performance of the economy as a whole. This latter consideration should, however, be seen in a perspective which extends beyond the horizon of the normal annual budget cycle.

4.8 Flexibility

The income redistribution system should be sufficiently flexible to adapt to changes in social attitudes, perceived priorities or economic conditions. It should, for example, recognise changing assumptions about the nature of dependency between adults.

4.9 Transparency

The objectives of both income maintenance and taxation provisions should be clearly reflected in the design of specific policies. They should be easily understandable and accessible to all persons affected so that entitlements and obligations are complied with equally and fairly. There also needs to be widespread confidence in the community that this is actually occurring in practice, otherwise the system itself may be brought into disrepute.

It is inevitable that situations will arise in which some of the above principles are brought into conflict. For example, the principle of equality of treatment may conflict with the need to respect cultural diversity. The principle of progressivity may impede the incentives required to encourage individual responsibility. Or changes required on grounds of fiscal responsibility may constrain the principle of community responsibility and the need for consistency and stability. Choices inevitably require some compromise between competing principles in these situations. The principles help to shape the blueprint for the framework of the income maintenance and taxation systems. They do not avoid the social choices and trade-offs that policy development at the practical level must face.

5 Criteria Applied in Balancing the Principles

In assessing the choices to be made where principles conflict, the entire system should conform as far as practicable with the criteria of equity, efficiency and simplicity and, where significant change is involved, with the need for a fair and orderly transition.

5.1 Equity

The outcomes of income and wealth redistribution ought to conform with prevailing conceptions of fairness and social justice. This is what is meant by equity. It is taken as requiring that those similarly situated should be treated equally: they should pay the same total taxes and their equal needs should result in equal income assistance (horizontal equity). In comparing those in different circumstances, those with greater capacity to pay tax should do so and those with greater needs should receive more assistance (vertical equity). And taxable capacity should be measured in relation to the tax system as a whole rather than being reflected in each of the separate tax bases—income, expenditure and wealth. The 3 basic features of every tax are the tax base (the definition of the subject of the tax, for example what is to be included in wealth), the rate structure or schedule of rates expressed in percentage terms, and the taxable unit or entity, for example the individual or the marital unit or the family unit. Included under this third head is the treatment of other entities such as companies and trusts. These features are inter-related and each raises questions of equity.

The third feature, the taxable unit, and the related question of the appropriate unit of assessment for income maintenance purposes, involve deciding what financial dependency relationships it is appropriate to assume between adults, and what between adults and children. Departing from what is the present practice (which

assumes adult dependency within certain heterosexual relationships) in the social security system (but not in accident compensation or for income tax purposes), we broadly favour the individual adult as the appropriate unit of assessment for both income maintenance and income tax purposes. And on the other hand we consider that those systems should reflect assumed dependency of children on their parents or those caring for them. Those questions are discussed broadly in the 'General Considerations' paper and as appropriate in other papers.

The second, the tax base, is also considered in the 'General Considerations' paper and an annex to that paper concerned with the income tax base concludes that the focus should be on increasing the comprehensiveness of the base and thereby enhancing the revenue-raising and economic efficiency goals. Any exclusion from the comprehensive tax base and any concessions, preferences or subsidies provided through the tax system should have to be justified in terms of the standard criteria of equity and efficiency (and be regularly reviewed), and the revenue foregone should be reported publicly. The annex also discusses 3 areas of tax preference particularly important in social policy terms applying those standard criteria of equity and efficiency: capital gains, superannuation and retirement policies, and private health insurance. For the reasons contained in the annex we conclude that viewed in terms of fairness and economic efficiency the argument for taxing capital gains is overwhelming. Wider retirement questions and funding for retirement needs are considered in a separate paper on 'The Elderly'. The annex to the 'General Considerations' paper is directed to the tax regime which has applied in respect of superannuation arrangements and we have concluded that it was inequitable, inefficient and required change. The broader question is whether any tax concessions should be available in respect of superannuation arrangements. That is discussed in the separate paper on 'The Elderly'. Finally, in relation to health insurance, our view is that the present tax preferences are no longer justified.

The first annex to the 'General Considerations' paper is directed to the discussion of the income tax rate structure. New Zealand has a long tradition of progressivity in the income tax structure resting ultimately in a broad desire to mitigate inequality. To a significant extent the notion that at upper income levels family incomes are actually taxed at the full progressive rates creates an illusion which does not accurately reflect reality. This is largely due to income-

splitting which is both inherent in the income tax system and much availed of in practice at the upper income reaches. The attainment of tax progressivity is further undermined in practice by limitations in the income tax base which primarily benefit those on higher incomes and which are discussed in the second annex. For these and other reasons we conclude in the first annex that there is much to be said for a single income tax rate. But we emphasise that there are other important considerations involved. Can concerns to mitigate inequalities of income and wealth be met elsewhere in the tax system? Is a move to a single rate achievable in a way that provides fiscally viable outcomes which are also generally acceptable, particularly as they affect those on lower incomes, when judged by the criteria of fairness, efficiency and simplicity of administration? We broadly canvass those considerations and suggest that any move towards a single tax rate needs to be approached cautiously with a thorough analysis that can stand public and professional scrutiny.

5.2 Efficiency

The criterion of efficiency has been given increasing emphasis in recent discussions of tax and benefit reform in New Zealand as elsewhere. The two dimensions are those relating to economic efficiency and to administrative efficiency. Considerations of economic efficiency suggest that taxes and benefits should be as neutral as possible in their impact on decisions affecting different activities (as between work and leisure, paid and unpaid work, consumption and saving, alternative forms of investment, and so on) unless there is an explicit intention to favour some activity. Administrative efficiency emphasises the need to ensure that taxes are collected and benefits given in ways which minimise both the costs to government of administering the system and the costs of compliance borne by taxpayers and those within the income maintenance system.

5.3 Simplicity and Transitional Fairness

The third criterion, *simplicity,* overlaps with administrative efficiency and is self-evident. The fourth criterion recognises that the *transition* process is crucial to the success of any reforms. Changes must be able to be implemented in an orderly manner which does not cause undue disruption to the lives of New Zealanders; nor should they undermine people's legitimate expectations of security and certainty, and, too, of the role that government plays in their daily lives. It is also important that the reasons underlying the proposed changes are understood in the community.

The changes which we recommend in the paper on 'The Elderly' are a case in point. People must be able to plan well ahead and with reasonable assurance for their retirement. Changes decided upon must build in significant lead times so as to provide reasonable protection to those already retired and approaching retirement.

6 Eligibility for Income Support

Two fundamental questions must be resolved in any system of income support. The first is to decide who should be eligible for support. The second is to decide how much those eligible should receive.

6.1 Categorical Approach or Guaranteed Minimum Income

Under present income maintenance arrangements the approach taken, which is described as the categorical approach, is that eligibility depends on satisfying the criteria for a particular benefit or other provision. Thus sustaining personal injury by accident is the gateway to accident compensation, reaching the age of 60 defines eligibility for national superannuation, being willing and able to work but not able to find paid employment defines eligibility for an unemployment benefit, and so on.

While the categorical approach is the norm in OECD countries, in theory a quite different starting point can be taken, as indeed it was in a number of submissions and including a detailed analysis by E. L. Gilchrist and M. Goldsmith (submission 4513). It is that income support and income taxation be incorporated into a unified scheme. One method—suggested in submissions—is variously described in the literature as the 'social dividend' (or 'demogrant') or guaranteed minimum income scheme. Under such a scheme everyone would automatically receive a social dividend (set at a level sufficient to cover bread and butter, but perhaps not jam) and pay tax on all other income received. The attraction lies in the appeal to universalism and simplicity. But, as explained in the 'General Considerations' paper, the cost of the social dividend (at

even $5,000 per head, thus costing $16.5 billion, it would be well over double current gross social spending on income maintenance arrangements) would necessitate very severe tax rates in order to fund the payment from those on higher incomes. Furthermore, we are not persuaded that absence of income or low income, independent of its cause, is an appropriate basis for establishing rights to income support. We can envisage the potential for severe effects on incentives to work resulting from such schemes. For the reasons given in that paper we favour the categorical approach framework.

6.2 Lifecycle Stages

Throughout these working papers and elsewhere in our work we emphasise features of the lifecycle through which individuals pass. As expressed in the 'Social Wellbeing Overview' to be included in our April Report:

> The attractive aspect of the lifecycle approach is the way in which it brings to the fore the sociological underpinnings of citizenship and well-being. In the course of a lifetime, individuals pass through a series of key social roles. The requirements and expectations of an individual's behaviour in each one of these roles helps define what it means to be an active and accepted member of society. Associated with each role there are rights and duties and fulfilments. The ability to perform these roles fully and satisfyingly is, in a sense, at the heart of social citizenship. Much of social policy is aimed at enhancing citizenship by facilitating the performance of key social roles through the elimination of obstacles like material deprivation, sickness, unemployment, discrimination, disability, isolation, oppression and cultural rootlessness.

Income maintenance provisions for the young and the elderly benefit over time the vast majority of the population. Those relating to provision for the workforce-age phase will only benefit directly those who become unemployed, are sick or injured, or have certain caring responsibilities. Indirectly, though, everyone has the benefit of knowing such provisions are available if needed. While at any one time the proportion of the population falling into these categories is relatively small, the number who will benefit directly from those provisions at some time during the workforce phase of the lifecycle is much larger. The lifecycle framework thus serves to emphasise that the income maintenance categories benefit all of the population in some phases of their lives and particular sections of the community for some part of other phases.

For ourselves we prefer to view the income maintenance system as raising entitlements for all and as providing benefits to all at various stages in their paths through life rather than see it in the narrower terms of an intergenerational compact under which, in return for supporting the young, those in the middle stage of life expect to be supported by those they sustained when they later become elderly. A compact approach of that kind not only virtually invites an assessment of intergenerational winners and losers, but also pays scant attention either to affectional ties or to the very real contribution of the young and the elderly to the social well-being of everyone.

7 Amount of Support

Against that background the 'General Considerations' paper considers the 3 different approaches, the earnings-related approach, the universal approach and the selective approach. Each is reflected in our current income maintenance system: earnings-related under accident compensation; universalism under the family benefit and national superannuation (subject to the surcharge clawback); and selectivity or targeting to the needy defined by income-testing under most social security benefits.

7.1 Earnings-Related

The earnings-related approach maintains living standards not in relation to some socially acceptable minimum, but rather in relation to previous living standards or expectations of recipients. It is a measured response to actual life circumstances. But it has the disadvantage that it may be viewed as perpetuating inequality by basing income support on the level of previous earnings. To the extent that it also places great emphasis on the earnings associated with paid employment, it may make quite inadequate provision for those who work outside the market place. There is much force in the view that earnings-related provisions should be limited in duration, providing time to be restored and rehabilitated and where that is not possible to adjust to a new long-term status under which flat-rate benefits are provided. In addition to the discussion in the 'General Considerations' paper, the separate paper on 'The Sick, the Injured and the Disabled' outlines our proposals for reform in those areas.

7.2 Universalism

The universal approach pays the benefit to all who satisfy the requirements and without reduction for other income. Universalism recognises that we are all members of society. It reflects a universal commitment to social wellbeing as affecting everyone. Viewed in terms of the lifecycle, income maintenance provisions for the young and the elderly benefit all citizens during some phase of their lifecycle and provisions for the long intermediate years provide some measure of protection against the hazards of life. As we view the society of the 1980s, being New Zealanders entitles and engages all of us, whatever our ages or circumstances, and support measures should be rights based. And those eligible for income support should not be subject to unnecessary and stigmatising procedures to establish what is theirs as a basic right.

Many argue against universal provisions on the grounds that they are too expensive. There is an attraction in the argument that targeting assistance to the needy provides maximum assistance to the poor at minimum cost to taxpayers. But that is not the only objective of income maintenance. A system designed only to assist the poor helps perpetuate existing social and economic inequality in the longer run by reinforcing distinctions between the poor and the rest of society, and at the same time it may lock the poor into a cycle of poverty by its system of benefit abatement. A further implication is that a highly targeted system will ultimately face considerable resistance from taxpayers unwilling to support a system perceived as rewarding the improvident and providing themselves with no return for their contributions. The longer-run consequences could thus be an even more targeted system that provides continually falling benefit levels. There can be no presumption, at least in the longer run that is our prime focus, that increased reliance on benefit targetting will result in more equity in the distribution of income.

Universalism reflects the interdependence that characterises community membership and fosters social cohesion. We are satisfied that it should have a substantial weighting particularly in some areas of income maintenance and social provision.

7.3 Selectivity

The selective approach clearly has immediate relevance in the workforce-age phase of the lifecycle. For most beneficiaries of workforce age the need for income maintenance is a temporary phenomenon: there is an anticipation of return to paid work whether full-time or part-time. The role of income maintenance should be to provide adequate financial support during periods away from paid work so as to facilitate the transition back to paid work. The 'General Considerations' paper concludes that there is need for more flexibility in the system, by tailoring it more to the likely and preferred work opportunities, and the point is also taken up in 'The Social Security System' paper.

8 The Social Security System

8.1 General Questions

'The Social Security System' paper discusses the main features of the present system, the problems and concerns which have been recognised, and the directions we favour for reform. It is concerned particularly with income-tested benefits where entitlement is measured by the need to ensure that people who fall into the at-risk categories have enough to live on. In recent years those provisions have come under considerable pressure. From 1977 to 1987 the number on unemployment benefit increased seventeen-fold and the number of domestic purposes beneficiaries more than doubled. Even the number on sickness and invalids' benefits nearly doubled during that period but some of those on sickness benefits in later years when employment conditions were increasingly difficult might in earlier times have been categorised as unemployed. It is to protect people in difficult economic and social circumstances that the social security system exists, but the cost to the taxpayer has risen at a time when the economy as a whole is under strain.

We are satisfied that the social security system has served this country well for 50 years. Certainly there is no support in the submissions we received throughout New Zealand or in the attitudinal survey, for dismantling the system or for making a major shift to reliance on private provision. It is not a question of starting all over again, but of reviewing and improving the arrangements which have been developed. Proposals in relation to sickness and disability benefits are dealt with in the paper on 'The Sick, the Injured and the Disabled'; the domestic purposes benefit is considered along with the widows' benefit in the discussion of carers' allowances in the paper on 'Families with Children'; and proposals for retirement provision for the elderly, substantially modifying

national superannuation, are developed in the paper on 'The Elderly'.

There is a second general point which comes up in the discussion of different benefits in the accompanying papers. It relates to the concern that the social security system may sap self-reliance and encourage dependence on the state. Certainly we had many submissions to this effect and it has had some media expression. But on our assessment it is not the endemic problem it is sometimes represented to be. The statistics show that the vast majority of income-tested benefits for those of workforce age are short term. Few beneficiaries want to remain on benefit longer than necessary. There are some situations where abatement provisions are a disincentive, probably temporary, to increase part-time or full-time paid work, and they need review. Overall, however, the fear that the social security system itself actually encourages inappropriate dependence on the state is, we think, misplaced.

Current concerns applying generally to income-tested benefits are reviewed in 'The Social Security System' paper under the headings of 'Too Easy?' 'Too Generous?' 'Too Niggardly?' 'Too Complex?' and 'Problems for the Young?' The paper goes on to consider benefit levels, the relationship between benefits and wages, incentive and poverty traps, and indexation. That leads to 6 general recommendations:

1 That there be a general simplification and standardisation of eligibility conditions for income-tested social security benefits, grouping them into:
(a) short-term benefits (sickness benefit and unemployment benefit);
(b) long-term benefits (domestic purposes benefit, invalids' benefit, and widows' benefit).

2 That for long-term benefits the abatement of benefit for other income be less restrictive, and assessed over a longer time-period, than for short-term benefits.

3 That the present base levels of benefit not be eroded.

4 That the level of unemployment benefit for adults without children be brought to the same level as other benefits.

5 That benefits be adjusted regularly in accordance with movements in after-tax wage levels.

6 That widows and domestic purposes beneficiaries who in future cease to have the care of dependent children be then catered for by other benefits for which they are eligible.

8.2 Unit of Assessment

In the discussion of equity in section 5 we particularly favoured the individual adult as the appropriate unit of assessment for both income maintenance and income tax purposes. That represents a modification of the present practice which assumes adult dependency in respect of income-tested benefits. Currently a disabled person who marries loses the benefit if the spouse's income exceeds the base amount; and in two-income-earner households if one becomes sick or unemployed, the other's income is expected to be available for the support of both, even though the total household income is obviously significantly diminished.

In recent years the assumptions of the past have been challenged. Women have rightly claimed recognition as individuals for the part they play in the family as home-makers or income earners, or both. Between 1966 and 1986 the overall labourforce participation rate of women increased from 23 to 53 percent, and women and men in paid employment are treated as equally independent individuals for income tax purposes and under accident compensation and national superannuation.

Changing social patterns and work trends suggest that we should be moving towards assessment of the amount of a benefit without reference to marital status or income of the spouse. However, society is still in a transition phase. There are still many one-income households, and even where there is a second income, the total is more likely to be one-and-a-bit than two. Moreover, a rapid move to individual entitlement would mean a very large increase in government expenditure with much of it going to people not in particular need.

A more gradual approach is indicated. 'The Social Security System' paper outlines various moves which could be made one step at a time. Consistently with the need for fiscal responsibility that would allow some move towards the broad goal.

Another aspect of the unit of assessment is the way in which the rate for a single person is related to that for the person who is married. At present a single person receives 60 percent of the married couple rate. There are 2 related assumptions. One is that 2 can live significantly cheaper than one, and that the appropriate discount from 2 single rates is 20 percent. The other is that single people have the same expenditure needs whether living alone or with other adults.

Each of the propositions has its difficulties. Submissions and certain data suggest that 60 percent may be too low to provide a beneficiary living alone with an adequate standard of living. Both in fairness to beneficiaries and in order to protect government revenues because of the large amounts of money involved in any adjustment, it is essential to develop proper studies on New Zealand data to assess what the percentages should be.

Turning to the second proposition, any assumption that expenditure needs are the same whether living alone or with others is demonstrably false. Many adults choose to share accommodation and to some extent expenses. The better course is to provide the same rate of benefit to every adult so that a married couple receives 2 individual entitlements, and for people living alone to have a living-alone allowance which in line with present benefit levels would be at 20 percent of the new individual person rate.

The actual recommendations in 'The Social Security System' paper covering these related questions are:

7 That there be a standard individual rate of benefit at half the present married couple rate, and that persons living alone receive in addition 20 percent of the standard benefit as a living-alone allowance. Work to establish whether beneficiaries living alone suffer undue hardship compared with others should be undertaken with some urgency.

8 That the basis of entitlement to benefit should, for two-adult families, move in the direction of 'individual' entitlement rather than 'joint' entitlement. (But that for families with a sole caregiver, entitlement should continue to be based on the needs of the family as a whole.)

Recommendations 9 to 11 below can be regarded as interim steps which could be taken in implementing this recommendation.

9 That for persons receiving invalids' benefit the income of the spouse not lead to any abatement of benefit.

10 That when conditions allow the same provision be extended to sickness and unemployed beneficiaries, perhaps initially for a limited period after grant of benefit.

11 That in place of the present joint-income test for couple households, and in the context of an eventual move to testing on individual incomes, the possibility of basing the income test on each partner's individual earned

income, plus half the income from any assets held by the couple, should be investigated.

This greater recognition of the individual as the income unit is not inconsistent with the Maori emphasis on community. Our support for a system more responsive to individual circumstances does not assume that all individuals are independent of each other. On the contrary such a system should be more sensitive to the range of interdependencies that exist in practice and are reflected in belonging to wider kinship or tribal groups.

8.3 A Youth Entitlement?

Youth is the remaining area in which 'The Social Security System' paper develops proposals for change.

Among the most serious social ills today is the depressed position of so many young people. This is reflected in the drop-out rate from the formal education system, particular at 15 and 16, in the resulting emergence of a disengaged under-class with low skills, high unemployment and limited future prospects, and in their vulnerability to the temptations of criminal offending and other anti-social activity. Clearly income support policies cannot be the sole or even the major instrument for combating these social problems. Better parenting, adequate housing and accessible health care are crucial. So too is the availability of a wide range of education, training and skills programmes for those in their mid to late teens, leading through employment policies and general economic policies to productive paid work available to all. We need to work towards a system which enables teenagers to be better equipped to enter the workforce. Young people and their parents need to be given clear signals that society prefers them to remain in school and training and life skill programmes as long as it takes to maximise their potential.

Submissions have pointed out the enormous pressures often experienced by teenagers to leave school as soon as possible, and even to leave home. Some form of income maintenance substantially higher than the present level of family benefit must, we think, be extended to teenagers at secondary school (or to their parents) as well as to those who are in tertiary education or other training. It may seem consistent to pay such a benefit to the teenagers themselves, recognising them as individuals in their own

right from the age of 16 years. However, the costs of keeping teenagers at school are borne primarily by the parents. Payments to the parents may therefore provide the greater incentive for teenagers to extend their secondary education.

'The Social Security System' paper makes a number of suggestions for consideration. These include the possible institution of a Youth Allowance for all young people between 15 and 18 or 16 and 18 who are in education or training. It could be followed from age18 for those in full-time attendance at educational institutions by a standard taxable but not income-tested grant similar to the present standard tertiary grant.

In the longer term there does appear to be merit in gradually shifting the age of entry into the workforce up to 18 years, with all teenagers under 18 remaining in school or in some form of training, which may include on-the-job training. This implies directing more resources towards investment in secondary and tertiary education and in other training facilities, particularly outside of the main cities. The income support system should be consistent with this objective.

9 Families with Children

9.1 Features of Family Support

Family support measures through the tax-transfer system reflect 2 features of contemporary New Zealand society. The first is the value placed by society on children and their upbringing. That is expressed in the acceptance by the wider community through the state, of a share in the financial support of families. The second is the recognition that wage structures and the functioning of the labour market are not a suitable and sufficient means for delivering income support according to family circumstances.

Direct income support for families is currently provided through a range of measures. The family benefit is the only universal provision. The domestic purposes benefit and the widows' benefit provide income-tested benefits for sole parents caring full-time for children. Family support is itself payable both to social welfare beneficiaries and to working families in the form of a refundable tax credit augmenting joint parental income. The guaranteed minimum family income is specifically intended to maintain a fair relationship between the after-tax income available to full-time earners with dependent children and beneficiaries with children.

There are 2 striking features of these social support arrangements. The first is that they reflect a mixture of objectives and approaches to income support: universalism through the family benefit; categorical income-tested benefits (domestic purposes benefit and widows' benefit) which, while traditionally viewed broadly as carers' allowances may also be regarded along with sickness, invalidity and unemployment benefits as support in situations justifying current non-participation in paid employment; family support to supplement other income (including benefits) so as to provide a state-endorsed standard of living for the family; and guaranteed minimum family income to supplement lower labour-market incomes to maintain a fair relationship with benefit levels.

The second is that the mixture reflects decisions not to follow one set approach in providing state income support for families. Thus the family benefit could have been set and maintained at a level intended to represent that part of the extra cost to the family of raising children to be borne by the state. While in the early post-Second World War years the family benefit was a significant contribution to the family budget and it was felt unnecessary to provide any supplements except for widows and in emergency situations, over recent years its real value has been eroded through inflation. Had the Consumer Price Index been applied from 1946 when it became a universal benefit, its present level would be over $20 as against the actual current $6 per week. The universal approach has been considered too costly and there has been more emphasis on excluding those families not considered to need income supplementation.

Again, targeted support is provided through family support and guaranteed minimum family income. For those in the workforce the need for income support arises from a low wage problem. The approach is to supplement wages rather than to try to lift wage levels. This has become an increasingly awkward problem because of the relatively poor performance of the New Zealand economy over recent years, combined with an understandable reluctance to reduce real benefit levels significantly. These pressures have led to a narrowing of the gap between low wages and benefit levels. That situation in turn affects incentives to move off benefit into low wage employment, and because of the combined tax and abatement rates tends to trap beneficiaries into welfare dependencies. And as the paper on 'Families with Children' brings out, the larger the contrived gap between low wages and benefit levels, designed as it is to provide greater work incentives, the greater the difficulty in designing tax-transfer systems which will function efficiently and fairly.

In short, the complexity is a result in part of economic difficulties that have severely strained the capacity of the tax-transfer system to meet these varying objectives. The paper on 'Families with Children' canvasses these general questions and it is unnecessary to go over that ground in this summary.

9.2 Future Directions

What may be more helpful is to indicate directions for the future drawn from the objectives of income support and the principles and criteria we have identified.

9.2.1 *Family Benefit*

The first is the family benefit. The universal benefit was introduced with bipartisan political support. It recognised the responsibility the community has for all children and has come to be valued, too, as a recognition of the role of the caregiver in the family, often being the only independent source of income for women. Society has an interest in all children, not just those whose parents are able to satisfy certain income tests. All the reasons for justifying universal payments converge in the provision of a universal child benefit. And the submissions to the Commission solidly support the retention of the universal benefit. We strongly favour the continuation of the family benefit as an integral part of a flexible set of income support arrangements for families with children. Financial constraints must affect the amount of the benefit. But it should be of more than symbolic significance and we favour a modest increase in the benefit level together with indexing in line with other indexation proposals.

9.2.2 *Carers' Allowance*

The second is the carers' allowance. The importance within the family and to society of the caring responsibilities towards dependants—particularly children, seriously disabled, and frail elderly—was a theme running right through the submissions. It is demanding work. Generally it falls to women. Often it represents lost opportunities for paid employment or for participation in community life. And if a woman who loses her job, has an accident, or falls sick, becomes entitled to income-tested support from the State as benefits are placed on an individual basis, how should she be treated when she stops work to have children or to care for a frail or disabled family member, and how should contributions of the continuing caregiver be recognised?

We consider there is a strong case for state recognition of those presently in unpaid caring activities. It is, of course, fundamental

that couples should not feel that they have children on behalf of the state—there are immense personal rewards to be had from children and there is a high degree of personal choice involved. The institution of a carers' allowance need not and should not cut across that fundamental consideration. The paper on 'Families with Children' develops the case for a carers' allowance, discusses various options, and identifies questions to be explored under various heads before a caregivers' allowance could be introduced. Our general conclusion is that a carers' allowance should be established. The form, criteria and level of the allowance should be subject to wide discussion and careful research. Our clear view is that as economic conditions allow the focus should be on the family benefit and the carers' allowance as the preferred means of delivering income support to families, with reducing emphasis on family support and the Guaranteed Minimum Family Income. We repeat, too, that the carers' allowance concept applies generally to all those within the wider family setting who are undertaking caregiving responsibilities for elderly and/or disabled dependants.

Finally, an important first step and one we recommend be taken without delay would be to rename the Domestic Purposes Benefit, the 'Carers' Allowance'. That would reflect its true function.

10 The Sick, the Injured and the Disabled

Sickness, and injury and disability are hazards of life to which all are potentially subject. It has been increasingly accepted that the community as a whole should bear a share of the costs of relieving some of the burden on the individual victims and their families. But developments have occurred in a piecemeal fashion and on any application of the criteria of equity and efficiency present arrangements fail badly. A person struck down by disease may suffer the same kinds of economic and social loss as are sustained by a person struck down by a car, yet the community response as measured by the community funded support is markedly different.

Income-tested benefits (the sickness benefit and the invalids' benefit) are available to those unable to work because of sickness or permanent and severe disability. War veterans injured on active service also receive a benefit. Special allowances and benefits are available on an income-tested basis for those individuals or households affected by long-term disability. Then there is the accident compensation scheme. It provides earnings-related benefits to earners whether injured at work or elsewhere and similar benefits to dependants of those killed in accidents. While public hospital services are provided free of charge to all New Zealanders and medical care and residential care are subsidised, those within the accident compensation scheme receive medical and private hospital care largely free of charge. Lump-sum payments for non-economic loss are made under the scheme both to earners and to non-earners. Accident compensation is an individual entitlement provided regardless of the income or means of either the individual injured or of any spouse. In contrast, the sickness and invalids' benefits are income-tested against the combined incomes of those adults living in a heterosexual relationship. And finally, a large number of private and voluntary organisations provide services for the disabled, often with the assistance of government funding. Estimated

expenditure by the Accident Compensation Corporation for 1987/88 is $800 million, a substantial sum of the order of 1.4 percent of gross domestic product. Sickness benefits at $124 million and invalids' benefits at $160 million total together $284 million, and 34,200 were on those benefits as at 31 March 1987.

10.1 General Conclusions

The paper on 'Income Support for the Sick, the Injured and the Disabled' focusses on the rationale for state-organised funding of income support, on features of the present arrangements, and on the different treatment of the sick, the injured and the disabled. It makes various recommendations for modifying accident compensation and for a changed approach to sickness and disability.

There are 3 broad conclusions which lead up to those recommendations. The first is that the principles underlying the accident compensation scheme have wide community support and that the 5 originally identified principles of community responsibility, comprehensive entitlement, complete rehabilitation, real compensation and administrative efficiency are entirely consistent with the objectives of the income redistribution system and the values reflected in the principles which the Royal Commission recommends should guide social policies. The second is that a new balancing appropriate to the New Zealand society of today, of the crucial principles of individual responsibility, community responsibility and fiscal responsibility, calls for substantial, modifications to the accident compensation system while preserving underlying values and at the same time giving further weight to original recommendations of the Royal Commission of Inquiry into Compensation for Personal Injury in New Zealand in 1967 (the *Woodhouse Report*). The third is that, on any fair application of the objectives, principles and criteria of income redistribution which we have identified, there is no justification for such a stark difference between society's response to the injured and its response to the sick and the disabled, and that steps should be taken to redress the unfairness.

Returning to the second general conclusion, we conclude:

(i) that the balance of the present scheme has tilted too much towards assisting those with relatively minor injuries;

(ii) that earnings-related compensation, which reflects the reality that continuing financial commitments for housing and other living costs of accident victims are likely to be linked to current incomes, should cease after a set period: it should allow reasonable time for them to be restored and rehabilitated and, where they are still unable to resume normal paid employment, earnings-related compensation should be succeeded by the payment of a generous flat-rate benefit, plus disability allowance to assist in overcoming the costs and hardships of disability; and

(iii) that a continuing emphasis on lump-sum payments for non-economic loss in respect of pain and suffering and enjoyment of life is no longer justified in the wider context of the overall income maintenance system.

10.2 Specific Recommendations on Accident Compensation

Our specific recommendations are:

1 That the pause period before earnings-related compensation is payable be extended from the present one week to 4 weeks. The efficiency advantages are that the Accident Compensation Corporation can better focus its efforts on the care and rehabilitation of those most needing assistance and that the incentive to eliminating situations or behaviour which lead to accidents is increased. The equity implications for earners and non-earners are canvassed in the paper and the recommendations are:

(i) that earners in work accidents receive payments from the employer during the pause period on the earnings-related basis; and

(ii) that earners in non-work accidents be paid within accident compensation a flat-rate benefit after the first week set either at the current Sickness Benefit level or at a more generous level (for example at the minimum currently set for earnings-related compensation).

2 That earnings-related compensation be succeeded after 2 years by the payment of a generous flat-rate benefit as under 1 (ii) and for such time as normal work or other income-earning activity is prevented or reduced.

3 That non-earners receive assistance in meeting the extra costs of care resulting from their incapacity such as the costs of home nursing care or of childcare assistance as medically certified to be necessary.

4 That a disability allowance for absence of function be paid periodically to those who have lost some significant bodily or psychological function. The allowance would replace the present lump-sum provision for impairment of function and is intended to reflect the greater costs and hardships of being disabled.

5 That monetary compensation for non-economic loss in relation to pain and suffering and loss of enjoyment of life should be abolished. Treatment costs and counselling and other services would still be provided.

6 (While relating more directly to wider questions of access to health care than to income maintenance provisions) That the distortions arising from the much expanded use of private hospitals and private health care under accident compensation and the related different treatment of the sick and the disabled under state provision urgently need to be redressed.

10.3 Sickness and Disability: General Conclusions and Recommendations

One theme repeated again and again in the submissions we received was that the consequences of incapacity or disability are the same whatever the cause of the disability and that the markedly different treatment of the sick and the disabled is unfair. Submissions to the Commission dwelt on 2 aspects: the first concerned the more substantial benefits available to those injured in accidents as against benefits available to those incapacitated by sickness and disability; the second was the preferential access to health treatment obtained by injury victims compared with the lower priority often accorded the sick and the disabled. In terms of the objectives and principles we have identified we believe this differential treatment cannot be allowed to continue.

In an ideal world monetary compensation and treatment and rehabilitation facilities for the sick and the disabled should move towards and eventually be placed on the same basis as for those injured in accidents. While the changes proposed to accident compensation would significantly reduce the cost of that scheme and of the proposed extension to sickness and disability, we are forced to the conclusion that, at least in the near future, it is not possible for financial reasons to treat accident and sickness victims identically. Initially, at least, only the seriously sick and disabled can be covered. Access to treatment, however, as against access to monetary benefits should, so far as possible, be equal for all who are significantly incapacitated, regardless of the cause of that incapacity.

Having said that, we are satisfied and recommend that early steps should be taken to improve the position of those with serious and long-term disabilities. That should lead ultimately to the parallel provision of absence-of-function disability allowances to those within and outside accident compensation which are tailored to the degree of disablement.

The second and unrelated reform that should be given early attention is that the invalids' benefit should become available to the permanently disabled on an individually income-tested basis rather than family income-tested.

Eventually we see the extended scheme for support of the long-term sick and disabled as having the same broad structure as that outlined in our proposals for accident compensation in future, viz:

(a) *Earners*
Following the pause period, earnings-related compensation, for a period followed by:

(i) Entitlement to a flat-rate allowance, for such time as normal work or other activity is prevented or reduced;
plus

(ii) A disability allowance for absence of function for permanent or long-term loss or absence of physical or psychological function. As for accident victims this would not be income-tested.

(b) *Non-Earners*
Care provision as for accident victims. After determination of permanent or long-term disablement, disabled non-earners would on our proposals above become entitled to both a disability allowance and the invalids' benefit.

10.4 Priorities

In 'The Sick, the Injured and the Disabled' paper, the Commission recommends that the proposed changes be carried out in 3 stages, with each successive stage requiring detailed research and costings.

Stage 1

(a) Increase the Disability Allowance to restore its real value to at least the 1975 level. Remove the income test on the allowance, and review its administration with the objective of moving towards an 'as of right' basis.

(b) Put the entitlement to Invalids' Benefit on an individual rather than joint income basis.

Stage 2

(a) Eventually income-test the Sickness Benefit also on an individual rather than a joint basis.

(b) Carry through the changes recommended above to the accident compensation scheme. This includes the enhanced flat-rate Invalids and Accident Victims Benefit, and the Disability Allowance for Absence of Function.

(c) Integrate that Disability Allowance for Absence of Function with the present Disability Allowance. That is, move towards a more uniform assistance to the long-term disabled for their extra costs, regardless of the cause of disablement.

(d) Integrate the present Invalids' Benefit with the proposed more generous Invalid and Accident Victims' Benefit.

Stage 3

Extend the modified accident compensation scheme to cover all serious sickness, with appropriate gateways to restrict coverage to those most needing assistance.

10.5 Unemployed

In principle, there are similar arguments for extending earnings-related benefit coverage to the unemployed. There are some differences which are explored in 'The Sick, the Injured and the Disabled' paper, but the most cogent argument is that of cost. The first priority within fiscal limitations must, we think, be to give some relief to the disabled.

10.6 Conclusion

The steps recommended would involve additional government spending although offset by reduced levies for present accident compensation coverage. We think this justifiable. The accident compensation system should in any case be modified. And there is no justification for such a stark difference between society's response to the injured and its response to the seriously sick and disabled. The burden of long-term sickness and disability bears too heavily on their households. That burden needs readjusting, so that those in most need receive more assistance, and others receive a little less.

11 The Elderly

Respect for old age and for the elderly justifies income support during retirement as a fundamental right rather than something dependent on past accumulations or on the goodwill of other family members. Public old age pension schemes are a reflection of the wide acceptance of this view.

The first Old Age Pensions Act 1898 expressly drew on merit, contribution to New Zealand, belonging and need as the 4 justifications for state provision for the aged. For 40 years to 1977, age benefit and universal superannuation provided an income-tested benefit at 60 and an untested, (initially) smaller universal provision at 65. Those provisions, and the short-lived occupational social insurance pension arrangements which had been instituted under the Labour Government, were then replaced by national superannuation at 60, funded on a pay-as-you-go basis out of current taxation revenues. It was a generous scheme and the intention that the elderly should be guaranteed sufficient financial independence to participate in society in much the same way as those in the workforce was reflected in the linking of superannuation to wage levels. The scheme immediately captured wide public support. But in recent years, as a result of the economic downturn and the depressed position of New Zealand, attention has turned to whether the scheme as it now stands is affordable. There are always other legitimate claims on resources (national superannuation currently absorbs $3.8 billion, or over one-sixth of budgeted expenditure through the consolidated account). Of more importance is the message conveyed by demographic projections that early next century the bulge in the numbers of the elderly, as those born in the 'baby boom' years between around 1945 to 1960 reach retirement age, will leave a proportionately larger elderly population to be supported financially by a proportionately smaller workforce.

While we have been conscious of these funding implications they must be considered in the wider context of our retirement policies and practices. The paper on 'The Elderly' takes up these

questions: when should those in the workforce be expected to cease remunerated employment? How should their retirement income support needs be provided and funded?

11.1 Age of Retirement

The first question, the age of retirement, should also reflect the age of entry to the workforce. Society has come to expect a large proportion of the young will leave school around 15 and 16 and at the other end will retire about 60. In social, economic and human terms this wastes the most precious resource, people. It means that the young are not being provided with the education, training and life skills they need to achieve their full potential. The price society pays is the social and economic cost of a disenchanted and disengaged under-class of the young with unknown ramifications for the future. Both economic performance and social cohesion are affected. And even more immediately we are failing our young if we do not ensure that income support programmes integrated with education and labour market policies allow them to have a continuing opportunity to achieve their full potential and to live lives that they find fulfilling.

At the other end of the age continuum our social and economic arrangements impose pressures to retire at about 60. Again that imposes high economic and social costs in terms of the cost of retirement provisions and the loss from the paid workforce of many active people with years of training and experience. The goal should be to move forward the period of active workforce participation so that it begins and ends somewhat later, beginning say at about 18, except for those in tertiary education and training, and not beginning to end until the early to mid 60s.

It also follows from this approach that in common with the International Labour Office Report, *Into the 21st Century: the Development of Social Security* (1984, paras 110 and 115), we believe it to be socially undesirable to insist on retirement as a condition for drawing pension. Capable elderly people should not be denied the right to work or be threatened with loss of pension rights if they choose to do so. Pension age should not be confused with the age of retirement. The aim should be to provide each individual maximum choice and flexibility about how much paid work is done, according to health and personal preferences. Discrimination in

employment on grounds of age alone rather than on an established incapacity to do the work is not warranted in a fair and just society.

11.2 Private and Occupational Superannuation

The second general question concerns the role of the state in supporting income provision for the elderly. It is not whether or not self-provision and occupational provision for superannuation should be available. Rather, it is whether such measures should be formally built into the overall state-supported arrangements *and funded in part through tax subsidies.* The arguments for tax support are well known: that without taxation support individuals will be unable through their own independent superannuation arrangements or through employer supported provision to achieve an adequate earnings-related level of financial provision for their retirement; that, in the absence of compulsory superannuation contributions or at least tax-based support for superannuation provision, many will be disinclined to save in other ways for their old age; and that long-term savings harnessed through long-term superannuation schemes are particularly important for investment and economic growth.

Against that we have to ask ourselves: do we want to support *through tax subsidies* superannuation arrangements: (i) which perpetuate in retirement the income differentials of workforce participation—and there is a difference between earnings-related benefits for sickness and accident and for retirement in that the latter is a known certainty not a chance event and so the argument for *tax supported* earnings-related provision does not apply with the same force; (ii) which perpetuate in retirement the disadvantaged position of women, Maori and Pacific Islanders and low income earners generally; (iii) which discriminate between different kinds of savings arrangements?

While we have not been able to undertake a comprehensive examination of the whole superannuation field, we are not persuaded at this stage that the balance clearly lies with the reinstatement of tax subsidies. And there are 2 further points relating to private and occupational superannuation which are not confined to these tax implications. One is the concern, given the experience of

inflation over the last 20 years, at the limited ability of superannuation arrangements to protect the retired against the vicissitudes of inflation. The other is the importance in terms of wider employment policies of developing rules guaranteeing the comprehensiveness of schemes (no exclusion of categories of employees), early vesting of rights in respect of employer contributions, portability, and limiting the band of income support by providing a cap or ceiling.

11.3 National Superannuation

Our general recommendation developed at some length in the paper on 'The Elderly' is that national superannuation should become a combination of (i) income-tested superannuation on a flat-rate basis integrated into the general income maintenance structure and (ii) universal superannuation at a later age and at a lower rate. The universal superannuation would provide a base on which individuals with the financial resources to do so could plan their own retirement provision. In broad terms we recommend that introduced over an extended period:

1 A two-tier system of pension entitlement should be introduced. The first tier, which would be available to those aged 65 and over, would be at a level and rate of abatement against other income in line with other social security benefits. Those living alone would be eligible for an additional living-alone allowance equal to at least 20 percent of the basic rate. The general benefit structure would apply below that age and it might be appropriate for any older unemployed to be relieved of the obligation actively to seek work after having been unemployed for say 12 months.

2 The second tier universal superannuation would be half the first tier and would be provided to all New Zealanders aged 68 and over. Thus at age 68 the same pension entitlement would be provided and taxed but abated only to one-half of its gross value. Those with no income (or little income) would continue to receive the first tier benefit and not the second.

3 The position of the older elderly whose frailty gives rise to additional living expenses at a time when their income-earning potential has waned should be met not by an additional pension entitlement at an arbitrary age of say 80, independent of personal circumstances, but through better social provision for their needs.

4 Long-term New Zealand residents who wish to spend their old age in other countries, whether through a desire to return to an earlier home (as in the case of many Pacific Islanders) or for more general reasons, should on equity grounds (and where there are no inter-country reciprocal agreements providing cover), receive an entitlement at a reduced rate—we suggest 50 percent of the gross benefit rate at age 65.

5 As earlier noted, transitional fairness requires that a reasonable lead time be provided before changes in national superannuation are introduced and to phase those changes in so as to provide reasonable protection to those already retired and approaching retirement.

We envisage that changes to National Superannuation would be phased in over 10 to 12 years between about 1995 and 2007.

Should our recommendations for national superannuation be adopted, the role of the private sector in facilitating the provision of retirement incomes is likely to become increasingly important. The greatest contribution that any government can make in this regard is to provide a stable economic environment in which individuals are able and are encouraged to make their own provision for retirement as far as possible. In the past, direct incentives have also been provided through the favourable tax treatment of private superannuation. While we are not convinced that a return to preferential tax treatment is justified, we are also not persuaded that individuals in all socio-economic groups currently have a realistic opportunity to save enough during their working lives to provide even a small income for themselves and their dependants after retirement. If the economic position of the elderly is not to be seriously undermined in the future, the question of private savings opportunities must be given careful consideration before any changes are made to the current system of national superannuation.

Finally, the paper on 'The Elderly' stresses that, if the people of New Zealand are to enjoy certainty and security in later life, they

must be able to plan for retirement assured of what state-provided superannuation will be available for their remaining years. We strongly emphasise, as did numerous submissions, the need for a political consensus and we urge early bipartisan action on national superannuation changes.

12 Conclusion

In this paper we have sought to provide a consistent and integrated framework for the future development of the income maintenance and redistribution system. In doing so we have identified the specific objectives on which we consider the system should be based and provided a statement of principles and criteria to assist in balancing those principles in particular cases. We believe that the primary instrument for achieving a fairer society must be economic and social policies designed to provide wide employment opportunities. This is the essential platform on which an income maintenance policy integrated with the labour market can build.

The papers also outline a number of suggestions for change and directions for reform, some general, some more detailed. The financial and other implications of those proposals need further study and public discussion. Nevertheless we believe they provide signposts towards a future system which will more adequately meet social needs and lead to a more fair and just society.

SOCIAL PROVISION: ACCESS AND DELIVERY

Social Provision: Access and Delivery

1 Introduction

1.1 *Towards Social Wellbeing*

1.1.1 The Royal Commission has identified the goal of social policy as the promotion of social wellbeing, and has defined social wellbeing as concerned with the level and distribution of socially valued states and resources that are important to the quality of life. Social wellbeing may thus be recognised by the extent to which all have a reasonable expectation of those things which are generally accepted as necessary for healthy, happy life.

1.1.2. Social wellbeing, thus defined, has material and spiritual dimensions. One way of identifying the range of needs covered within these dimensions of wellbeing is to see them as needs for:[1]

- having: needs concerning access to and control over material and impersonal resources;
- relating: needs concerning love, companionship and belonging or closeness to other people—to be part of a family, to have friends, and to feel a sense of belonging to a community;
- being: needs concerning a person's sense of self-esteem, their worth, value and importance, their ability to have a part in decision-making, not just as it affects them but as it affects the community of which they are a part; and their ability to have an interesting and enjoyable life-style.

1.1.3 Social policy must then be oriented round people and their needs. Structures and processes operating as part of social policy must develop and function in response to people's needs, taking their direction from these.

1.1.4 The Commission now gives attention to the type of social provision required to facilitate social wellbeing as defined within these terms.

1.2 *The Nature of Social Provision*

1.2.1 Social provision comprises those means of provision for promoting wellbeing and meeting social needs. It therefore encompasses many aspects and dimensions of personal and community life. Its extensiveness is indicated in the paper *Current Systems of Social Provision in New Zealand: A Directory*, which outlines formal systems of provision functioning as at February 1988. The paper is included in Volume III, 'Future Directions', of the Royal Commission's report.

1.2.2 The role of social provision has probably been most often recognised in relation to needs in the 'having' category; in particular, needs for:

- shelter
- income
- education: in the sense of skills both for everyday functioning and for earning a living.

Provision for meeting needs in the less tangible categories of 'relating' and 'being' includes for example provision to meet needs for:

- health—physical, emotional, spiritual
- personal or community development and problem solving.

1.2.3 Social provision to meet these types of needs can be defined as enabling or empowering. Access to provision to meet needs for having, relating and being, gives people opportunities to develop their potential and to participate within society. It helps create an environment which facilitates the healthy development of each new generation of citizens.

1.2.4 While most social provision empowers individuals, the specific category of social control empowers the wider community. Social control is manifested in many forms, including the observance of law, policing, committal of patients for psychiatric treatment, and control of infectious diseases. In its ideal form, social control safeguards the interests of the community as a whole, and provides a guarantee of protection throughout society. We acknowledge of course that if social control is manifested in an exaggerated form, personal freedoms may be unduly restricted, so

that positive development and participation are impeded. Nevertheless, the principle of social control is integral to the empowering function of social provision.

1.2.5 In considering the issue of income redistribution, the Commission defined three objectives to guide income policies in the long term:

1 To ensure that all New Zealanders have access to a sufficient share of income and other resources to allow them to participate in society with genuine opportunity to achieve their potential and to live lives that they find fulfilling. In doing so to provide a measure of certainty and security for all, throughout their lives.

2 To relieve immediate need arising through unforeseen circumstances.

3 To ensure the wellbeing and healthy development of all children.

We see these as the essential objectives which apply to all types of social provision.

1.2.6 To fulfil these objectives, people must have access to a range of provisions, delivered in a manner which recognises the diversity of New Zealand society, the needs and aspirations of all its people, and the requirements of the community itself.

1.2.7 The Commission considers that attention needs to be given to two aspects of social provision, in order to ensure that these aims are fulfilled: the allocation of responsibility for social provision, and the framework of principles which direct the operation of social provision. This chapter discusses these issues, and sets out the Commission's recommendations on each area.

2 Responsibility for Social Provision

2.1 *Channels of Social Provision*

2.1.1 The following are the main channels or agents of social provision in New Zealand:

- Personal resources: people's own finances, skills and knowledge; their physical and emotional health; and the attributes of their character and personality;
- Kin: kin are looked to throughout society as the primary sources of nurture and support—physical, emotional and social. Their role is recognised primarily in relation to the

care of children and other dependent relatives, but also extends to the care of one another,and companionship; support with finances; provision of a lifelong sense of identity; and provision of a haven or refuge for all family members;

- Community: the term 'community' includes groups of friends and neighbours, with 'neighbours' including persons with a common community of interest as well as persons living geographically close to one another. Also included within the concept of 'community' are networks of persons extending through localities who may be called on for special help from time to time. Such community groupings promote wellbeing through providing mutual support, and opportunities to pursue goals of mutual interest;
- Employment: currently, employment contributes to social wellbeing through acting as a source of income. However, increasingly other forms of provision—such as employment-based health care schemes—are becoming associated with places of work. The less tangible benefits of paid employment, such as its provision of social status, a structure for life, and companionship, are also receiving increasing attention;
- Religious organisations: churches have played a special role in the provision of formal social services throughout New Zealand's history, with the first voluntary welfare organisations developing from a church base. Religious organisations continue to feature in the provision of personal or social welfare services, with their activities ranging from the supply of food and clothing through to residential care; and they also function in the provision of education, through church-based schools which are eligible for state funding, and of accommodation, through the provision of emergency shelter. The key role played by the churches as providers within the Pacific Island community has often been noted;
- Voluntary agencies: voluntary agencies have a long tradition of involvement in the provision of personal or social welfare services in New Zealand. They also operate in other areas such as education—for example, kindergarten and playcentre organisations—and health. Often voluntary agencies have pioneered action in specific areas of need, and utilised innovative approaches, which have later been taken up by the state. They are frequently dependent on volunteer

labour and contributions from the community, although state grants and subsidies have become increasingly available to them. In form, voluntary organisations may vary from large and nationally operated agencies with bureaucratic structures, to small self-help groups concerned with localised problems;

- The private sector: the private sector has operated in New Zealand particularly with regard to health and education services, and has become an increasingly prominent agent of provision in recent years, extending its role for example in the personal or social welfare services area. Some private services—for example, childcare services—receive funding from the state through subsidies;
- Maori delivery systems: at the centre of social provision for Maori communities has been the marae, its whanau and hapu groups, and their obligatory responsibilities ranging from supportive services (at times of bereavement, illness or homelessness) to the planning, management and funding of hapu endeavours. A re-examination of Maori status in society in recent years has given further emphasis to kin-based networks but also to other structures which are not necessarily tribal. Together they comprise systems for the delivery of many social provisions including training for work, job creation, education, health, and the traditional support services;
- The state: 'the state' constitutes more than central government. It includes all bodies established by statute, and thus includes central government departments and their regional and district offices; local and regional authorities; and quasi-government bodies at a national, regional and local level, such as hospital boards. The agencies of the state together cover all major areas of social provision—health, education, income, accommodation, personal or social welfare services, and justice. Their role includes direct provision; indirect provision through subsidising non-government agencies; regulation of provision; requirement through legislation that provision be made, for example, that specific safety standards be implemented in places of employment; and overall planning of social provision.

2.2 *The Role of the State*

2.2.1 The state has come to play a central role in social provision in New Zealand. Debate on social provision has increasingly focused on this centrality of the state, its effectiveness, and whether the state should in fact play a dominant role or even a major role in provision. The issue of allocation of responsibility for social provision then largely concerns a determination of an appropriate role for the state and its relationship to other channels of provision.

2.2.2 We have noted that 'the state' is more than central government. 'The state' is in fact an expression of collective responsibility. It constitutes a mechanism whereby people recognise that collective action may be necessary, and public financial resources allocated, in order to deal with problems and issues beyond the resources of individuals.

2.2.3 The extent to which collective responsibility has been seen as appropriate in social provision, has varied over New Zealand's history. Social provision in very early New Zealand depended on a tribal system of social organisation. The smallest unit was the whanau, an extended family grouping. Whanau were aggregated into hapu, united by claims of common descent, and several hapu formed an iwi, all sharing more distant ancestors.

2.2.4 Communities then were based on kinship. The care of individuals was the responsibility of the whanau, but whanau themselves were not regarded as autonomous or viable units. Rather, they could function effectively only in the context of the hapu.

2.2.5 Well developed systems of distribution and sharing existed. The practice of tohatoha, for example, ensured that resources were received regardless of actual effort in securing them. The koha system enabled contribution by individuals and groups within a wider understanding of reciprocal social responsibilities and obligations, so that manaakitanga (translated somewhat inadequately as caring and sharing) could become a reality for all within the group and, at another level, for visitors.

2.2.6 While there are limitations in comparing distant times and practices with those of today, it needs to be recognised that some principles of these practices have been retained, although in a modified form, and that they constitute a conceptual reality for many New Zealanders today. These are as follows:

- The integration of social provision. There was no sharp demarcation between economic, social or spiritual needs,

nor distinctions between health, housing and education sufficient to warrant separate leadership or consideration outside the wider aspects of community;

- The responsibility of the group for the welfare of the individual, although individual rights were less developed than family and group rights, and the status of the individual could not be adequately assessed outside the family context;
- The collective nature of ownership. Thus, all resources available belonged to the group, including the skills and talents that individuals possessed. Children were not the property of their parents. Their healthy development was of paramount importance to all, and they were cared for by many members of the community.

2.2.7 Essentially, then, social provision focused on universality, with hapu organisation ensuring the delivery of a comprehensive range of services, except when an even wider alliance was necessary at an iwi level. In return, individuals accepted the goals and aspirations of the community.

2.2.8 In contrast, within the society of the European settlers at the onset of New Zealand's European colonisation, much emphasis was placed on individual responsibility for provision, with people expected to rely on kin and private charities if they could not support themselves.[2] This belief was reinforced through legislation, in the form of the Destitute Persons Ordinance which was passed in 1846 to stipulate that persons in need were the responsibility of their 'near relatives'.

2.2.9 However, this approach soon met with problems. The colonists lacked both extended families to call on, and the network of private charities which had flourished in the United Kingdom, from which most of them had come. Similarly, New Zealand lacked parishes or local authorities to provide some relief for the poor, even if in the form of workhouses.

2.2.10 From the 1850s, the state took on some responsibility for meeting the more extreme degrees of need, through limited involvement in the provision of income maintenance and hospital and education services. From the 1860s, New Zealand began to be hit by a series of economic depressions, which reached their greatest intensity in 1877. Voluntary agencies, many of them church-based, began to emerge from the late 1870s, in recognition that social change had created problems which could not be solved by individual efforts. However, the magnitude of suffering brought

about by the economic depressions made it obvious that the underlying problems required action by government. A demand built up for 'sweeping change', and the Government increasingly took measures to introduce reform in the social area, with particularly significant reform—for example, the introduction of old age pensions—following the election to office of the Liberal government in 1891.

2.2.11 While there was some consolidation and expansion of state measures in the first decades of the twentieth century, the depression of the 1930s led to cut-backs across state provision in an attempt to revive the economy. For example, the rate of old age pensions was reduced, and grants to kindergartens were cut. The state's approach became once more that of meeting only extreme degrees of need. Voluntary organisations became largely responsible for attempting to relieve social hardship, but the extent of this proved far beyond their resources. A demand grew for government to intervene, culminating in the landslide victory of the Labour Party in the 1935 general election. A burst of social and economic reform followed, with the Social Security Act of 1938 bringing in wide reforms reflecting a high degree of collective responsibility, which were subsequently expanded and supplemented.

2.2.12 The state continued over the next few decades to develop its role in provision, and the welfare state thus developed created an image of New Zealand where people received state provision 'from the cradle to the grave.' In recent years, however, there has been controversy over not only whether this image was ever true, but whether such a degree of state provision would even be desirable. A number of challenges have been made to the concept of the centrality of the state in social provision. These have been oriented round the growth of community development and self-help groups; moves in the Maori community for greater control over provision affecting them; the growth of the private sector; and the promotion of the role of the informal sector, especially kin, in provision. These are now discussed.

2.3 *The Centrality of the State: Challenges*

2.3.1 The growth of community development and self-help groups became discernible from the mid-1970s, initially in relation to the social welfare or personal services area. The emerging groups differed from the established voluntary welfare agencies in

their distrust of 'professionals'; their primary focus on needs specific to particular localities, or specific conditions, such as disability, or marital violence; and their preferred approach of sharing experiences and determining their own solutions to problems, rather than reliance on bureaucracies to provide solutions. These groups became eligible for financial support, in both the social welfare services area and other areas of provision, such as health provision. The increase in the number of these groups, and in the level of funding they have attracted, has led to some suggestion that the state's role should in fact be essentially that of facilitating community effort, empowering people to come together to meet their own needs while providing funding for these groups and monitoring and regulating their activities.

2.3.2 A more dramatic trend has been the growing desire by the Maori people to take responsibility for their own provision. It has been argued that state social provisions which did not recognise cultural perspectives were associated with an overrepresentation of Maori people in the negative institutions of society—such as prisons, and psychiatric care—and in social and economic underdevelopment of the Maori community. Calls have been made for the state to release its resources to culturally appropriate authorities—that is, tribal/iwi/regional authorities—especially as this would be consistent with recognising, protecting and guaranteeing the rangatiratanga of the iwi under Article 2 of the Treaty of Waitangi.

2.3.3 With regard to the trend towards the private sector, some private provision—in particular, private health and education—has always existed in New Zealand. A preference for private provision was often associated with earlier attitudes to publicly provided services, which had been regarded as charity. In more recent times, however, private services have been seen as alternatives to a public sector which is often seen as unresponsive and overloaded. Growing affluence, especially within some strata of society, has both enabled people to purchase services or other provision they require, and given them access to mechanisms facilitating their use of these—for example, private transport. The development of the mass communication media has also contributed to greater interest in private provision, with advertising of private services both making people more aware of these options for provision, and persuading them of their likely advantages.

2.3.4 Finally, the role of the informal sector in social provision, and especially of kin, has been receiving increased attention. In some cases, this has taken the form of calls for more support for relatives in the caring functions which they are undertaking anyway, such as assistance for people caring for elderly or disabled kin. However, there has also been a growing volume of argument that relatives should take on a greater share of social provision. This proposal is often made within the context of concern about resources available to the state: it is argued that, in recognition of the present economic climate, people should be less reliant on the state for provision and should turn more to kin for help in the first instance.

2.4 *Assessment of Channels of Provision*

2.4.1 An assessment of an effective distribution of responsibility for social provision, requires a review of the strengths and weaknesses of present channels of provision, in relation to their ability to provide opportunities for people to have their needs met, and met in ways they consider satisfying and appropriate, given conditions which characterise New Zealand society today and which are likely to continue to exert influence. The Commission's review of this now follows.

(i) *Personal Resources*

2.4.2 Personal resources enable individuals to cope with problems and to manage their specific situations more effectively. For example, access to wealth enables the purchase of services in the market place, and the security associated with control over resources; access to information allows more effective decision-making and wiser choices; the possession of personal skills enables people to take care of their own needs at an early stage and thus reduce the likelihood of needing care from other sources. However, the distribution of personal resources across society varies greatly, so that dependence on these to achieve wellbeing to any significant extent would lead to marked inequity in the distribution of wellbeing. Personal resources also can have little effect on the complex social and economic forces which affect social wellbeing, although they may be able to mitigate the impact of these.

(ii) *Kin*

2.4.3 Kin are already likely to undertake a major part of the development and care of their members. People would often prefer to meet their needs through this channel, and claims on kin are often powerful, frequently based on an understanding that kin have fundamental obligations to one another and that in times of need a family can respond.

2.4.4 There are however inherent limitations on the role which relatives may play in promoting social wellbeing. The complexity of society gives rise to increasingly sophisticated demands which kin are not appropriately placed to meet. It has already been accepted beyond question that certain aspects of the treatment of the sick and much of education are tasks best suited to formal institutions. Then, the ability of families to provide care and support is affected by external social and economic forces over which they usually have little control. At present, for example, unemployment and economic constraints are having a marked effect on family life.

2.4.5 There are also a number of problems associated with kin meeting needs more appropriate to their scale. Changing social and demographic patterns mean that kin can no longer be expected to provide much of the help with which they have traditionally been linked. The factor which has perhaps had most impact upon the family and its traditional caring functions is the changing role of women. Women are increasingly taking on commitments outside the home, and in particular are entering paid employment, both through choice, and through economic pressures which result in families requiring extra income. This pattern highlights the need to recognise that responsibilities for care and support within families are usually not shared equally among family members. The responsibilities are ordinarily carried out by women, to the extent that family caregiving has been described as having a feminised structure. Submissions to the Royal Commission left no doubt that women were still the major caregivers, and were facing considerable problems as a result of this role: having to cope with inherent stress; having to give up paid employment; and 'burnout', especially as caring was usually being carried out on top of other commitments. The issue of social justice for women, then, must always temper expectations about the extensiveness of the family's role in promoting wellbeing, at least until there is a fairer sharing of responsibilities among family members.

2.4.6 Unemployment has also affected the extent to which people can turn to relatives for help. Thus, regional unemployment can lead to increased geographical mobility of core family units in search of work, so that local family networks are split up. Adult children may no longer be present to care for their parents, nor grandparents available to help look after grandchildren. Even without the stimulus of unemployment, a certain amount of geographical mobility appears to be common among New Zealand families. Most can expect a few changes of residence over their life cycle, so that they may several times have to leave established sources of help in kin, friends and neighbours.

2.4.7 Demographic trends concerning the structure of families have affected the extent to which families can meet the needs of their members. A decline in fertility and family size, and in the length of time over which childbearing is spread, has contributed to the changing role of women, since childbearing and childrearing occupy a decreasing part of women's life cycle. The same decline in fertility, coupled with an increase in life expectancy, has resulted in an ageing population. This means a pattern of fewer family members able to share the work of caring for elderly kin, with resulting strains on family resources. There have been an increasing number of marriage dissolutions and reconstitutions of families, including reconstitution through de facto partnerships. In some cases, this means families have access to a wider network of support. In other cases, separation and the development of new unions may result in hostility and a withdrawal of support by previous partners and other kin. There has been a growth in the number of one-parent families, and, while these mainly have a short duration, the potential for stress within them may be great since compared with other families they are particularly likely to have low incomes and poor access to services.

2.4.8 As well, the resources available to kin to provide care and support are frequently limited. It is often assumed that kin are able to draw indefinitely on their own resources to meet needs. Thus, care at home is widely accepted as a preferred option for many elderly and disabled persons, but this belief in home care has coexisted with a virtual lack of support for caregivers, so that families—and especially women within families, who tend to take on most of this responsibility—have been placed under stress. The carer's allowance proposed by the Commission, as outlined in the

Income Maintenance and Taxation Overview chapter of this report, has been recommended to try to redress this situation.

2.4.9 Finally, families vary considerably in the quality of their relationships. Not all families are infinitely loving or tolerant, and there will always be circumstances in which people will not be offered or will not accept help from this source. The increasing attention being given to disorders in family life—summed up in the comment by one submission to the Commission that marriage was 'too often a cage producing anger, violence, incest and unhappiness'—has highlighted the fact that some people cannot look to their families for refuge or support.

(iii) *Community*

2.4.10 Groupings of friends and neighbours may provide both care and support, and opportunities to work together to achieve goals of mutual importance. The basis of claims on friends and neighbours has been described as balanced reciprocity: obligations tend to be matched one to another, with persons careful not to claim more from the relationship than they contribute. It has been argued that people are likely to feel secure in claiming help and support on this basis, as it identifies them as equal partners. On the other hand, it has been noted that people are often wary of letting members of their community know they require assistance, and that in New Zealand much importance is attached to creating an impression of 'coping' in front of neighbours.

2.4.11 Like relatives, groupings of friends and neighbours can only have a limited impact on complex social and economic forces in society, and are vulnerable to these forces. The help and support which can be supplied at this level can be readily eroded by pressures on the community. Present unemployment and economic constraints work against the effectiveness of community efforts, in particular through contributing to regional depopulation, so that friends and neighbours, and key individuals in more formal community groupings, are separated as they move to search for work. Overall, the current economic climate places some communities in a depressed situation, so that a reliance on community-based provision would lead to an inequitable distribution of social wellbeing across society.

(iv) *Employment*

2.4.12 The role of the level of wages in relation to the income required to support a worker and those who are expected to share this wage, has been of historical importance in New Zealand. Although not subject to a great deal of study or public scrutiny, some employers have made provision to employees which clearly enhances the recipients' access to income support and other forms of social provision—such as profit/share participation schemes, superannuation schemes, company cars, and cheap personal loans for housing and other purposes. Examination of such provisions in other countries has consistently shown that they are highly regressive in that the provisions are most likely to be available, and to be of greatest value, to those on the highest wage levels.

2.4.13 Reliance on employment-based provision to any significant extent would contribute to an inequitable distribution of social wellbeing, since such provision may vary considerably both between strata at work, and between places of work. A further factor is that current high levels of unemployment limit the extent to which people are eligible for this type of provision. The increasing risk of unemployment also makes undesirable too much dependence on employment as a source of wellbeing. If people come to rely on employment as a major channel of provision, their loss of employment would leave them with little other support or protection.

(v) *Religious Organisations*

2.4.14 The philosophical base of religious organisations often enables their work to take on dimensions lacking in provision from other sources. Church-based organisations in New Zealand have traditionally been prominent in taking on responsibility for caring for 'unpopular' groups, such as alcoholics, who have been neglected or avoided by other organisations. A tradition of altruistic service has been associated with religious organisations, and this has helped give their work widespread appreciation and support.

2.4.15 The provision made available by religious organisations may be particularly supportive for members of the religion in question, if this provision is supplied in accordance with the specific values of their religion, and in ways appropriate to it. However, these same characteristics may operate to deter people who are not members of the religion from using provision from this source. As

well, in some cases eligibility for provision from religious organisations may be restricted, with their services being made available only to members of the religion.

(vi) *Voluntary Agencies*

2.4.16 Voluntary agencies in New Zealand have been most often associated with provision in the area of personal or social welfare services. Their activities have been and continue to be an important source of social care, and have often broken important new ground in service provision, with the state following their lead. However, the claim which is made by those seeking help from such agencies is essentially judged by the representatives of the agencies in terms of both recognition of the status or need of the individual, and whether the agency chooses to respond to that claim. There is, in general, no commitment to respond to all with a certain class of claim, and moreover claimants have little right of redress for poor service or reduced service. Voluntary agencies themselves have to respond to changes in the funding environment and to changes in the availability and cost of labour, which may reduce their effectiveness.

2.4.17 Self-help and mutual aid groups may be similarly placed. Here, the claims are made upon members who share a common status. However, what can be expected from fellow members, as to whether help will be available in a crisis and what form that help may take, may vary considerably. Attempts to extend and formalise claims in such groups move them quickly towards the format of a standard voluntary organisation and transform the claiming basis accordingly.

(vii) *Private Sector Provision*

2.4.18 Claims on market and insurance-based provision are founded upon an economic contract between the parties involved, which prescribes what is to be provided, to whom, and at what price. Disputes about the legitimacy of the claim or about the level of service can be dealt with in the same manner as other commercial transactions. Private sector provision is already well established in New Zealand in some fields. In particular, primary medical care is predominantly within the private sector, and many people already take out medical insurance to cover this and to supplement the state health provisions.

2.4.19 As with all markets, there are variations in the quantity and quality of provision according to the sector of the market being served. In addition, there are likely to be certain sectors of potential consumers who cannot pay for the service when it is required; or who are at high risk of certain contingencies, and for whom the cost of service or insurance cover means that in practice no provision is available to them through the market. Thus, with regard to health insurance, chronically or congenitally ill people, or people who are ill before they seek insurance, are precluded from help.

2.4.20 Essentially, access to private provision is contingent on the capacity to pay, as willingness to meet the asking price is the means of rationing demand utilised within the private sector. Unequal incomes mean unequal access to goods and services. A reliance on private provision for promoting social wellbeing, would appear to create a situation in which access to provision is totally or partially dependent on a highly stratified system, with the stratification based upon ability to pay not only in terms of attaining provision, but also in terms of the quantity and quality of provision. Income redistribution enables market services to be obtained by those who would otherwise be denied access to the market. However, this raises the issue of whether it is appropriate for the capacity to pay, rather than need, to be a sufficient factor for acquiring provision, even where an efficient redistribution of income pertains.

(vii) *Maori Delivery Systems*

2.4.21 A system of local Maori committees, regional executives (District Maori Councils) and a national federating body (the New Zealand Maori Council) was provided for in the Maori Community Development Act 1962, with aims that included social and economic advancement, the promotion and maintenance of the health and wellbeing of the Maori community, and the facilitation of full integration into the social and economic life of the country. While government subsidies were available for some items of marae development, for the most part the system operated on a voluntary basis. In some areas, Maori committees were based on marae and were the same as marae committees. Often though, the thrust of the 1962 Act was towards integrated community development with little stress on tribal structures.

2.4.22 At least since 1980, a greater interest in tribal structures and systems has developed, with a recognition that people might

live in one area but have continuing obligations and expectations in another. This development has resulted largely from a negative experience of urbanisation for many Maori people, which helped to redirect attention to the importance of kin-based support. In particular, increasing attention has been given to iwi development, a term which has come to mean the strengthening of tribal organisations so that they might play larger roles in the social and economic wellbeing of their members. In larger urban areas, similar meanings have also been applied to regional Maori authorities, which have like goals but not tribal qualification.

2.4.23 Tribal Trust Boards, established under the Maori Trust Board Act 1955, became the first recognised authorities for new types of social provision in keeping with the spirit of the 1984 Hui Taumata (Maori Economic and Development Summit Conference), which aimed at enabling positive Maori development and reversing the state of dependency and its associated negative funding.

2.4.24 While Tribal Trust Boards were identified as the established authorities able to spearhead iwi development, they have not been the most appropriate body in all areas, and new structures have evolved. Some tribes have established Runanga, under legislation that enables them to receive government funds and provide services for tribal members. Other tribes, operating as incorporated societies, are similarly placed, and in urban areas, regional authorities, sometimes also known as Runanga, have been given official recognition to perform the same tasks.

2.4.25 The recent rise in prominence of iwi development is not only a comment on other existing provisions and their poor outcomes for Maori people, but also a comment on the strength of tribal structures, which despite urbanisation remain fundamental to Maori social organisation and identity.

2.4.26 The extent of iwi delivery is untested. It has operated so far principally in regard to 3 programmes: Maatua Whangai, Mana Enterprises, and Maori Access. There is however considerable interest in tribal provision of education (initiated to some extent by tribal involvement with Kohanga Reo), some health services (particularly health promotion, health counselling, health protection, and early intervention projects based on marae), housing, and justice (with a number of tribes looking to tribal courts, at least for family matters).

2.4.27 Iwi delivery is an evolving process. It requires partnership with local and central government; the development of practical links between tribal members who live in different parts of the country; consideration of accountability, both to government, for funds received, and to consumers, for services given; entry points which simplify access for members no matter where resident; clear understanding of authority, decision-making and funding; and satisfactory arrangements for people who choose not to emphasise tribal links.

(viii) *State Provision*

2.4.28 While other channels may be able to help people variously with coping with the effects of large-scale change, collective provision through the state is required to deal with the causes of change and provide a comprehensive response across society. This need was noted for example by the Department of Internal Affairs in its submission to the Commission. While advocating a community development approach to help improve the lives of individuals and groups, the submission said:

> In taking this viewpoint, the Department of Internal Affairs is aware that the effectiveness of the community development approach is limited by major social and economic structural forces in New Zealand society. The community development approach, on its own, will not effect an equitable distribution of income and wealth, a fair system of justice, an adequate health service, adequate housing and regional development.

Provision through the state then appears necessary to achieve an equitable distribution of resources.

2.4.29 The basis on which social provision is made available through the state appears to give the receipt of this provision a wide acceptability across society. While there may be aspects of state provision which some people regard as 'charity', the Commission believes that, for most people now, state provision represents a form of insurance in which risks are pooled throughout society. This view of state provision emerged as the prevalent view in the survey of public attitudes undertaken in the course of our enquiries. People assess public social services in terms of the cost or 'premium payment' through personal taxation, and the benefits offered. Dissatisfaction with state provision can be seen as a concern by some about the benefits they receive as well as interest in what alternative providers in the private sector may offer.

2.4.30 Many of the submissions to the Commission employed the language of 'rights' in respect of claims on the state, and complained that rights are unrecognised, inadequately recognised, or being defaulted upon. The state tended to be viewed as quite distinct and separate from the agencies of government characterised as 'the bureaucracy', often presented as an impediment or obstruction to the realization of claims if not deliberately seeking to subvert such claims.

2.4.31 The state can be seen as offering guaranteed provision, unlike kin or communities, whose provision is vulnerable to outside and internal forces, and thus subject to fluctuation; or religious organisations or voluntary agencies, where eligibility for provision may be highly discretionary, and dependent on the funding environment and accessibility of labour. Unlike provision channelled through the private sector, or through employment, its receipt need not depend on personal financial resources, or on holding a position in the paid labour force.

2.4.32 The state is also the only agency which can be trusted to undertake the social control dimension of social provision. The power involved in the implementation of social control, and the potential for individual abuse, requires that this function resides with an agency of collective responsibility, to ensure that its implementation is in accordance with the collective will and is under collective scrutiny.

2.4.33 A major drawback is that state provision has often been rigid and standardised, making insufficient recognition of individual, local and cultural variation in requirements. For some forms of provision, such as income maintenance, it is appropriate for services to be uniform and delivered in the same manner in response to the same problems throughout the country. For other services, state provision may be inadequate if it neglects important variations and, in overlooking this diversity, creates unresponsive services, which do not meet the needs for which they were intended.

2.4.34 A further drawback which has often been commented on, is a lack of co-ordination in state provision. It has been noted that state agencies often tend to function independently of one another, though dealing with similar areas of provision, with resulting problems of overlap and omission of responsibility for some areas of concern. Similarly, state agencies may show a lack of co-ordination with voluntary agencies pursuing similar aims, even though these may be receiving state subsidies.

2.4.35 As well, while not vulnerable to outside forces in the same way as non-state provision, state provision is nevertheless open to political change. This may constitute a change in emphasis or direction, or even withdrawal of the provision. While such change is often in the interests of advancing social wellbeing, sometimes it may not be.

2.5 *A Recommended Approach*

2.5.1 The goal of social policy formulated by the Commission is oriented round all having a reasonable expectation of those things generally accepted as necessary for healthy, happy life. The Commission has identified four criteria for determining the nature of desirable social policies in terms of this definition: equity; efficiency; simplicity; and transitional fairness.[3] These are defined as follows:

- Equity: the distribution of resources in accordance with prevailing conceptions of fairness and social justice;
- Efficiency: the organisation of resources in a way which makes for their best use in meeting equity objectives;
- Simplicity: administrative efficiency;
- Transitional fairness: the implementation of changes in an orderly manner which does not cause undue disruption to the lives of New Zealanders, ensuring they do not undermine people's legitimate expectations of security and certainty, or of the role that government plays in their daily lives.

2.5.2 We consider that the criteria of greatest importance in assessing policies for access and delivery of social provision, are equity and efficiency. We have therefore applied these criteria in our assessment of allocation of responsibility for social provision. An examination of the strengths and weaknesses of channels of provision indicates that all channels have a contribution to make to the promotion of social wellbeing. However, the central position which the state has come to hold in provision appears to be justified, since only the state has the potential to ensure provision is available across society to meet areas of macro need and to maintain oversight of general provision and ensure this remains in people's best interests. Thus, the state is the only channel of social provision which can facilitate an equitable distribution of provision, and

which has the potential to ensure that the best use is made of resources.

2.5.3 Therefore, we consider that if social provision is to be oriented to meeting the needs of all people, the state must have overall responsibility. At the same time, however, other channels of provision must be assisted to make an optimum contribution to wellbeing.

2.5.4 The Commission then recommends a mixed social economy approach to social provision. This approach is essentially one of partnership, within which responsibility for social provision is shared among existing channels of provision. The roles of the different partners, however, are to be complementary. Of the partners, the state should undertake to ensure that provision is in place so that a standard of wellbeing is available to all in accordance with the standards of a fair society set out in the terms of reference of the Commission:

- Dignity and self-determination for individuals, families and communities;
- Maintenance of a standard of living sufficient to ensure that everybody can participate in and have a sense of belonging to the community;
- Genuine opportunity for all people of whatever age, race, gender, social and economic position or abilities to develop their own potential;
- A fair distribution of the wealth and resources of the nation including access to the resources which contribute to social wellbeing;
- Acceptance of the identity and cultures of different peoples within the community, and understanding and respect for cultural diversity.

2.5.5 Such a role involves the state not only in direct provision, but also in the allocation of resources, the setting of standards and regulating of provision, and overall planning and co-ordination, to achieve these aims.

2.5.6 The primary role of religious and voluntary organisations and the informal sector of kin and communities should be that of supplying complementary provision. We define this as provision which helps extend the services the state has provided, often taking the form of experimentation with approaches and working in emerging areas of need. State assistance to voluntary and religious

organisations, and to informal services, should be provided on the basis of this complementary role.

2.5.7 The resourcing of non-government agencies would need to be accompanied by some state oversight to ensure that these continued to operate in accordance with acceptable standards.

2.5.8 While the role of religious and voluntary organisations, and of the informal sector, could help diminish the need for the kind of provision which the state could offer, through early attention to developing issues, these channels of provision are not and could not be involved in the fundamental redistribution of resources which constituted the state's role in social provision.

2.5.9 In some areas, consideration could be given to the state's contracting responsibility for the delivery of provision needed to achieve equity. Under this system, the state would provide agencies with sufficient funds for the task in question, would request accountability for the use of this public money, and would ensure that the required services had been delivered.

2.5.10 We are aware that the concept of the state contracting out responsibility for these types of services is controversial. A number of possible drawbacks of contracting have been identified, including a loss of independence for bodies receiving funds; a proliferation of service providers, with further fragmentation of services; and a possible 'capture' of services by those least in need of them. However, a number of likely advantages have also been identified. We note that the report of the Administrative Review Committee on Performance and Efficiency in the Department of Social Welfare[4] has supported greater use of contract-based funding as a means of resourcing national priority services, and has listed among the advantages of this approach its ability to:

- Establish clear roles and objectives for both funder and provider and require the funder to specify its objectives for programmes more clearly;
- Provide agreed levels of financial support for particular services and ensure the availability of services for specified consumer groups;
- Enable clearer accountability measures to be established;
- Be more flexible and responsive to service needs.

We consider these and other possible ramifications of contracting need to be assessed in a New Zealand context.

2.5.11 The Commission recognises that both employment-based provision, and private sector provision, do in fact provide individuals with opportunities for enhanced wellbeing. However, we consider that while some people will benefit from the choice they offer, the state does not have a role in subsidising them from funds which would otherwise be spent on public provisions. Our enquiries strongly suggest that people in strained socio-economic circumstances are least likely to benefit from occupational and private provision, yet very often have the greatest needs.

2.5.12 Maori delivery systems offer sufficient promise to warrant further development and state support. However, success will be seriously undermined if haste precludes adequate planning, or physical and human resources are insufficient to maintain the thrust of positive development. While central government funding will be a key issue, subsequent arrangements between Maori authorities and local bodies, such as Area Health Boards and Education Boards, will become increasingly important. The Commission recommends that, as iwi authorities become identified, their role in social provision become a matter for consultation between themselves and central government, and that their relationships with agencies of state become a matter for legislative review. Provision also needs to be made for co-ordination and liaison across the range of Maori delivery systems, particularly those that operate as regional authorities and those that are tribally based.

2.6 *What Submissions Said*

2.6.1 The need for a mixed approach to social provision, with the state playing a dominant role, was a recurring theme of public submissions to the Commission. While some submissions took a more extreme position—arguing that the state should have full responsibility for provision, or that the state should have minimal involvement—the bulk of public submissions which dealt with this issue suggested that responsibility for provision would be more appropriately distributed in a partnership between central government and other agents of provision. While the nature of the partnership was usually not discussed in any detail, a general theme was that 'partnership' did not require an identical contribution from the partners involved. The state was seen as needing to take a dominant role, particularly in the areas of health, education and housing, with this role involving responsibility to ensure such provision

was accessible, affordable and able to meet special needs. There was some feeling that the responsibilities of individuals and families could be greater in the areas of personal services and income maintenance. But even where a dominant role was seen as appropriate for government, partnerhip was still requested, particularly through greater community involvement in both the construction and the enactment of government policies.

2.6.2 Submissions from government departments also supported a concept of 'partnership' in social provision, with the proper role of the state in meeting social needs seen as arising out of, and inextricably linked with, the community's own role and responsibilities in this area. There seemed to be a consensus among submissions that the state had a role in ensuring that certain basic needs were met, for example, for health care and education.

2.7 *The Operation of the Approach*

2.7.1 While the allocation of responsibility for social provision which we have recommended constitutes a basis for ensuring provision is available to those seeking it and is found to be satisfying and appropriate by them, attention also needs to be given to the way in which social provision operates, in the context of the recommended allocation of responsibility, in order to advance these aims. Accordingly, the Commission has given attention to the principles needed to guide the development of social provision within this context, and now discusses these.

3 Framework of Principles

3.1 *Development of Principles*

3.1.1 In the chapter on income maintenance and taxation in this report, the Royal Commission sets out the following principles to guide tax-transfer policies:

- community responsibility
- individual responsibility
- dignity
- equality of treatment
- progressivity
- cultural diversity
- fiscal responsibility

- flexibility
- transparency

3.1.2 Many of these principles are obviously oriented more to taxation and income policies than to policies of access and delivery in social provision generally. Nevertheless, they constitute a foundation on which principles for areas other than that of tax-transfer may be based. Accordingly, we have identified 4 considerations of special significance for guiding the development of social provision, and have formulated these into principles compatible with the principles cited above, and taking their lead from these. The principles so developed are:

- choice
- adaptability and flexibility
- co-ordination
- accountability

3.1.3 In identifying these principles as being of special importance, we have had regard to our stated requirement that social policy must be oriented to meeting people's needs. A consideration of expressed concerns about access to and delivery of social provision, suggests that these principles are necessary to advance this orientation in social provision. We now discuss these concerns. They relate to both difficulties within the relationship between the state and other providers, and difficulties experienced by people seeking to use provision, in the areas of physical access to provision, procedures for utilising provision, and the content of provision.

3.2 *Issues of Access and Delivery*

(i) *Interrelationship of Sectors*

3.2.1 Discussion of 'the state', 'non-state organisations' and 'the informal sector' can sometimes create an impression that these operate independently of one another. The sectors are however interrelated and are constantly interacting, so that the functioning of one sector is affected by events within the other.

3.2.2 Their interdependence has been highlighted by submissions made to the Commission by individuals and groups in rural and provincial New Zealand concerning the impact of recent government policies affecting the rural sector. These policies have affected

levels of personal resources, employment, and the roles and relationships within families and local communities. Thus, a frequent pattern on farms seems to have been for one partner to seek outside employment, and for the other partner accordingly to be faced with full responsibility for managing farm and household. This situation, especially in conjunction with the pressures of 'making ends meet', has created much family stress ; led to increased calls on organisations such as the Womens Division of Federated Farmers, for assistance in the home; and shown up the scarcity of psychological support services in rural areas. Submissions outlining such problems did not always challenge the general change in policy towards farm income supports, which had given rise to these chains of events, but expressed much concern at the lack of sensitivity to, and support for, people, to help them respond to change.

3.2.3 Government moves towards deinstitutionalisation provide another example of the need to recognise the interrelationship of sectors. The New Zealand Council of Social Services, in its submission to the Commission, drew attention to:

> Concern over the effect of deinstitutionalisation and the apparently blind government faith in community care ... Local experiences with the disabled, mentally handicapped, those with psychiatric illness, the elderly, and those with community service sentences have all resulted in an unacceptable level of stress being placed on voluntary agencies and the communities they serve. A major complaint was the frequent lack of consultation with community groups before decisions are made. When funding has been made available, then government appears to consider the supply of money will on its own ensure the provision of appropriate services. There was a call for the improved planning of services, training for paid and unpaid workers and the provision of support staff within the relevant government departments.

3.2.4 Events in the informal sector will also influence the formal sector. This is demonstrated for example by the impact of the changing role of women on provision for caring for elderly and disabled persons. Traditionally, women have undertaken the larger part of caring for dependent family members, but the number of women available to do so is decreasing, especially as women increasingly enter the paid work force. Thus a need for more formal service options for care has been identified. The National Council of Women drew attention to this in its submission to the Commission, stating:

> The sentiments of many members are: 'Stop believing that there is a never-ending supply of women who can be coaxed or bullied into giving

> up their own lives to the care of the elderly. Do not think that community care is simply a cheap alternative to institutional care.' Although care by the family will continue to be an important part of the process, provision must be made for care which is consistent, professional and adequately rewarded.

3.2.5 These examples emphasise that social provision must take cognisance of the implications of changes occurring in informal or formal sectors, and ensure a flow of information is maintained on ongoing changes for policy decisions across the sectors.

(ii) *Co-ordination of Provision*

3.2.6 A recurring theme in submissions to the Commission was concern at an apparent lack of co-ordination in the delivery of social services, with consequent overlaps, gaps, and inefficiencies, causing frustration to providers and consumers alike. Particular attention was given to a perceived lack of co-ordination between central government departments, and between these and other agencies. Thus, one submission commented:

> Bureaucratic divisions make it very difficult to deliver integrated social services. Health, housing, education, labour, hospital tend to create a fragmented service. Currently there is a great deal of inter-departmental rivalry instead of inter-sectoral co-operation.

3.2.7 A lack of co-ordination results in an inefficient service, since the fragmentation may lead to oversupply of some types of provision, a situation which may bring much confusion to prospective consumers, and neglect of other types. Such a situation works against a balanced and comprehensive supply of services. At an individual level, a lack of co-ordination is often experienced as bewilderment at a complicated system of provision in which services for related needs are available from entirely separate sources, with little consistency in their nature or approach.

3.2.8 The extent of co-ordination at the immediate point of delivery, reflects the extent of co-ordination at the level of planning for delivery of provision. Susbmissions concerned with co-ordination frequently suggested mechanisms for co-ordination at the planning level, especially among government departments. Proposals included 'that serious consideration be given to the establishment of a (single) Department of Health, Education and Social Welfare'; that there be ' a new department of Health and Social Services'; and that government departments be 'incorporated into one regional authority with a community base.'

(iii) *Physical Access*

3.2.9 Formal service providers are likely to confine their services to areas of concentrated population, often in the interests of economy of scale. As a result, rural areas may miss out on their services, a point raised frequently in submissions to the Commission.

3.2.10 In addition, an 'inverse care law' has been identified in relation to the location of services, whereby services are least available in areas of greatest need, and readily available in areas of lesser need. In New Zealand, this law has been identified particularly in regard to health services, with areas of high socio-economic status being well supplied with health services, while lower socio-economic areas have an inadequate supply. Thus, the Health Benefits Review found that, with the level of state subsidy becoming a decreasing part of general practitioners' fees for service, these professionals tended to be more attracted to affluent areas, where incomes were likely to be more secure.[5] People from undersupplied areas often face high costs of transport to reach the services they require, a factor which may deter them from seeking out this provision.

3.2.11 As well, within a locality provision may be hard to reach. Services may for example not be located on public transport routes, so that people without private transport may have much difficulty in reaching them; or they may be located in high-rise buildings intimidating to elderly and disabled persons.

(iv) *Procedures*

3.2.12 A lack of information affects people's use of provision. People must know of the availability of provision, what it offers, and how to use it, before they can have access to this. However, often such information is not easily found, or is in a form which is hard for people in need of help to understand.

3.2.13 Stigma is associated with the use of some formal social services. Having recourse to services which provide care and support—such as social work services—is often seen as evidence that people have failed to cope with their own problems. An unsympathetic attitude may also be conveyed by some service staff, since often services are not organised to offer an appropriate management of the situation, and community attitudes hostile to the recipients of this kind of provision may permeate official attitudes. Thus, people are often deterred from using these services since such use is seen and experienced as demeaning.

3.2.14 Rationing of resources also affects the use of provision. Rationing may affect both the content of services, as discussed below, and whether people are able to use services at all. The most obvious examples of rationing in the latter category are hospital waiting lists, and appointments for treatment. An example which has recently become apparent, is the provision of the Hepatitis B vaccine within certain localities only. Unless resources are so vast that there need be no restrictions on their use, some form of rationing is inevitable, in that an order of priority for their allocation needs to be determined. The means by which this is done need to be fair and efficient. In particular, it is undesirable for people's financial resources to determine their eligibility for provision. Yet this frequently happens, so that the affordability of provision determines whether it is taken up or not. Thus, general practitioners' fees often act as a barrier to people seeking primary health care, and the costs of university education may deter children from families of lower socio-economic status from attending university. There is in fact some evidence that ability to pay is not only an unfair rationing tool, but is not needed for efficiency anyway. This was illustrated in a recent study of primary health care in Northland, which examined use of primary health care in a 'special area'—where since 1964 doctors had been salaried, and not paid through patients' fees—and a fee-for-service area. This study found no difference in unreasonable use of primary health care between the two areas.[6]

3.2.15 Conditions of eligibility may also restrict people's use of provision through stipulation of categories of persons, or need, which alone can qualify for the provision. As well, people may find that receipt of some kinds of provision places them under obligations which they are not prepared to meet. Some forms of restriction seem inevitable: thus, persons receiving unemployment benefit are required to be actively looking for work, a requirement which helps provide accountability for the use of this public money. However, some requirements may be seen as inherently demeaning, or demeaning in the way in which they are enforced. Disabled persons, for example, have expressed resentment at having to undergo periodic tests to assess whether they are still disabled sufficiently to qualify for some kinds of assistance.

(v) *Content of Services*

3.2.16 Services may be rationed in terms of their content. Formal social services often focus their efforts on specialist areas of concern, largely reflecting the interests and abilities of the professionals staffing the services. Thus, some areas of need may miss out on attention altogether. Secondary schools in New Zealand have often been accused of providing education with an academic orientation, in keeping with the training received by their teachers, at the expense of education with a more technical or practical orientation.

3.2.17 Conversely, certain groups of consumers may exercise a disproportionate influence on the nature of provision. For example, parents with a professional background may help shape the direction of school curricula towards an academic orientation. Such capture of services is most likely to occur when there is an affinity between a group of consumers and the service providers. While in principle consumer influence may often be appropriate, leading to greater responsiveness of services, it may in some cases lead to the neglect of more pressing needs of those people who are less likely to make their voices heard.[7]

3.2.18 Cultural bias in formal services may also affect both the content of services, and procedures for using them. In New Zealand, formal social services tend to be Western oriented institutions. This often deters Maori, and members of other cultural groups, from using the services, or finding them helpful. Language barriers may make initial contact with the services difficult, and general cultural insensitvity may further alienate people from receiving provision through the services. This was a point often made in the report of the Ministerial Advisory Committee on a Maori Perspective for the Department of Social Welfare, 'Puao-Te-Ata-Tu'.[8]

3.3 *Principles for Effective Provision*

3.3.1 We now discuss the principles we have identified as needed to guide the development of social provision in order to help overcome these problems: choice, adaptability and flexibility, co-ordination, and accountability.

(i) *Choice*

3.3.2 The promotion of choice is fundamental to an approach to social provision based around meeting people's needs. If these

needs are to be met, and are to be met in ways which the people concerned find satisfying and appropriate, social provision must be responsive to the diversity of needs within society, and people must be empowered to use social provision options.

3.3.3 The Commission considers that choice is advanced by resourcing the informal sector to enable needs to be met within families and communities where informal provision is preferred. Thus, resourcing is required for services like Meals on Wheels, which help elderly people remain in the community when they prefer not to enter formal institutions for care.

3.3.4 Choice should also be promoted through ensuring a greater diversity of provision within state services. Thus, the Education Department is already encouragaing greater diversity in state education, through provision within the state education sector for bilingual schools and local curricula.

3.3.5 Choice should also be facilitated by encouraging a variety of formal service providers, through state support for and funding of voluntary agencies. While the Commission has noted that the state should not subsidise employment-based provision or private sector provision from funds which would otherwise be spent on public provision, in accordance with the approach of partnership recommended by the Commission, ways could be considered in which these services could work in with both state provision and provision within the informal sector. Private sector and state provision are already functioning together in some areas of need, for example in legal aid. Further possibilities for joint provision could be considered, particularly where fairness in New Zealand society can be achieved without direct involvement of the state.

3.3.6 The approach proposed by the Commission requires general acknowledgement of the principle of empowerment of people to exercise choice. Individuals are not free to choose between options if they have limited knowledge of these options and their implications, nor if they cannot approach sources of provision and negotiate for the support they require. Some people, including intellectually handicapped and mentally disabled persons, are in a particularly vulnerable position, since they may lack adequate negotiating skills. In these cases, kin may find they are required to act as brokers to ensure that the needed help is obtained, a situation which may place extra stress on families with these special caring responsibilities. Voluntary welfare organisations may also come to

perform a brokerage role even though they may not be well equipped to do so.

3.3.7 In its report to government in 1987, the Ministerial Task Force on Social Welfare Services recommended the establishment of an information and advocacy service on a nationwide basis, to help people find about about available social welfare services and pursue their claims for assistance.[9] The Administrative Review Committee on Performance and Efficiency in the Department of Social Welfare has endorsed this recommendation, noting that 'Good information would better enable consumers to find the service they need, and would make it easier to spread demand across all available services.'[10]

3.3.8 The Commission considers the concept of this service should be extended to cover information and advocacy so as to facilitate access to the full range of social provision. The information provided should relate not only to sources of help to be used in the event of problems, but also to services with a positive focus—for example, those providing assistance with developing health-care skills and building good personal relationships.

3.3.9 We consider that attention should also be given to development of brokerage services. Brokerage has been proposed particularly to assist people with disabilities whose ability to negotiate is impeded in some way. It is distinct from advocacy as an advocate must represent the individual's needs or wants from the individual's perspective only. The broker does so from a technical, objective perspective that takes into consideration what is possible and desirable given various social and economic factors and constraints. A brokerage system would clearly fill a gap in helping people to get the services they require. However, support for such a system would have to be tempered by the need not to encourage the establishment of another professional industry oriented round its provision, as another instance of professional capture. A further consideration is that brokerage may in some circumstances become a barrier between providers and people seeking provision.

3.3.10 Consideration needs to be given to the issue of providing people with financial resources in order to help them exercise choice. In New Zealand, this system exists in a limited form, through the provision of concessions for senior citizens, for example, for the rental of telephones and the use of public transport. A more extensive system which has often been suggested is the voucher system, under which people would be provided with

vouchers to enable them to obtain the provision which best suits their needs. Already some systems oriented round vouchers operate overseas, particularly in respect of education services. Such evaluation as has been undertaken, however, indicates that the voucher system may create inequities unless operated under tight safeguards. On the one hand, the voucher system may increase choice and fairness, with attendance at certain schools no longer dependent on living within their official zones; it could also allow more provider competition, since schools would have to be more responsive and effective to attract pupils; and could offer more diversity, for example through greater provision of bilingual education. On the other hand, experience in the United States suggests that this method tends to increase social stratification, as private schools can accept vouchers and then request fees to top them up, thus providing a service which excludes those unable to pay for it, while accepting state funds to subsidise a private system. Vouchers also may bring choice only within certain defined limits : in rural areas, for example, there often are few if any options for choice. All these considerations need to be carefully assessed.

3.3.11 Finally, it must be noted that, while choice is identified as an essential principle of social provision, it is not an absolute. There are three important qualifications. First, social control may require the restriction of choice of some persons in terms of wider community interest. Second, choice must not be encouraged at the expense of an equitable distribution of services. It may be preferable for one service to be available for all, than for some people within society to have a choice of services while others have access to no service. Third, in some localities such as isolated rural areas, only one form of provision may in fact be feasible.

(ii) *Adaptability and Flexibility*

3.3.12 Social provision must be adaptable and flexible if it is to be responsive to people's needs. The Commission sees the principle of adaptability and flexibility as being advanced in three ways: subsidiarity; devolution; and the monitoring and assessment of needs. These processes enhance participation and consultation over types of provision to be made available.

3.3.13 Subsidiarity has been defined in terms of 'intermediate bodies'—such as families and voluntary bodies—having responsibility for provision where possible. One submission to the Commission which advocated this processs —that of the Commission

of Evangelisation, Justice and Development on behalf of the Catholic Diocese of Auckland, described it as follows:

> The principle of subsidiarity indicates that decisions and action be taken at the lowest appropriate level of social organisation. This would imply that in fields such as social welfare, health, education and housing greater control would be vested in the local community, which could thus give a more immediate response to local issues.

Elsewhere, the process of subsidiarity has been outlined in the following terms:[11]

> No organisation should be bigger than necessary, and nothing should be done by a larger and higher social unit than can be done effectively by a lower and smaller unit.

3.3.14 We have asked that some attention be given to the system of contracting, under which non-government bodies could be given responsibility for delivering services on behalf of the state. The feasibility of using contracting in the interests of subsidiarity could specifically be examined.

3.3.15 The process of devolution is linked to subsidiarity, involving the transfer of power and responsibility outside state bodies, to a local level. Again, we feel this concept needs to receive careful consideration. As yet, there are no examples of devolution in practice in New Zealand, and there is a need to assess how well this process might fit in with the conditions of this society. Factors to be taken into account must include local structures apropriate to take on the devolved power and responsibililty; the resources which would need to be made available to these structures; and community concern about possible domination by powerful though unrepresentative local groups.

3.3.16 Monitoring and assessment of needs, constitute mechanisms for making these needs known to policy-makers, and having them form the basis of policy for social provision. People must have the confidence that they will be listened to, and that their preferences will actually influence provision.

3.3.17 The state should take on overall responsibility for planning of social provision, through endeavouring to ascertain types of formal services most likely to enhance people's ability to achieve wellbeing, and most appropriate to supplement the social provision of families and communities; and developing standards and criteria for these services. This task should be carried out in consultation with the wider community.

3.3.18 The state should also undertake to monitor the impact of social and economic changes on all sources of social provision,

with a commitment to putting in place appropriate remedial and supportive action as required. As in the example of rural communities cited earlier, such economic and social changes may be unavoidable, but channels of support need to be adequately resourced to enable them to mitigate negative impacts which changes may bring.

3.3.19 In the course of this assessment, formal services should take the advice and guidance of local communities in determining the resources which are most likely to achieve the desired ends. An overview of the impact of government restructuring on local communities, prepared for the Commission, which identified a need for impact assessment of all similar moves, noted that:[12]

> . . . it must be remembered that it is the people themselves through their own community development efforts that will be the ultimate monitors and assessors of social wellbeing and social objectives. Structures and processes established within government will only be as effective as the participation and support they achieve, especially from the most vulnerable sections of society. Hard technical monitoring data will need the back up of the case examples, anecdotes and wisdom from the critical areas and groups affected by policy decisions in order to fully monitor the achievement or otherwise of social wellbeing. So just as integration is necessary across single function departments, so co-ordination is equally vital between the different levels of individual, group, community, tribe, town, region and central government to establish effective feedback systems.

3.3.20 Generally, all institutions in the formal services sector should operate so as to take direction in the planning of their services from the actual needs of people. For example, the focus of planning for health services must be the advancement of people's health, not ways of meeting needs of hospitals. Two factors must be taken into account in developing mechanisms to enable planning on this basis. One is that it must be acknowledged that the human community is not static, and that needs may alter rapidly. Demographic changes for example affect the needs of families and of elderly people, and formal services must ensure that they are kept sufficiently informed of these changes. The other is that the needs around which planning should be structured, must be defined in people's own terms. Thus, the needs of sole parent families should be approached in the context, not of 'helping broken families', but of supporting different types of families in making the best use of their options, or extending the range of options open to them.

3.3.21 The types of mechanisms to facilitate such consultation, need to be carefully considered. In keeping with the principle of subsidiarity, greater use could be made of locally elected bodies, such as school committees. However, people must be confident these structures will have power.

(iii) *Co-ordination*

3.3.22 Social provision requires co-ordination. We define 'co-ordination' in terms of the avoidance of unnecessary gaps in, or duplication of, provision, in order to achieve an efficient and effective service. The implementation of co-ordination does not mean the absence of choice through allocating to each agent of provision precise responsibility for a specific task. Rather, it would result in a system which avoided both undersupply and oversupply of provision so that a full range of needs could be met without confusion or wastage of resources.

3.3.23 We consider that the state must take responsibility for ensuring that co-ordination is achieved, in accordance with its having essential responsibility for facilitating an equitable distribution of resources and ensuring that the best use is made of these.

3.3.24 Co-ordination is required at the point of delivery of services, so that people seeking provision for a single area or related areas of need, are not required to make continual applications to different channels offering fragments of the provision they require. Co-ordination at this level must be recognised as a manifestation of co-ordination at the level of planning of provision. We consider that priority should be given to establishing co-ordination in planning. This requires co-ordination of existing state agencies of provision, since responsibility for planning is a component of the state's role in provision.

3.3.25 We have received from the Administrative Review Committee on Performance and Efficiency in the Department of Social Welfare, a recommendation that the Commission consider the creation of a Department of Community Services responsible for all community social services currently administered by the Departments of Social Welfare, Health, Justice, Maori Affairs, Internal Affairs, and (possibly) Labour, and by the Accident Compensation Corporation and the Housing Corporation of New Zealand. The Review Committee states that the Department of Community Services would offer an organisational option which would:[13]

– Improve co-ordination of various community services

- Avoid overlap and gaps between current departmental community programmes (and between various community committees)
- Provide a consistent approach to resourcing community service options.

3.3.26 The Review Committee notes that, with regard to the Department of Social Welfare, such an approach would require a split of the current departmental operation into community services and income maintenance, and states:[14]

> Because of the connection between these two areas and between a potential Community Services Department and services in the health and education areas, we suggest the Royal Commission may wish to consider whether a form of overall social services 'Ministry' is required.

3.3.27 We consider that these proposals for a Department of Community Services and a Social Services Ministry warrant detailed investigation. We suggest this needs to be undertaken within the context of a careful assessment of the roles of central and local government.

(iv) *Accountability*

3.3.28 We have noted above that monitoring and impact assessment are required to provide input into decisions about provision so this is more responsive to people's needs. However, evaluation is also required so that an assessment can be made of the extent to which provision has in fact succeeded in meeting people's needs.

3.3.29 Thus, the principle of accountability should help guide social provision. So far, accountability has been dealt with in New Zealand largely in terms of a non-government organisation's accountability for use of government funds as public money, to ensure this has been used towards the ends for which it was granted. Accountability of formal services must however be to the people whom these are deemed to serve. Thus, it must involve input from people as to their satisfaction with help provided. The state should, as part of its role of regulating services, have overall responsibility for seeing this is done. However, this system should extend to state provision also, with state agencies being required to be answerable to the public for the quality of the services they provide.

4 Conclusions

4.1 We have identified the promotion of social wellbeing as the goal of social policy, and noted that this goal requires social policy to be oriented round meeting the needs of people. In keeping with this, social provision must be readily accessible and available, and delivered in a manner which is satisfying and appropriate. The fulfilment of these aims meets objectives for all members of society to develop their potential, and participate within society.

4.2 We have identified 2 factors as necessary to enable social provision to achieve these aims. The first is that the allocation of responsibility for social provision must be appropriate. In our view, an appropriate allocation of responsibility requires that the state take overall responsibility for ensuring that provision is in place, in the interests of equity and efficiency. Of all channels of social provision in New Zealand, only the state can facilitate an equitable distribution of provision, and can ensure that the best use is made of resources.

4.3 However, the fact that New Zealand has a variety of channels of social provision must be recognised. While recommending that the state accept essential responsibility for social provision, we are not suggesting a state monopoly on the supply of provision. Other channels of provision—kin, communities, religious and voluntary organisations, employment-based provision, private sector provision, and Maori delivery systems—must be recognised as partners with the state, undertaking complementary roles. This kind of partnership in provision is required to ensure that provision is responsive to the diversity of needs within New Zealand society, so that its pluralism can be both protected, and enhanced.

4.4 The second factor which we have identified, is that social provision should operate within a framework of the following principles: choice, adaptability and flexibility, co-ordination, and accountability. If the development of social provision is guided by these principles, meeting the needs of people would be paramount, rather than a concern with organisations, structure or process.

4.5 While proposing these directions for social provision, we have not attempted to develop precise recommendations about mechanisms for putting them in place. We have focused attention at this time on the issues we consider fundamental to the development of effective social provision. In consideration of the future of social policy, it is important that these remain central to the debate.

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POLICY DEVELOPMENT: ASSESSMENT AND MONITORING

POLICY DEVELOPMENT: ASSESSMENT AND MONITORING

Overview

This part of the Royal Commission's report explores a number of aspects of policy development, implementation and monitoring at both national and local levels. It is the final paper in the volume *Future Directions* because it draws together themes which have arisen in earlier papers concerned, for instance, with social well-being and social provision. As with all the Commission's deliberations, this paper reflects the commitment to partnership in decision-making established in the Treaty of Waitangi. It gives examples of the understandings held by Maori about appropriate processes for policy making.

The discussion deliberately begins with the issue of public participation because the Commission has concluded that this, together with the assessment and monitoring of social policy, is a key issue which should receive concerted attention in the immediate future. Part One of the paper explores a variety of aspects of public participation in policy making—it establishes some criteria for effective consultation and introduces 3 themes: participation, transparency and representativeness. Ways to increase public participation in the future are considered in the final section entitled *New Directions.*

In Part Two the Commission considers the assessment and monitoring of social policies. Credible information about social concerns and the impacts of policies and programmes is vital if policy makers are to be accountable for their decisions *and* if they and the public are to have the feedback necessary to review and improve social policies effectively.

The paper moves through a discussion of aspects of the social impacts of policies, policy analysis and official statistics. In conclusion, a series of principles for assessment and monitoring are identified.

Part One: Public Participation

> A democracy is a political system in which the opportunity to participate in decisions is widely shared among all adult citizens. *Dahl, p. 8*

> I would dearly love to have everybody sit down and talk over a subject and the consensus of opinion which is arrived at to be the course of action followed. I would like everybody to receive the opportunity to participate on an equal basis. *Hemi, quoted in* Levine and Vasil, *p. 23*

> Decision-making needs input from ordinary New Zealanders who can identify with those who live at the margins of society. *Submission 553*

Concerns about public participation in policy making have been a prominent part of the Royal Commission's work. An earlier section of this report dealt extensively with the call for 'Voice' which rang through the public submissions. This part of the report looks more closely at the implications that call has for public policy making as it is at present.

I Creating Effective Democracy

This section provides a background to the issue of public participation by reference to some recent writing in the area and to what the submissions said. It then attempts to identify the components and processes for an effective democracy which involves the participation of an informed community. The 3 themes of participation; transparency and representativeness are discussed. The final part focuses on the critical role of intermediate organisations in the search for effective democracy.

1 The Context for Public Participation

It has already been noted on many occasions that a theme running through the submissions to the Royal Commission was the need for central government policy makers to consult widely and genuinely with local people. Overall, a strong desire to move further towards a participatory democracy is evident:

> . . . New Zealand should be a co-operative society, organised to maximise participation of all individuals and all sectors. *Submission 222, p. 3*

The Commission's own Terms of Reference require it to have regard to 'dignity and self-determination' and 'democracy based on freedom and equal rights' as well as the 'collective responsibility of our society for its members'.

New Zealanders are not unique or unusual in their calls for a greater say in decision-making. Bates (1983) refers to a 'quantum growth' in public participation in western industrialised societies. She notes that our theory of the ideal democracy, in which the elected representatives are such a microcosm of society that the citizens have no need to form interest groups to have their say,

ignores the heterogeneity and wide differences in the values of the various groups in modern society:

> Instead, representatives are like some and unlike others in the community; they share the values of some groups and not others; they have less or more technical knowledge about issues than some of their electors; they disagree among themselves. They must decide between competing and opposing interest groups and when they act in what they believe to be 'the best interests' of the public, a large section of the public will not agree with the decisions so made and will indeed believe such decisions are in their worst interests. *Bates, 1983, pp. 10–11*

As far as Bates is concerned, public participation has become so generally endorsed, the issue now is *how* to develop it, not *whether* to develop it. The Royal Commission too begins from this standpoint. In doing so, it recognises that creating an effective democracy through enhanced public participation is a complex matter, and a goal not easily achieved. It believes that a start can be made, however, by looking more closely at some of the component parts and necessary processes.

What must be kept in mind, though, is that there is uncertainty at present about how widespread the desire for a greater voice is. Nevertheless:

> . . . the principle of empowerment should be articulated as a fundamental tenet of social policy . . . An empowering approach to social policy has the intrinsic appeal of being just, and is in line with current public sentiment.
>
> It is also likely to have positive social wellbeing benefits in its own right, since such participation in important matters leads to an enhanced sense of self-efficacy and self-worth on the part of all those involved.
>
> *Submission 3571, p. 1–2*

Bates has summarised the current situation in her statement of 4 principles:

1. Participation is a value held by most theorists of democracy;
2. In any society only a few people are active participators, and they are unrepresentative of the population;
3. Public participation will not necessarily be a force for change but may be a mobilisation of forces from both left and right; and
4. Administrative agencies use participation for their own ends.

2 The Elements of Participatory Democracy

Three themes underlying effective democracy are:

participation (whereby people have the opportunity to have a genuine say if they so wish)

transparency (whereby people are told how, when and where decisions are being made) and,

representativeness (whereby it is ensured that the people who do get to influence the decisions are representative of the community).

2.1 *Participation*

Submissions to the Royal Commission indicate that individuals and groups are willing to take a more active and on-going role in policy making than is required of them by simply voting every few years. The type of participation called for ranges from simple requests to 'be heard' to demands for the direct allocation of resources and the freedom to dispose of them as the group sees fit. The notes from a transcript of a meeting of Maori women in Kaikohe illustrate this latter position:

> The burning question for this group of women was power sharing and they saw this in terms of resources and institutions acknowledging them as Maori people . . . They believed that the money should be handed over and let the group get on with it. According to them the Pakeha system does not work and the women resented that the Courts are using them to do the community care unpaid. *Submission 560, p. 2*

What is also clear is that many submissions are demanding more than simply consultation. In fact, many people were disillusioned by extensive consultation processes which had little or no visible effect on policy outcomes:

> The FOL/CSU are concerned about the consultation exercises in the last three years, which have sometimes had the effect of making people feel cynical and powerless because the individuals, groups and organisations which participate have little or no power to determine the outcome. *Submission 222, p. 11*

Another submission echoed the view of many that:

> Sometimes token or inappropriate consultation is worse than no consultation. *Submission 3800, p. 4*

The Royal Commission's own experience with public consultation in the course of its work is instructive. Commissioners found that many people were initially cynical about the Royal Commission's establishment and suspicious of both the people appointed to it and the likelihood of its views being taken notice of by policy makers. The latter position was largely based on peoples' feeling of being 'over-consulted' in the past, with no visible impact on the decisions made.

Much community consultation involves limited public participation in decision making and relies on a passive rather than an active community. One submission to the Royal Commission analysed these distinctions, presenting a model which saw community participation ranging from a state in which the community was largely silent in its input, through various forms of 'consultation' such as answering requests for information and making submissions, to the more active involvement of developing autonomy, persuading and ultimately having delegated power (Submission 3800).

To achieve the goal of effective public participation in decision making the consultation process should fulfil the following criteria:

- first, the alternative options for the policy should be laid before the relevant members of the public;
- next, the views of the public should be actively sought and actually valued and accordingly should be taken into account before the decision is made; and
- finally, the public should then receive feedback on what decision was made and why.

Clearly, achieving these criteria for effective public participation in decision-making will require substantial education not only of officials and elected representatives but also of the public, in how to participate effectively.

It follows that processes should be developed which ensure genuine public participation and monitor its effectiveness. It also needs to be emphasised that perceptions within the community that consultation results in officials and elected representatives exercising their authority as they would have done anyway only increase feelings of alienation and disillusionment amongst citizens. The Royal Commission agrees that:

> It seems fairly clear that without a genuine devolution of power and full commitment to regionalisation, community participation is almost inevitably doomed to failure. *Bates, p. 55*

Summing up at this point, the Commission concludes that the following principles should underlie public participation in decision-making:

1 The structures of government should be designed so as to maximise and encourage participation;
2 Public participation should be part of the regular decision-making processes of government;
3 Participation in decision-making is time consuming and has implications for the speed with which decisions can be made;
4 Participation can take many forms—an interested and active listener is participating, so is someone who attends a meeting and says nothing;
5 Participation should not be compulsory—whether or not one exercises one's right to have a voice should be a free choice.

2.2 *Transparency*

A particular difficulty facing those who wish to have greater voice at present is finding out how, when, and on what basis, policy decisions are made. For instance,in its submission to the Royal Commission, the Department of Internal Affairs stated that:

> . . . the level of accountability faced by [local authorities] is not as high as it should be. *Submission 4274, p. 31*

Among the reasons advanced for this state of affairs were:

– the public is ignorant of and apathetic towards the operation of local authorities
– the structures of local bureaucracies effectively discourage public access to decision-making.

The Department of Internal Affairs noted, however, that the recently enacted Local Government Official Information and Meetings Act 1987 would mean greater public access to information about local authority activities and decisions. While this provided the potential for greater accountability on the part of local authorities, 'the realisation of this potential will depend on sufficient interest and concern within the community.' (p. 37)

Access to information is therefore a key aspect of increasing public participation in decision-making. A number of submissions dealt with the way in which community groups have to conduct their own research in order to have a voice and this can be time-consuming and costly:

> Another problem community groups experience is that their day-to-day knowledge of problems is anecdotal so when they are putting a case forward or applying for funding their experience is often met with scepticism. There is no money available to back up their case or application with research. *Submission 3982, p. 1*

A number of submissions called for the establishment of some sort of database or clearing house of information about social trends:

> One disadvantage suffered by all is the lack of coherently packaged data (about New Zealand's existing social programmes) on which to base judgements for the future. There is, therefore, an urgent need to establish a reliable data base for evaluation and research providing information on which to make decisions. This should be the responsibility of government, perhaps delegated to a university to carry out. This information should be made available to any wishing to make use of it.
>
> *Submission 3005, p. 7*

The Taskforce on Regionalisation of Government Administration in New South Wales adopted the 'basic premise that every individual affected by decisions taken directly or indirectly to achieve changes in their lives should have the following rights:

- to know of those decisions in terms of when, where and how they are being taken;
- to be informed of the policy and resource issues involved in taking those decisions; and
- to influence the direction of those decisions.'

(Quoted by Bates, p. 22)

In association with these principles, the Royal Commission would emphasise the fundamental importance in our society of the principles underlying the Official Information Act. These require that the public's right to information should be safeguarded and enforced, and that the public should have the opportunity to challenge the quality of the information given to it. The public must also be adequately informed about where they may obtain the information. The provisions of the Official Information Act should be promulgated more widely.

The Commission has focused specific attention on election manifestos as an example of the issue of transparency. The ability

to know what those who are seeking to become elected representatives of the community stand for is fundamental to an efficient democracy. New Zealand's national politics are dominated by two political parties, Labour and National. As a consequence, there are limits to genuine choice that the electoral process can offer electors, and this places an immense public responsibility on both of these two politicial parties to adequately document their policies, priorities and underlying values and principles, before election day. It is only when there is on public record the known intentions of the elected, that the voice of all electors can effectively have value, and later assessment be made of the elected, their promises and achievements.

2.3 *Representativeness*

The difficulty of achieving true representativeness through the ballot box in a complex modern society was referred to earlier. As Schattsneider put it:

> . . . the flaw in the pluralist heaven is that the heavenly chorus sings with a strong upper class accent. *Schattsneider, p. 35*

The representativeness of both elected members and the bureaucracy of central government has been raised for many years. Few women and Maori hold positions above middle management level, and this undoubtedly has consequences for the values and perspectives held by decision-makers.

The Royal Commission noted in its paper on the Treaty of Waitangi that Maori representation on decision-making bodies depends at present on either election through the democratic process or appointment by the Government or other authorities. Submissions to the Royal Commission did not consider either option appropriate to Maori procedural methods. Of particular concern was the appointment of individual advisors or representatives without prior consultation with Maori authorities. Suggestions are made in Section 3 as to how this might be resolved in future.

Examples of how the problem of representativeness arises in a number of diverse cases were presented in submissions to the Royal Commission. An individual submission from Kaikohe said the danger in the devolution of decision-making to the community was that the same people would be selected for the community committees (Submission 555). Another, from a group of youth and community workers, referred to committee members as:

> (I) 'professional' committee sitters (II) not committed to empowering the target groups but expecting to tell the target groups what they need. (III) already on other committees where there is a conflict of interest. (IV) are not accountable to the target groups. (V) unable to handle effectively the power which has been devolved to them.
>
> *Submission 3982, p. 2*

Other submissions talked about the over- and under-representation of particular groups in the community. Submission 3557, for instance, noted that voluntary organisations may be no more representative of their communities than other policy making and service provision bodies. The authors' experience in establishing a new voluntary service was that:

> . . . although every attempt was made to recuit a broad spectrum of volunteers, those who trained as mediators were still over-representative of white middle-class society. *Submission 3557, p. 6*

The non-representativeness of present Maori advisory bodies concerned another person who made a submission advocating a 'direct relationship between iwi authorities and the Government.' (Submission 3348, p. 1)

The Department of Internal Affairs submitted that:

> Candidates for election to these [local] authorities . . . tend to come from a narrow stratum of society, quite often representing the dominant power elites of commerce, agriculture (in rural areas), and the professions. The representation of Maori, women's, ethnic minority, and working class views and interests is, in most cases, low. The result is a situation which favours conservatism and a resistance to the adoption of measures that have the potential to increase the wellbeing of the communities' diverse membership. *Submission 4274, p. 31*

3 The Role of Intermediate Organisations

The social policy literature available to the Royal Commission has emphasised the importance of voluntary and local associations. This viewpoint was put most succinctly by Dr Bruce Hucker in a recent article:

> A healthy society is characterised by a wide variety of intermediate institutions (families voluntary associations, neighbourhoods and sub-cultures) freely flourishing between the individual and the state.
>
> *New Zealand Herald, 16 October 1987, Section 1, p. 8*

In his paper for the Royal Commission *The State, Society and Social Policy,* Dr Hucker elaborated on this view. He saw it as very important for democracy that dissent is 'institutionalised', thus providing 'checks and balances to restrain the operation of political power' (p. 38). Encouraging the 'collective voice of the powerless' was, he argued, the way the state kept itself honest. In this view, intermediary bodies become the channels through which the state achieves democracy and reaches the public.

Many of the submissions received, implicitly and explicitly, placed central importance on such intermediate organisations and wanted to see them encouraged and strengthened:

> Funding for Pacific Island services should be allocated to a local Pacific Island group. Such a group, with extensive knowledge of local networks, would markedly increase the efficiency and effectiveness of current services. This efficiency would occur from cultural knowledge and reduction of unnecessary problems of misunderstanding, as well as being more cost effective in being able to make use of culturally based voluntary and informal networks. *Submission 2612, p. 7*

The submission of the Roman Catholic Archdiocese of Wellington propounded the view that:

> . . . any suppression or discouragement of the voluntary spirit by interference, or the very weight of governmental welfare machinery, will result in citizens becoming ever more dependent on the State, both materially and psychologically. On the other hand policies of non-intervention in a laissez-faire situation can damage, or destroy, that voluntary spirit with the sheer weight of responsibility, lack of available resources, and inadequacies in co-ordinated planning necessary to balance inequalities through private or voluntary efforts. *Submission 2541, p. 26*

The Royal Commission endorses the view that such intermediate organisations are a way not only of enhancing public participation in decision-making, but also of achieving equity and efficiency in social policy. It notes that the sociological literature in this field recognises the crucial importance of such 'mediating structures' between the private individual and the large institutions of modern society.

Peter Berger has argued that once this principle is accepted two propositions are possible. First, public policy should protect and foster mediating structures and second, wherever possible public policy should utilise these mediating structures as its agents. He notes that while the first is a minimalist position and the second, a maximalist, they are not necessarily in conflict. He concludes:

> Our proposition is that voluntarism should be encouraged, not hampered, by public policy. *Berger, 1977, p. 139*

Berger commented that:

> Public policy, especially in education, has tended to be indifferent if not hostile to the racial, ethnic and religious diversity of American society. *Berger, 1977, p. 139*

This is strongly reminiscent of the views expressed about New Zealand society in the submissions to the Royal Commission.

Public or community participation should not be construed as referring only to participation by groups in particular geographical locations. It also includes communities of interest and mediating organisations may well be formed from such communities. Sometimes they will be of short-term duration and sometimes ongoing.

This section has described the context for the Royal Commission's consideration of the issue of public participation, both in terms of the calls made in submissions and in the relevant literature. The Commission has established 5 principles for effective public participation. It has also noted that those who make the decisions must be representative of the community and the community must be informed about when, where and how the decisions will be made. The next section of this paper contrasts these principles with the reality of policy formation in New Zealand at present.

II Policy Formation

The democratic process in New Zealand has involved each adult New Zealander with citizenship and voting rights in exercising his or her choice of a representative to sit in Parliament and make decisions about how the country should be run. The representatives who make up the government of the day are there because New Zealanders have agreed that they should, for a term, be keepers of the power entrusted to them by the wider community, to decide and act on behalf of the community. While local authorities have power (defined by central government) to make decisions and raise revenue for some defined purposes, only central government can tax all citizens for the general purposes of our society.

Resources and decision-making for social policy in New Zealand are largely concentrated in the hands of central government. It is nonetheless true that in taking decisions Ministers must, in dealing with the multiple and ever more complex business of their portfolios, depend to a great extent on the advice and information provided by their supporting departments. The combination of power and expertise is formidable, to the point where the wider community is clearly looking for checks and balances that will enable it to have more influence on policy in between periodic elections.

And it is to departments and other government agencies that individuals and groups from the community look for information and a way to influence the policy-making process. This section of the paper, therefore, looks at how policy is developed in the central government machine, and more briefly at the comparable processes in local government, some voluntary (mediating) organisations, and the private sector, to identify particular features that support or impede the three principles of participation, transparency, and representativeness.

1 Policy Development in Central Government

What follows is a brief generalised account of the policy development process in central government: (i)In the major 'social departments' the policy development processes are tied to budgetary cycle and resource allocation, which absorb a great deal of departmental time and energies. There is likely to be little resource left over for longer-term planning of policy objectives that is not associated with forward financial forecasts. (The recent tendency for the demands of the budgetary/expenditure review cycle to change year by year is reflected in uncertainties for departments and their clients about the continuity of programmes and priorities.) (ii)'New policy' proposals are typically generated in Head Offices and stem from perceptions of 'programme' sections that some government action and expenditure is appropriate. These programme sections would be expected to monitor trends and developments in their particular areas, to be in touch with expert and professional groups outside the department and/or with interested voluntary groups. The impetus for their action might come also from any one or more of these sources. Or it might (as in the case of certain Department of Labour employment programmes in recent years) be the result of direct Ministerial instruction.

Policy has traditionally been the business of Head Offices, which must work closely with the Government, and this has been reinforced by budgetary processes which make it necessary (except in the case of emergency or very important matters) to identify 'compensatory savings' against which new policy or programmes can be matched. (Note that Social Welfare is making efforts to give a clear run to policy proposals from District Offices that relate to local needs or conditions; but even where policy comes directly from a community approach it is likely that there will be extensive discussion with Head Office before papers are drafted.) (iii) Within departments, new policy proposals typically have to satisfy a number of different sets of considerations before an appropriate package of expenditure proposals can be finalised for the responsible Minister. There are minor departmental variations in the mechanisms involved, which usually, however, include meetings and negotiations through, for instance, policy groups and senior management

groups. The considerations that are brought to bear will, for example, include:

- perceptions of 'workability' at the delivery interface
- interests of Head Office directors in their programmes' viability
- perceptions of policy sections about departmental policy and funding priorities
- senior management balancing of proposals and the political and financial constraints likely to come into play
- professional pride in the production of a tight, well presented, justified and consistent package.

(iv) The opportunities for inter-departmental co-ordination of social programme development do not at present appear to be great; former senior inter-departmental committee arrangements parallelling Cabinet Committees were disbanded, and there has been no formal replacement, though the new Social Equity task groups may take on some of the role. (We note the occasional meetings called by the current Chairman of the Cabinet Social Equity Committee, and the informal meetings of social department heads which have recently been convened by a State Services Commissioner.) At the working or programme level of policy development there are a very few loose meeting arrangements that we are aware of, and of course individuals have their own networks; in the case of important policy initiatives, there may also be special meetings convened by the Treasury or the departments most concerned; it does appear however that departments are pretty well channelled to their own sectorial policy tasks—and this can be expected to intensify after 1 April 1988. (v) From departments, 'packaged' proposals will be directed initially to Ministers responsible, then to the Minister of Finance and the Treasury, and possibly to the Minister of State Services and the State Services Commission. The Minister is likely to discuss significant new policy with colleagues, often before submitting it for Cabinet consideration, and may well modify the total expenditure package from a department. (vi) At the same time that Ministers are considering new policy proposals these will also be the subject of study and report by the 'control' departments, the Treasury and (where personnel, management and machinery of government matters are involved) the State Services Commission. These 2 bodies, and particularly the Treasury, can and do exercise considerable influence on the shape of proposals.

(vii) Cabinet consideration may well include referral to a committee:

- Cabinet Policy Committee has in the recent past usually dealt with proposals involving major new expenditure directions, or where an urgent allocation is required outside of the annual expenditure round; and
- Cabinet Social Equity Committee set up by the new Labour Government in 1984 has been the body to which social policy departments expect to work.

The picture that emerges from this account is of a very institutionalised process, that is closely tied to the budget calendar, and leaves little room or time for extending consultation beyond known channels. Of course there have been longer-term exercises, or ones that stepped outside the pattern. The Curriculum Development Review is one recent example to which considerable resources were devoted both by the Department of Education and by the schools and teaching staff who carried it out to parents.

In general there appears to be little consultation with the wider community that is followed up with visible results. The question was raised with the Commission as to how real consultation outside departments can in fact be made at the present time. The Commission also noted the discomfort of some groups who felt they were being used pro forma to legitimise policy change that is being decided elsewhere.

There remains, nevertheless, a strong desire for a greater community role, despite the difficulties:

> Defining effective ways for government and the community to join forces to create social policy is likely to remain difficult. For each to participate jointly in policy formulation and implementation is not an easy task. Often the community itself is a reluctant participant. Or sometimes a community pressure group makes proposals to government which it is unable to take on board. More often government bureaucrats in both central and local sectors do not see the need to involve their community client. It it the need to involve the community which has to be accepted as a standard management practice. *Puketapu, 1988, p. 30*

There is, not surprisingly, much more use made of mediating organisations in the policy development process, particularly where these organisations have technical or professional expertise to offer.

There has been more attention in recent years to the representativeness of the central bureaucracy: equal opportunity programmes to increase the employment of Maori, Pacific Island and disabled

people, the voice of women in management, and now awareness of Maori cultural traditions, all recognise that the central machine has been far from being a mirror of the client groups it serves.

2 Policy Development in Local Government

The term 'local government' covers a great diversity of territorial bodies and special purpose authorities that ranges from the Auckland Regional Authority, other regional and united councils, through city, borough and county councils, to catchment, river and drainage boards, education, area health and hospital boards, harbour, power, and pest destruction boards, licensing trusts, Regional Employment and Access Councils, and many others, which have powers to raise taxes, spend public money, or otherwise regulate the activities of people within their defined geographical area.

All these bodies have impacts on the community, which will vary with their purposes and their size. Their importance in terms of social policy will vary accordingly.

It is evident from submissions made by many local bodies, however, that they see themselves as having particular advantages in that they are closer to the community than central government, can be more directly informed of what is going on, and are better placed to co-ordinate the provision of many social services.

> Local and regional government has the potential to allow greater participation in, and control of, the development and implementation of policy by individuals and community groups than can be achieved by central government. Enabling each community through its local or regional authority, to determine strategies for meeting its needs and priorities should facilitate community and social diversity. Further, this policy of self-determination should realise a more efficient use of resources.
>
> *Submission 4274, p. 28*

Against this are set other submissions from individuals and groups in the community who have concerns about the representativeness of many elected territorial authorities and their concentration on the provision of public works, with implications for their capacity to handle social policy, and particularly, equity questions. For all the dedication, experience and work capacity that the local body representatives (typically male, middle-class, middle-aged, business-oriented and Pakeha) bring to their duties, it is pointed out that they are likely to have little contact with the specific concerns

of women, Maori and other groups which are seeking greater inputs into social policy today. We come back to these points in Section 3.

The processes of decision-making that are typical in local authorities, of course, also have implications for their capacity to contribute to social policy development. As in central government, though on a different scale, policy development in local government was described to the Commission as being closely tied to the allocation of resources and the annual budgeting exercise. If any social services are in question, then funding will be the determinant.

There appears to be a critical population base that enables a borough or town council, for example, to afford to employ staff to undertake 'community development' or welfare work in its area. Some of the larger urban councils make significant provision for services, but it was suggested to the Commission that an authority covering less than about 12–14,000 people does not have the rating base required.

It has been pointed out to the Commission, moreover, that the structures and mode of operation of most local authorities have the effect of discouraging public access to decision-making; and that it is a common view of elected local representatives that they have been elected to 'get on with the job' (usually of providing the traditional services) without further need to be accessible to the public. It is claimed that local government has a poor image with the public, who tend to feel that it is not worth the effort to make an input at that level.

The relationship of local government and central government has been described to the Commission as one of 'historical mistrust'. The agenda for reform of local government which is at present being discussed carries several messages for local government, not all of which are being gladly received. If more (in the social provision area) is to be required of local government, then they are concerned about their ability to carry the financial burdens from locally raised revenue. The possibility of obtaining some share of central government funding will be an important issue for them. And while the amalgamation of smaller authorities and incorporation of special purpose bodies makes sense for several reasons, such moves will add to pressures on territorial authority business; they will also involve taking decision-making power from people used to having the status conferred by office and 'expertise'.

3 Policy Formation and the Voluntary Sector

The Terms of Reference of the Commission acknowledge the vital role played by voluntary organisations. Whether in a welfare state or a market-dominated society, the role of voluntary work is vital, because it encourages and facilitates participation, and because it provides a questioning tension in the social services of the public sector.

In a paper *Policy and Action in Voluntary Organisations,* prepared for the Royal Commission by Peter Darracott, it is pointed out by Darracott that policy is handled differently by different groups in what is loosely termed the 'voluntary sector'. He does however go on to identify some common features of voluntary organisations which influence the policy process.

In Darracott's account, voluntary organisations' governing bodies are central to their policy formation processes. Most of these governing bodies will see their role as 'co-ordinating a widely based participatory process of policy development and being responsible for the formal approval of the policies which emerge.' (p. 1) The basis of voluntary organisations is, of course, their membership—it is members who are the final authority and the link with the wider community.

Voluntary organisations take root and grow as people identify with their response to perceived needs; members develop a sense of ownership. Success can, of course, bring its own pressures and may lead members and volunteers to focus on fundraising, while an elite group deals with policy, and employed professional staff play an increasing role in policy and service provision. Darracott sees voluntary organisations as potentially vulnerable:

> For many organisations the absence of a sound financial base makes policy development and forward planning a more tentative exercise. This uncertainty increases the impact of government policy, the economic climate and changing social circumstances in the community on the policy and services of voluntary organisations. *Darracott, 1988, p. 4*

Another view of the relationships between government and non-government organisations is given in the July 1987 report of the Ministerial Taskforce on Social Welfare Services, p. 50:

At present the non-government sector is of the view that the relationship is not working well. Submissions to the Task Force, and research commissioned by us, indicate that agencies are dissatisfied with their present relationship with central government. Particular aspects criticised were:

- the unequal distribution of power in the relationship
- lack of information from or consultation with government
- difficulties in obtaining funds from government.

4 Policy and the Private Sector

The private sector has a significant impact on the social context of community activity—it is a corresponding force in the development of policy in a number of important areas, such as labour and employment, goods and services provision, financial markets, and environmental and natural resources protection. It will, in general, be mindful of its own profit-making priorities, and will seek to maintain opportunities for these as policy is developed.

In its turn, of course, the private sector has to operate within the same social context, and according to the standards and values generally accepted by the community. The government for its part intervenes largely as a regulator of private sector activity, to set standards, monitor their observance, and provide, for instance, licences to operate in certain areas over which closer supervision is held to be desirable.

Private sector activity is then bounded by law, regulation and commercial standards set in accordance with community values. For example, social values are reflected in minimum conditions of work both in legislation and in the example set by the state as an employer to provide, for instance, stability of earnings and the health and safety provisions which ensure employers meet some of the social costs of their business. Community views are also reflected in fair trading legislation, subsidies, taxes and consumer protection legislation, as well as in direct provision of goods and services for which social values prevent us accepting the 'market' outcome—that unequal income would lead to unequal access.

Other examples of limitations placed on market activity can be found in the environmental area, where government is expected to safeguard longer term conservation of natural resources and the interests of future generations.

Apart from this framework of standard and regulation, the private sector is seen as being far from open in terms of public participation. Circumstances will determine where this is likely to cause conflict with community values: one topical example drawn to the Commission's attention is that of the State Owned Enterprises—and the inaccessability of information about the use of their assets which are widely regarded as still being, ultimately, in public ownership.

The Commission is of the view that there are times when the public has a strong case for being consulted, and that the private sector must accept a certain accountability to the community wherever the community is involved—either explicitly or implicitly—in endorsing private sector activities.

5 Accountability

For effective accountability to be achieved, the community must be able to see how policies and services are responding to its diverse needs and values. In all this the central government machine is clearly a dominant player; accountability for its activities, both internal and external, has become a focus of community concern.

Within the sort of policy development processes described in previous sections, there are thrusts of accountability in two directions, both *inwards* (and upwards) as in most of the organisations concerned, and *outwards* (and downwards) to clients and the wider community.

Accountability requirements which are focused inwards and upwards are typical of our central and local government bureaucracies, and indeed of any body that needs to justify and account for public funds required or used, in order to secure continued funding from a national disbursement point or a Head Office, and ultimately from central government.

Accountability *outwards* (and downwards) is a more diffuse concept, unless there is a direct link through election (as with central and local government representatives) or appointment (as with the board of directors or the council of a voluntary agency).

The accountability of public service departments and agencies, for example, is in constitutional terms clearly upwards to Ministers, and through them to Parliament. Senior management within each organisation is focused on servicing Ministers; the internal focus of

the organisation is inevitably inwards and upwards to support senior managers in these requirements.

Recent developments in the public sector have very much concentrated on tightening up not only the organisational framework for individual tasks, but also the internal processes by which their vertical accountability is assured. Requirements for corporate planning, clarification of objectives, better management (and particularly financial management) information, the search for better measures of qualitative performance and outputs, and new guidelines for annual reporting to Parliament which match up forward planning with end-of-year results and outputs, are all designed to make the operations of the public service more comprehensible and explicit for:

- Ministers and the Government;
- Parliament; and
- the general public.

But the reality of these operations will be more complex than, and will remain masked by, the transparency of corporate plans and reported results.

Accountability to the wider community is theoretically upwards and out through Parliament (via Ministers); in practice this is limited by the opportunities available to Parliamentarians to seek information—usually in the form of Questions in the House, or during Select Committee business.

And in all of the departments which have substantial dealings with the public, there are also constant and more direct reminders of the wider accountability, the requirement to serve and to satisfy the needs of the client community.

There can be a certain tension between the two thrusts of accountability, particularly at the middle and lower levels of an organisation where daily work is oriented to provision of services.

In the perception of the general public, moreover, public servants are major players in social policy who often appear to stand between community needs and their satisfaction. Submissions to the Royal Commission clearly would like some more direct means of calling officials to account.

In submissions and consulations it has been suggested variously that local government is likely to be more accountable because it is closer to the communities it serves, and less accountable because it is seldom truly representative of these communities and because its

reporting mechanisms are poorly developed. Local government officials dealing with community social concerns are held to be particularly prone to 'capture' by their client groups, though as employees they will be accountable to their elected employers in terms of the budgetary outlay for their work.

In contrast to this, it has been drawn to the Commission's attention that one of the most striking characteristics of voluntary organisations is the essence of their 'ownership' by the people who make up their memberships, and who contribute energies and time to achieve desired results. From this follows the closeness and directness of accountability links outward and downward to members, clients and the general public. As some voluntary groups have grown, however, and formed national networks, established central headquarters, and acquired permanent staffs:

> new interest in the evaluation of services and the accountability of organisations has prompted many voluntary organisations . . . to improve the relationship between their philosophy and policy and the day-to-day practice in their organisation. *Darracott, p. 5*

The Commission has looked at 2 striking examples of the force of community participation directed to specific social purposes—the Kohanga Reo and Women's Refuge movements. (Accounts of policy development processes in these two movements were provided in papers prepared for the Royal Commission). Both have very definitely 'worked' for the groups whose needs they addressed, but their success makes them vulnerable.

In each the initial impetus came from groups within the community; each arose from strong feelings that 'the system' was not delivering in areas vital to the groups concerned—the fostering of language to preserve Maori cultural identity and life, and the protection of women and children from domestic violence. Both movements were set up to be directly and very closely accountable to the base memberships. Following intensive lobbying, which was successful in obtaining government funding to expand and build national networks, to pay part-time and then full-time staff of their choice, both movements are now moving towards different types of relationships within their organisation, which seem likely to require additional effort to maintain the direct accountability links with members.

6 Information and Access

A very important component of the accountability process is, of course, *information*. Information is power:

> New Zealand is a small country. The Government has a pervasive involvement in our every day national life. This involvement is not only felt, but is also sought, by New Zealanders, who have tended to view successive governments as their agents, and have expected them to act as such. . . . History and circumstances give New Zealanders special reason for wanting to know what their government is doing and why.
>
> *Committee on Official Information,* Towards Open Government, *1980, p. 14*

There is no doubt that the central government machine holds the major part of information about our population, and the existing programmes set up to help meet their social needs. And at the same time it holds much of the 'expertise' that can draw on this information, analyse it and use it to illuminate policy development.

The Official Information Act 1982 established the presumption that official information shall be publicly available unless there is good reason to the contrary—and the Act specifies the exceptions. For instance, 'advice to the Minister' is one of the exceptions more frequently invoked to withhold policy development or research material. Though the Act has undoubtedly made access to information held in central government much easier, the Commission regards vigilant insistence on upholding the spirit of the Act as crucial for participatory mechanisms in all policy development.

The Commission notes the comment made in a submission from the Department of Internal Affairs, in respect of the extension of the Official Information Act to local authorities, that:

> The recent enactment of the Local Government Official Information and Meetings Act 1987 will mean greater community access to information concerning local authority activities and decisions. This reform has the potential to greatly increase the accountability of authorities for their actions and decisions but, as with most of the above measures, the realisation of this potential will depend on sufficient interest and concern within the community. *Submission 4274, p. 37*

The cost of access is another important issue: at present some published departmental research and information material is provided free, some is subject to cost recovery—the difference seems to be one of departmental policy. In the case of unpublished material the Official Information Act provides that charges may be made to cover the cost of, for instance, photocopying and any substantial

staff time involved in searches. Again departmental practice may vary, but government-approved guidelines have been circulated by the State Services Commission.

The 1986 Government Expenditure Review required the Department of Statistics to move towards recovery of 25 percent of its costs from user charges by 1991. Any shortfall in meeting this target was to be achieved by reducing what official statistics are produced—a development which could have serious implications for individual or community users.

The Commission notes also the submission of the Government Statistician that:

> . . . the official statistical system is currently reliant mainly on administrative sourced data . . . such as hospitals, school and prison admissions, which are collected primarily for administrative purposes by the institutions responsible . . . Administrative data, by their very nature, relate to information about inputs to social policy, such as caseloads and resource allocation. But, while these data are necessary and useful for monitoring social policy. . . . . they do not provide much information about the impact and results of social policy nor do they give much insight into evaluating social policy needs . . . Furthermore, the usefulness of administrative sourced data tends also to be limited by their lack of detail, variability in reporting standards and data quality, and their relative inaccessability to other than those who collect them.
>
> *Submission 4617, p. 3*

If information on which policy is based is too technical or not in a form which can easily be dealt with by interested parties in the community, then some intermediary analysis and presentation will be necessary to facilitate participation and transparency. Government agencies and other decision-making bodies will continue to need to prepare purpose-written information on important policy issues and processes. The Commission notes, however, that such material cannot take the place of direct access to information on which decision-making is based.

And the timeliness with which information is available is also an important issue for participation. If information is withheld until decisions have been taken it is not truly shared; the Commission has been made aware of occasions when research results used to justify changes of policy have been released at the same time as the policy has been announced. How then could client and community groups assess the validity of the research or enter into dialogue about the policy?

Papers prepared for the Commission discuss in detail the scope that exists for improving measurement, data collection and analysis for social policy (see Part Two of this paper). But in practical terms there will be choices to be made about resources, and limits to be set on the effort devoted to monitoring and evaluation in relation to other aspects of the policy development and implementation processes.

These processes, as the Commission has described their current state, tend to gather and evaluate information in selective and focused ways. They also tend to undervalue the great amount of (largely untapped) information held in the wider community about social needs and activity.

It is clear, from submissions and the Commission's consultations, that better policy could be made, from the point of view of the wider community, if more of this community-held information was tapped earlier in the decision-making process.

Two examples of participative processes which we have already mentioned are those of the Refuge movement and Te Kohanga Reo. In these examples, which have a powerful message for central policy makers, policy was discussed and formulated, out where the needs arise, and by those most affected. The question must be asked—why was the central machine not able to perceive and act on the particular needs that gave rise to, for example, the Refuge movement?

The answers will include reference to the quality of information about what is actually happening in the community, the representativeness of the machine itself and of the decision-makers it encloses.

Another point to be made is that reliable information about the social impacts of policy under discussion can only come from interaction with the wider community, and particularly with the groups most affected.

7 Assessment and Monitoring

A background paper *(Assessment and Monitoring: The State of the Art* by Vince Galvin and Penny Fenwick, printed in Volume III) reviews the present state of assessment and monitoring of government policy—both in-house and by those outside the departments and agencies concerned—and also discusses some issues for policy

and service provision; we note the conclusions drawn about the limitations of monitoring, research and evaluation available to departments for policy development purposes.

Part Two of this paper looks at assessment and monitoring issues in more detail, with a particular focus on future development of these areas.

In this section we wish only to remark that the fact that many of the values, achievements and relationships that concern social policy cannot be easily measured highlights their complexity. For our democratic processes of government to work, public accountability demands a monitoring of processes and impacts that far exceeds the contribution that balance sheets or profit and loss statements make when judging company profitability in financial or commodity markets.

Effective monitoring should be timely, of known quality, relevant and economical, and bring together a variety of measures and judgements. Good monitoring, particularly by evaluation studies, is costly, while the things that are readily measurable may not be of particular relevance to the problem, even though they are most likely to be all that is used. Programmes may change while they are being evaluated. Privacy concerns may make it impossible to obtain information from those affected.

Comments made to us during our public consultations and in submissions, particularly from Maori groups, indicate that respect for individual or group privacy, culture or spirituality needs to be recognised in the design, implementation and end use of monitoring and assessment. We also note the views expressed to the Commission about the relative 'over-evaluation' of small community-based schemes (in order to secure continuation of their funding) in proportion to their level of funding:

> Maori initiatives when given the space to develop are automatically set up to fail. How?
>
> 1. lack of proper funding
> 2. time limit put on to show results—if these are not considered good enough, then the initiative is scrapped.
>
> For example, the development of our whanau room: it has been suggested by a professional that if the figures have not improved by the end of the year then our worth will be questioned. How can this important and very special initiative hope to survive if even at this early stage our work is being questioned? *Submission 5087, p. 4*

We observe also that, in comparison, the larger expenditure categories of the major social policy departments go unevaluated and often only superficially monitored.

The development of the Social Impact Assessment (SIA) process as set out in submissions and in papers prepared for the Commission, the use of community development techniques and operation of the process in the community itself, has particular relevance to our themes of participation and transparency.

8 Co-ordination

Concern about the compartmentalised nature particularly of existing public services, and their seeming incapacity to co-ordinate activities at a local level has been voiced at nearly every public hearing of the Commission. Particular attention has been drawn to the different regional boundaries of agencies providing services.

Another issue which has been raised across a wide range of submissions and consultations is that of the overall *co-ordination*—or lack of it—of social policy planning and implementation, particularly between the different departments and agencies of state.

There appears to be a widespread feeling that it should be possible to achieve agreement on a set of basic objectives for social policy in New Zealand, which can be universally supported, and by which all social policies and programmes can be guided. This seems to be of particular concern also to senior managers in the central bureaucracy—who see their own efforts as needing to be concerted so as to give more consistent, and therefore effective, policy advice.

> Objectives are needed for long-term comprehensive planning of a coherent social welfare services system
>
> *Ministerial Task Force on Social Welfare Services,* Social Welfare Services: The Way Ahead, *July 1987, p. 22*

> Planners in Education are becoming more convinced of the difficulty of developing suitable educational aims in the absence of clearly stated national social and economic goals *Submission 4273, p. 4*

It is clearly important to work towards a general understanding within the community about the values and objectives on which social policy can be built. We are aware of the difficulties and challenges inherent in setting high-level objectives in this field.

It is equally important to recognise however, that there is a dynamic in policy formation, and objectives—like the values and standards of which they are the reflection—must be capable of being changed over a period of time.

III New Directions

In this section the Commission indicates its preliminary views on some steps that could be taken to ensure that in future public participation in policy making more closely adopts the principles set for it in Section 1. The section opens with a discussion of the moves occurring at present with regard to greater public participation. Policy making and Maori development is then described, and the section concludes with a discussion on reform of public sector agencies.

1 Participation

There are a variety of approaches to sharing the power to make decisions that affect a community, given the nature of the policy-making system in New Zealand. The sharing of power in our social and political context suggests the transfer of responsibility, authority and resources from an arm of government to a less centralised body (or from any central body to its constituent parts), for the purpose of carrying out particular functions in a relevant, responsive and cost-effective way, to the satisfaction of the client community and in a manner consistent with the democratic process.

Some moves have been made towards greater sharing of decision-making with the community and these are often subsumed under the term 'devolution'. The Commission found the recent report of the Taskgroup on Devolution, entitled *Sharing Control,* to be of considerable assistance. It concurs with the conclusion reached by the Permanent Heads of social service departments, to whom the Taskgroup worked, that:

> . . . power sharing through devolution is only one of a number of means of better meeting clients' needs and it should not be automatically considered to be the preferred way of achieving this aim.
>
> *Sharing Control, p. 4*

The Commission has also observed that to date 'devolution' has tended to be used to refer to the transfer of responsibility for social services to the community, rather than to community participation in decision-making about social policies.

Nevertheless, a number of examples of devolution (planned or attempted) from the past few years can be noted. The most prominent instance has been in response to the call from Maori people for devolution of resources and decision-making to the iwi authorities, and planning for this has been a key focus of the activities of the Department of Maori Affairs in recent times. This example is discussed in more detail below.

Three community disbursement schemes also provide examples of attempts at devolution. These are the Community Education Initiatives Scheme (CEIS), the Community Organisations Grants Scheme (COGS) and the Community Health Initiatives Funding Scheme (CHIFS). Further details of these schemes and the accountability issues raised by them are given in *Sharing Control.*

Area Health Boards and the recently established District Executive Committees of the Department of Social Welfare are further examples which come somewhat closer than the community disbursement schemes to the devolution to the community of policy-making power. The impact of these examples remains, as yet, largely untested.

Submissions to the Royal Commission showed that the public was equivocal about attempts at devolution to date:

> Devolution should be defined as giving communities control over resources, rather than simply the allocation of resources.
>
> *Submission 2870, p. 1*

> Devolution is seen by Council as a viable means of providing more responsive and accountable social policy. It should not be seen as a covert way of achieving cost savings and service reduction.
>
> *Submission 4653, p. 2*

> We support this decentralisation and community power sharing. However, we are concerned that it doesn't become an excuse for subsequent governments to abdicate their responsibility. *Submission 2110, p. 3*

> We believe that the government is handing back the problems to the community without adequate resources to be able to address these problems. *Submission 3982, p. 1*

> It is important that devolution is actually to people and not simply to those who can afford (because of their employment) to make themselves available as trustees.
>
> *Submission 3349, presented orally at Tikitiki, 21 November 1987*

Local government, theoretically, should be better able to respond to local needs than central government, and to give the public a greater say in activities within their community. In a country with few checks and balances on its one House of Parliament, local government enables some dispersal of power from Parliament, although it receives its authority from Parliament.

Some regional and local authorities indicated, in their submissions to the Royal Commission, that they were interested in, and willing to take on, additional responsibility for social policies, provided the necessary resources were forthcoming from central government.

The different way local government responsibilities are managed at a council or board level could provide a helpful approach to breaking down the compartmentalisation of social provision which limits the effectiveness of central government within the community.

The Commission notes, however, the concerns about devolution of responsibility to local authorities expressed in a number of submissions:

> Before local and regional government can adopt a wider role [in social policy] they must be truly representative of the communities they serve.
>
> *Submission 4274, p. 36*

> [Local authority candidates] . . . tend to come from a narrow stratum of society, quite often representing the dominant power elites of commerce, agriculture (in rural areas), and the professions. The representation of Maori, women's, ethnic minority, and working class views and interests is, in most cases, low. *ibid. p. 31*

> Local bureaucrats may be as far removed as central bureaucrats.
>
> *Submission 2728, p. 1*

The transfer of central government activities to local authorities would not automatically result in increased participation, unless there are changes in the limited ways in which communities can, at present, participate in many local government processes in between 3-yearly elections. Moreover, the groups which reflect communities of interest (referred to in Section 1) would be disadvantaged in having their viewpoint included in local decision-making. Generally their numbers are insufficient in any one locality for them to be well represented on local decision-making bodies, or to have a strong voice in local deliberations.

The centre of political and central government decision-making is Wellington, for all social policy. Only Auckland has strong regional government, through the long established Auckland

Regional Authority. Thus many community decisions need the authority of Wellington, particularly where interdepartmental co-operation is required. Many submissions expressed annoyance at the lengthy delays that were part and parcel of central government co-ordination at a community level. Others argued that it was possible to simply ignore central government, and act within the community.

The responsiveness of public processes to the culture and ways of different social groups is not seen as satisfactory. Many examples were cited, from incomprehensible forms to the timing of appointments of clients to minimise professional inconvenience. A good example was that of the use of 10 am as the common arrival time at district court, for defendants and counsel, regardless of when they would be likely to be dealt with. These problems are not of organisation, rather a total lack of accountability for client satisfaction. The Commission sees participation as seeking to do more than make existing services more responsive to their users—it gives a very real voice to the community at large.

In summing up what it has learnt from its brief consideration of recent attempts to increase community participation in decision making, the Commission returns to the opening comment that devolution is but one example of power sharing. Nevertheless, a number of questions about processes for increasing public participation generally have been highlighted by this example:

1 It is not yet clear to what extent the checks and balances within the community need to be supplemented by processes laid down in legislation. Should decision-making be devolved only to bodies constituted under statute? Should the body to whom power is devolved enter into an enforcable contract with central government?

2 The strength of the accountability mechanisms within the community has not yet been tested. Is there a greater likelihood of conflicts of interest between public and private activities at the local level? Is confidential information less secure?

3 Mechanisms for ensuring representativeness of local decision-making bodies and equity in their decision-making are not well developed. Is local decision-making any better able to cater for the needs of youth, women, Maori, and

people with disabilities, for instance, than central government? What level of understanding of the implications of the Treaty of Waitangi is held by local decision-makers?

4 In a small country devolution to local, and therefore smaller, bodies may introduce inefficiencies as economies of scale reduce. Could local decision-making bodies afford to purchase the same level of high cost technology? Would they be able to recruit sufficient skilled staff in key areas? Would expensive facilities be unnecessarily duplicated across the country?

5 There are questions as to whether local bodies are ready to undertake the level of decision-making that is envisaged by some. Do local decision-makers and the staff of local bodies have the background and experience necessary? Can they realistically be expected to acquire knowledge in such a diversity of fields?

6 It is not clear to what extent elected representatives and officials at central government level are willing to devolve their power. Could devolution be a convenient way for central government to off-load some responsibilities for services without providing commensurate resources to them?

In conclusion, the Commission notes that devolution has been seen as one form of participation which involves handing over some central government power and responsibilities to local authorities and other local organisations. In theory it has the potential to empower the whole community and to reflect the interdependence of social, cultural and economic issues at the community level more effectively than a compartmentalised central government structure. Devolution remains only one model for public participation in decision-making. A variety of different models should be encouraged. Moreover, it must always be kept in mind that power sharing between the state and the community is a continuous process, not something which is achieved by one action.

2 Policy Making and Maori Development

Within New Zealand society, social indicators demonstrate an underdevelopment of Maori potential with disparities in health,

education, employment, housing and income levels, highlighted elsewhere in this report, which contribute to inequalities and reduced opportunities for full participation. This section examines the ways in which Maori society develops its own policies, as well as Maori participation in the formation of other policies at both local and national levels.

The 1984 Maori Economic Development Summit Conference, the Hui Taumata, prescribed a decade of Maori development and identified several key issues, including the need for Maori people to take active and initiating roles in order that high levels of 'negative funding' in health, justice, labour and welfare might be made unnecessary by the creation of a positive economy, with greater Maori control over Maori resources. It was a challenge accepted by many groups and organisations, and comprehensive strategies relating to social, economic and cultural development were the subject of many Maori submissions to the Royal Commission.

In addition, the analysis of marae submissions included in Volume I, *The voice of the people: An Analysis of Submissions* stressed that social policies should aim to enhance particular societal foundations: the environment (Te Ao Turoa), a place of security (Turangawaewae), the bonds of kinship (Whanaungatanga), cultural heritage (Taonga-tuku-iho), and in so doing, promote ideal qualities crucial to wellbeing: authority and control (mana), caring and sharing (manakitanga), unity (kotahitanga). Three major issues arise from this broad view of Maori development:

1 It anticipates high levels of Maori participation in Maori society and in the wider community.
2 Self-determination, one of the major themes arising from marae hearings, requires that Maori people develop their own policies, some of which will impact on other regional and national agendas.
3 All policies will need to take cognisance of the principles and objectives of Maori development.

2.1 *Policy making within Maori Society*

Policy making within Maori society brings different understandings of the principles of participation, transparency and representativeness discussed earlier.

PARTICIPATION At some levels and in some Maori organisations, the determination of policies is by methods similar to that adopted in most formal and informal organisations in New Zealand, with a small elected executive playing a dominant role in guiding the larger membership. In many other instances, however, Maori policy making is a more complex matter. Marae meetings characteristically operate a consensus model of decision-making, with discussion continuing until the measure of agreement from all participants is sufficient to draw a conclusion. Very often that process is complicated by the incorporation of constitutional requirements with a conflicting interplay of Maori and Western styles, in which calls for a show of hands clash with a desire to extend discussion, possibly beyond the meeting itself, so that commonly held views can be elevated above the disparate points of departure.

At whanau and hapu levels, participation is not confined to elected representatives. Even where committees do exist, their business will normally be conducted in an open setting with active participation from all in attendance.

In recent times, Maori development has required the formation of runanga or councils to oversee planning, management and policy making at iwi or even 'waka' levels. Active participation at runanga levels is likely to be dominated by representatives of the constituent organisations, but accountability to the wider membership is emphasised through expectations of feedback to hapu, where decisions recommended by the runanga may be debated again and either supported or rejected. Hapu views are then returned to the runanga. It is a process which demands time but which favours wide levels of participation and accountability. It is strengthened when runanga meet, as they often do, on marae in an open forum.

TRANSPARENCY The way in which decisions are made and information dispensed poses significant problems to iwi authorities when membership is widely scattered throughout New Zealand, and even Australia. Tribal records have not benefited greatly from the national collection of statistical data, and comprehensive records, where they do exist, have depended on census-taking by tribes themselves. Non-participation does not always mean non-interest. It is just as likely to reflect a lack of information, and for many urban dwellers, a lack of personal knowledge about affiliations that grandparents took for granted. Many submissions have commented on the infrequency with which information relevant

to Maori policy making is contained in the media, a situation aggravated by media insensitivity to Maori issues and the consequent lack of trust in accuracy, sufficient for runanga and other Maori bodies to discount newspapers, radio and television as reliable vehicles for the distribution of in-depth information. The time honoured way of conveying information on a marae remains effective for those able to attend, but does not overcome the difficulties consequent upon rapid urbanisation and loss of traditional information channels.

In recognising the necessity for accurate information to be made widely available, the Commission considers that the media should pay greater attention to the needs associated with Maori development and that the collection of statistical data should likewise be aligned with the requirements of Maori policy makers.

REPRESENTATIVENESS Many Maori organisations select officers to represent them by an election process that depends on availability and majority support. It is a familiar pattern but there are also important differences, particularly in tribal organisations. A factor of fundamental importance is the issue of rights conferred by tribal status. In each area of New Zealand certain groups of people have additional status because they are tangata whenua, that is, they are descended from the tribes who had acknowledged territorial rights. Maori representation continues to favour that principle even in situations where the organisation concerned is not directly involved in marae or tribal affairs. It is an issue quite distinct from majoritarianism, so that, while they might be numerically few in number, tangata whenua have claims that tangata kainga (people who have come to reside in a district) do not have. In iwi authorities, hapu representation of course is limited to members of that hapu.

Another illustration of differences in systems of representativeness is the method of affirming leadership. While formal academic qualifications and public profile are not irrelevant, Maori recognition is greater for leadership based both on descent lines and the ability to ennuciate the aspirations of the people and to work alongside them. Constraints are placed on individual licence, and there are high expectations that chosen representatives will report back to their constituents before major decisions are made. Authority to commit a group to a certain course of action, without their expressed consent derived after participatory debate, is seldom tolerated.

There is one further issue which impacts on representativeness, transparency and participation. It relates to the differences in Maori society between executive function and senatorial responsibility. Among all tribes at hapu and iwi levels, there are leaders whose skills are suited to addressing the many contemporary aspects of Maori development. There are also leaders upon whom the spirit and integrity of the tribe depend. The latter comprise the kaumatua group, the elders, and although they would not be expected to necessarily take an active role in all aspects of policy making, their evaluation and support of a policy is crucial for its effective implementation.

This section has so far highlighted several facets of policy making within Maori society. Implicit is the need to recognise time as a crucial factor. There is a strong likelihood that Maori processes will be seriously undermined if major policy making is conducted in an atmosphere of urgency, with little opportunity for wide participation or kaumatua reaction.

2.2 *The Treaty of Waitangi*

Representative Maori participation in Parliament, raised in the report of the Royal Commission on the Electoral System, is seen by Maori people as a crucial aspect of policy making, particularly if the positive development described at the 1984 Hui Taumata is to be given effect. In *The Treaty of Waitangi: Directions for Social Policy* (in Volume II) and in the Treaty papers contained in Volume III, parliamentary representation and other constitutional matters are discussed at some length: a greater number of Maori seats based on pro rata rather than per capita considerations; an upper house or Senate with equal Maori/non-Maori representation; and the entrenchment of the Treaty as a constitutional document were noted with a recommendation that such matters be further discussed in a deliberate manner and in accord with the principle of partnership.

Apart from constitutional matters, however, the Treaty of Waitangi requires that there be an examination of policy making procedures, particularly as they pertain to Maori development, in local and national arenas.

2.3 *Local/Regional Policies and Maori Development*

Three aspects of policy making arise in the interface between Maori authorities and local/regional authorities: objectives, boundaries, representativeness.

The objectives of local bodies may reflect sectorial interests rather than integrated approaches to social and economic development. Education boards, for example, are charged with the administration of schools and the provision of approved courses for all children. Education in a broader sense must be of lesser concern. Maori (iwi) authorities on the other hand are interested in education as it relates to overall objectives of development, including job training, marae administration, cultural promotion, environmental protection. Submissions describing Te Kohanga Reo emphasised the movement's relationship to the cultural advancement of whanau and hapu rather than its more limited application to early childhood care. Maori health authorities also find it difficult to separate housing, family, employment and pollution from the understandably narrower focuses of Area Health Boards so that the priorities of the respective authorities may not be easily reconciled.

Objectives may also stem from different theoretical models. Many local authorities have developed planning objectives that encourage community autonomy and resourcefulness, whereas iwi authorities seek to develop autonomy based on kinship (in the case of tribal development) or Maori identity (in the case of regional Maori authorities). Domicile is then less important than blood relationships or ethnicity. Diversity may not be easily incorporated into the policies of local bodies where large-scale provision or universal applicability become dominating concerns, at the expense of particular needs such as Maori requirements for cultural values and objectives to be recognised.

THE BOUNDARIES of local authorities seldom coincide with tribal boundaries. Submissions criticised inconsistent boundaries and raised 2 concerns. Firstly, tribal development policies are often hindered by the need to relate to a variety of boards and territorial authorities each with its own by-laws, priorities and attitudes to Maori development. Secondly, these other (non-Maori) bodies do not share similar boundaries with each other so that education, health, employment, housing and welfare authorities operate within different districts. In effect, tribal endeavours run the risk of

either fragmentation, to fit in with the boundaries and demands of various local and regional bodies, or exhaustion in response to an array of requests for consultation, opinion and advice, with duplication of effort and conflicting time schedules.

REPRESENTATIVENESS on local and regional bodies depends on local body elections and concern has already focused on the limitations of the ballot box in achieving true representativeness. Maori representation in these organisations raises at least 3 other concerns.

The first is that minority groups do not fare well under a system of simple majoritarianism and can seldom ensure adequate voice. While individual Maori can become candidates for election, there is little likelihood of success if representation of Maori interests is the main platform issue. The unfairness of the situation was discussed in the *Treaty of Waitangi: Directions for Social Policy* and some models were described.

The second and probably more central concern is the way in which tangata whenua rights are recognised and given effect. In any territory certain tribes have authority which can extend to advocacy for all Maori residing in the district. Maori representation on local bodies is, therefore, not satisfied by only having a quota for Maori members. Provision must be made for tangata whenua at least, to appoint their own representative(s) able to speak with the authority of their people.

The third concern, partly addressed in the discussion on tangata whenua rights, is the relationship between local authorities and iwi groups. Given the unsatisfactory nature of incongruent boundaries, it is highly probable that a single Area Health Board or Education Board will have several iwi groups within its area, each autonomous and each making logical claim for representation. Local bodies have yet to devise satisfactory methods for ensuring Maori representation along iwi lines; clearly legislative changes will be necessary if consistent and equitable arrangements in accord with the Treaty of Waitangi are to be put in place.

2.4 *Central Government and Maori Development*

At least 3 government policies, Matua Whangai, Mana Enterprises and Maori Access have depended on iwi authorities for the delivery of programmes. Although relatively recent, their implementation has identified 3 aspects requiring further attention:

- ways in which cultural awareness is reflected in the policies and practices of government departments
- the arrangements for relationships between government departments and iwi authorities
- the role of the Department of Maori Affairs

Puao-te-ata-tu (1986), a report from the Department of Social Welfare, contains recommendations which address institutionalised racism within a government department. Recruitment and staff training, communication and interdepartmental co-ordination are discussed within the context of the guiding principles and objective:

> To attack all forms of cultural racism in New Zealand that result in the values and lifestyle of the dominant group being regarded as superior to those of other groups, especially Maori, by:
>
> (a) Providing leadership and programmes which help develop a society in which the values of all groups are of central importance to its enhancement, and
>
> (b) Incorporating the values, cultures and beliefs of the Maori people in all policies developed for the future of New Zealand.
>
> *Puao-te-ata-tu, p. 9*

Some submissions to the Commission were critical of the slowness of departments in implementing recommendations, but others also outlined the steps which had been taken to introduce Maori perspectives into policies and practices.

Greater appreciation of Maori issues has been obtained by departments through a variety of channels, though not always with consistency and often on a trial and error basis. In some departments Maori staff have been able to provide guidance, drawing on their own knowledge and experiences. Other departments have arranged for senior staff to attend courses designed to improve their knowledge of Maori language and culture, while still others have attended hui with Maori community groups so that they might better understand Maori points of view. Affirmative action programmes of a modest type have widened the base for staff recruitment, and the appointment of Maori advisory bodies has helped focus on deficiencies in existing policy.

Generally, these measures have brought new attitudes and priorities to departmental objectives, though Maori opinion is divided as to their overall effectiveness or even their desirability. One argument, possibly unfair if generalised, is that the changes are shallow since they do not address structural matters and serve only to create an illusion of partnership. Another view is that

bureaucratic tradition is entrenched to the point that Maori energy would simply be wasted by attempts to create change in a system that, in the long term, will reject innovation or, at the best, distort Maori views and opinion. The development of Maori advisory boards, in particular, has created fears that the separation of advice from decision-making will lead to a departmental capture of Maori opinion and introduce a new vulnerability: the interpretation of Maori aspirations according to the understandings of departmental policy makers.

Another emphasis favoured in several submissions to the Commission stresses partnership between the departments and the iwi authorities. The focus should not be so much on internal departmental changes as on external relationships and arrangements for power sharing, decision making and shared policy development. This focus requires also that issues of accountability, authority, representativeness and evaluation need to be addressed.

The Commission considers that both approaches are necessary, that is:

1 The reorganisation of central government departments to ensure Maori participation at all levels of management and particularly at policy making levels.

2 The development of partnership between departments and Maori authorities at regional and district levels and, at a national level, with representative federating Maori authorities.

For both iwi groups and government departments, rapid change has created uncertainty and insecurity. Public Service Association members from the Department of Maori Affairs raised their concerns with the Commission that the devolution of departmental functions could disadvantage groups who lacked management skills and, at the same time, seriously reduce the opportunity for Maori entry into government service. The role of the Department of Maori Affairs was seen to be an ambivalent one: at times an obvious agency of state, at times an apparent advocate for Maori people. A lengthy submission at the Maimaru marae recommended the redevelopment of the department so that greater emphasis could be given to its function as a servicing body for Maori authorities, with responsibility to the Minister through a Kauhanganui, a Council comprised of iwi authority representatives. The underlying theme was that, far from being phased out, the department should be strengthened by a closer alliance with Maori people and

their structures. It was a theme repeated on several marae and in many submissions.

3 Public Institutions

Two issues dominate discussion about reform of public institutions: the need for much greater co-ordination, and the relationship between policy development and implementation. This section focuses on how we might move in the future to improve both.

The Commission has found that policy development and assessment and monitoring of policies at community level have been affected significantly by the gaps between both the functions and the regional boundaries of government departments, their very strong sectorial orientation, and the marked lack of co-ordination between departments themselves, and between departments and local government and community initiatives.

The nature of existing arrangements is questioned by the Treasury in its submission to the Royal Commission:

> the combination of providing policy advice and implementing it gives rise to conflicting objectives, [and]
>
> an agency whose existence is linked to the continuation of existing policy is likely to be biased in favour of existing policy.
>
> *Government Management, p. 10*

This desire to separate policy development from policy implementation is to meet a prior concern that the evaluation of policy be transparent. It is not clear that the universal separation of policy development from implementation is in the best interests of efficient management. We do not believe that it is a widely endorsed practice in the private sector.

The removal of co-operative structures responsible for both policy development and policy implementation would make policy development less responsive to the needs of clients, and would bring a narrower range of expertise and experience to policy development at the cost of lessening the relevance to clients of policies.

The tradition of service which imbues many public sector agencies, and the common culture shared by those in both policy development and implementation, would be undermined, perhaps at the expense of the commitment of operating staff to new policies.

The transaction costs involved in the separation of policy implementation, possibly on contract to a third party, are unlikely to be

bearable unless monitoring information is available in a readily measurable and summarised form, which embraces the full spectrum of policies being implemented. As noted in the second part of this paper, we do not believe that this is in fact possible for most forms of social provision currently funded by the state.

3.1 *Co-ordinating Agency for Social Policy*

The formal integration of social policy occurs only at the Cabinet. To a limited extent it occurs within the social policy branch of the Treasury, and informally it occurs through a co-ordinating committee of Permanent Heads of social departments convened by the State Services Commission. There is a clear need for a permanent dedicated group to co-ordinate social policy in an informed and expert manner. A formal mechanism is needed to support the economic perspective of the Treasury and ensure the effective integration of properly evaluated social policy proposals. The Commission has also commented on this issue in its paper *Social Provision: Access and Delivery.*

Alternatives include:

1 The merging of the major social departments, in particular Health and Social Welfare. At this very preliminary stage, the Commission has not had the opportunity to determine whether this course of action would lead to the policy oversight sought. Such a merger has important implications for service delivery as well as policy co-ordination.

2 Another option would be to give the State Services Commission or the Treasury a designated policy co-ordination role. The Commission is concerned that such a role might conflict with the important control functions and advisory responsibilities of these 2 agencies. Moreover, they have statutory responsibilities for the management of policy not its content.

3 Another option, and that most favoured in submissions to the Commission, was for a new co-ordinating agency. Some have suggested a Ministry, others that the agency should be part of the Prime Minister's department. Such a body would not necessarily take over the policy functions of existing agencies, but would need the capability to act in any sphere it deemed necessary. It might expect to have

a similar role in social policy formation and advice as does the Treasury in economic policy.

The Commission has not had the opportunity to give the issue of a co-ordinating agency for social policy the detailed scrutiny it requires. Nor has it carried out a full appraisal of the roles of all involved in assessment and monitoring of public policy. It does recognise, however, that some agencies have a very important role because of their statutory independence and comments on a possibly expanded role for some of them are made below. The Commission also believes that *all* social service agencies need to provide more authoritative monitoring information on their activities and elaborates on this in Part Two.

3.2 *The Controller and Auditor-General*

The key role associated with independent scrutiny of social policy would be to ensure adequate monitoring of all major government policies and the public availability of that information. The Commission does not consider that the creation of a new independent agency is justified. One alternative, favoured by the Commission, is the location of monitoring responsibility in the Audit Office, with separate monitoring functions being carried out in departments under the eye of the Controller and Auditor-General.

The proposal gives the Controller and Auditor-General a role akin to that adopted by counterparts in Sweden, the United States, Australia, Canada and the United Kingdom. The proposed extension of the role of the Controller and Auditor-General is in fact consistent with the functions and duties of the Audit Office, as detailed in Section 25 (3) of the Public Finance Act 1977, which states:

> . . . . the Audit Office may, whenever it thinks fit, make such examination as it considers necessary in order to ascertain whether, in its opinion, resources of the Crown or a Government agency subject to subsection (1) of this section or a local authority, have been applied effectively and efficiently in a manner that is consistent with the applicable policy of the Government, agency, or local authority, as the case may be: Provided that when making an examination of a Government department or Government agency under this subsection, the Audit Office shall have due regard to the responsibilities of the State Services Commission in respect of that department or agency.

In his annual report to Parliament in 1985 the Controller and Auditor-General gave notice of his intention to expand the number of 'value for money' audits, and noted:

> The role of the auditor is not to be an arbiter of policy, but to determine whether the instruments of policy are best achieving the intended effect. *p. 56*

The Controller and Auditor-General, by virtue of being an officer of Parliament, with independence from the executive arm of government, has a vital contribution, in our view, if government policies and operations are to be credibly and fairly monitored in an authoritative way, and reported and debated publicly.

The authority of the Controller and Auditor-General to monitor the performance of any agency for which the Audit Office has an audit responsibility extends well beyond the boundaries of central government to, for example, monitoring the performance of local authorities.

In presenting its proposal, the Commission is aware that the emphasis in the Audit Office has understandably been on accounting skills and practices. To become an informed judge of the credibility of monitoring information for social policies, the Audit Office will have to have the resources to expand on those skills and horizons.

The Commission recommends that, in recognition of the vital and essential need for authoritative, independent monitoring of government programmes, and for informed public input to goal setting and policy modification, the Controller and Auditor-General should:

1. *In conjunction with each relevant agency, decide on a monitoring programme for the public and parliamentary scrutiny of the activities of these departments.*
2. *Assess and approve the methods intended to identify the social impacts of major policies, and monitor them.*
3. *Advise any relevant agency on methodological approaches, community liaison, and interpretation of monitoring results.*
4. *Publish an annual statement of the goals of major programmes of social policy, the forms of monitoring in place, the principles applied in monitoring, the values of critical performance measures, the extent of checks for unplanned impacts, and the monitoring information actually published by relevant agencies.*

These principles are consistent with the general principles for monitoring and assessment specified in Part Two.

3.3 *The State Services Commission*

The State Services Commission (SSC) has sufficiently wide powers under the 1962 Act, and also under the new State Sector Act, to monitor the performance of Public Service departments. These powers extend, if need be, to exercising the same powers and authority to summon witnesses and receive evidence as are conferred by the Commissions of Inquiry Act 1908. The new State Sector Act also spells out, in greater detail than the 1962 Act, the SSC's powers to review the performance of chief executives: for example, the State Sector Act requires the SSC to report to the Prime Minister and to the appropriate Minister on the performance of each chief executive. This affirms the continued importance of the SSC's management role in monitoring the effectiveness of the *delivery* of social policies for the executive arm of government. The Commission sees a clear need for the SSC to undertake this role.

The new State Sector Act states in Section 6, that the responsibilities of the SSC include:

> To review the efficiency, effectiveness and economy of each department, including the discharge by the chief executive of his or her functions.

The Controller and Auditor-General's responsibility is as an officer of Parliament, and is subject to public scrutiny, while the SSC's role is as an agency charged by statute with monitoring performance on behalf of executive government, with the same limits on its independence as the operating departments for which it has oversight.

The SSC has a role that the Controller and Auditor-General does not; namely that of assisting chief executives to develop appropriate performance measures, and making suitable training programmes available.

3.4 *The Treasury*

The role of the Treasury is described in its submission:

> The primary role of [the] Treasury is not to make policy decisions but to provide the Minister of Finance with economic and financial advice. This involves us in independent analysis of policy proposals which involve state expenditure or have economic implications and, less typically, in initiating policy proposals and advice. The essential issue in [the]Treasury's policy analysis is: How effectively and efficiently will a particular state intervention contribute to the Government's objectives

> for the community? By 'intervention' we are referring to all Government policies which affect interactions between people. Interventions in this sense can include the regulation of activities and the provision of finance or information or services. *Submission 176, pp. 1–2*

The extent to which private sector concepts of efficiency are broad enough to apply to most public sector activities seems to be questionable. The comparative broadness of accountability in the public sector was noted by the Director-General of Social Welfare whose submission provides a well-justified caution on the applicability of relatively simple private sector management models and comparisons to the public sector. He noted:

> History demonstrates the dangers of an excessive enthusiasm for a private sector management model in the public sector. It can lead managers to give weight to whatever measures fit it best (for example quantifiable outputs like reduced offending). They may choose what is most easy to measure (for example financial inputs) and proceed as if these measures (of outputs in particular) adequately reflected the objectives of the activity . . . This is not to deny that objectives can be set and performance monitored; many of the department's [Social Welfare's] procedures are about just that. But there are dangers in becoming focused on a narrowly specified results-based approach in order to fit the private sectorial model. This will happen if we ignore the attention we give to quality of service and individual rights in the interests of meeting results-orientated targets. It is very easy in a bureaucratic system to shift costs from the organisation to the client (by increasing waiting time for example) in the interests of 'efficiency'. Properly defined, an efficient service minimises the joint costs of provider and consumer for a given output. *Submission 5903, p. 54*

The Commission has also noted the questions raised elsewhere about whether the complexities of the political position which government must occupy in decision-making can effectively be handled by the 'rational' approach (which suggests that all objectives can be clarified and paths to achieve them evaluated to the point where the 'best' decision can be taken).

Government Accounting Limitations

An aspect of the monitoring of resource allocation that is of general significance is the cash accounting method used by government. While cash accounts may be appropriate for Parliament to vote supply, and for the purposes of the Treasury, they are totally inadequate in giving public sector managers an effective management tool. Because of the concentration on current cash flows, there is inadequate accounting for the economic value of the contribution of capital, such as buildings and equipment, to any social

programme, making it impossible for a manager to be aware of the true cost of services. This inevitably limits her or his capacity to measure performance or delegate authority that can be accountable, and also prevents effective statutory oversight. As an example, any consideration of the value of education should take proper account of the stock of buildings in the education system.

The Commission thinks that accrual accounting methods, under which all the resources used and income earned in a particular year are effectively accounted in that year, will lead to a more realistic assessment of the cost to government of its policies in many social areas.

Tax Expenditures

In the income maintenance and taxation section of the Commission's report, the close dependence of the tax and benefit systems was explained. One consequence of this is that information about government expenditure is incomplete and misleading if information about expenditure on benefit payments alone is available without information about revenue forgone from rebates, exemptions and tax credits.

In a paper by M. Pope, published by the New Zealand Planning Council, examples are given of how misleading impressions of the trends in government expenditure can be obtained from information based solely on benefit payments. There are, of course, occasions when the classification of an expenditure item as revenue forgone may be open to debate.

The continued failure to publish tax expenditures regularly results in incomplete information about public expenditure.

3.5 *The Government Statistician*

The Government Statistician maintains a central role with regard to the monitoring and assessment of public institutions both through the responsibility of the Statistician for the provision of relevant and reliable official statistics (many of which derive from and relate to the activities and functions of public institutions) and the independence of the Statistician with regard to the production and publication of such statistics. This role is codified in the Statistics Act 1975. Section 3(1) of that Act states:

> Official statistics shall be collected to provide information required by the Executive Government of New Zealand, Government Departments,

> local authorities and businesses for the purposes of making policy decisions and to facilitate the appreciation of economic, social, demographic and other matters of interest to the said Government, Government Departments, local authorities, businesses and to the general public.

Section 15(1) states:

> The Statistician shall have sole responsibility for deciding the procedures and methods employed for the provision of any statistics produced or to be produced by the Statistician, and shall also have the sole responsibility for deciding the extent, form and timing of publication of those statistics.

The Department of Statistics provides statistics relevant to the formulation, monitoring and assessment of social policy. (Section Two earlier indicated the Government Statistician's own misgivings about the usefulness of some of the statistics produced by his department.) The Government Statistician is not, however, involved in the assessment of individual public institutions or policies as such. The Commission regards the independence of the Government Statistician, both in publishing official statistics and co-ordinating the statistical activities of the Government, as an important facet of the democratic process in New Zealand.

3.6 *Operating Departments*

In the absence of mechanisms to ensure that monitoring and assessment are properly taken account of in the course of management decisions, and are subjected to public scrutiny, departments have a difficult role in maintaining a balance between the demands of Ministers and the demands of clients. Too often they are faced with the necessity of making quick decisions about policy and its implementation with little chance of a proper analysis. Their ability to research their own policy area and so be at the forefront of changes in policy direction is not as great as is desirable. The resources needed for an adequate assessment of policy impacts and the establishment of satisfactory monitoring methods are often not available. The present state of evaluation resources in departments is described in the paper *Assessment and Monitoring: The State of the Art* (in Volume III).

That report notes the undesirable limitation in the resources available to departments to do high quality work in assessment and monitoring. The departmental requirements set out below are implicitly a criticism of existing departments, in that few organisations measure up to this indication of what is needed. No explicit

resource levels are given for any department because the nature and scope of their activities varies enormously.

The requirements are:

1 An adequate skilled staff to carry out monitoring and assessment work.

2 The resources needed to enable staff to do their work, including access to computing facilities, libraries and other research organisations, funding of community consultations, etc.

3 Decision-making by management that automatically takes into account the reports of assessment, monitoring and research staff and any submissions made on any aspect of policy by clients of the policy and other interested people.

4 The ability to involve researchers, community representatives and others from outside the department in particular projects as a means of ensuring that ideas and methods do not become too stereotyped.

The Commission believes that wider dissemination of monitoring information makes government more accountable. It realises that any requirement for management to have serious regard for monitoring results will, on occasion, make the position of departmental management difficult, for instance, where differing views of Ministers and clients need reconciling. It expects however that the feedback from clients to departmental management on goals and policy, and any further referral of significant inconsistency in goal setting to the Minister, will result in a greater uniformity of view than exists at present.

The Commission recommends that:

1 *Departments should identify all the significant social goals associated with the policies they administer, as well as the particular goals and objectives they set for themselves in relation to these goals. They should discuss these goals with community and client representatives.*

2 *Each department should decide on the form of monitoring of the policies it implements, in consultation with the monitoring agency recommended above (the Controller and Auditor-General), and in association with appropriate client groups. The departmental budget for a policy should include an amount to cover the costs of the agreed form of monitoring.*

3 *Each department should support research, assessment and monitoring staff with the functions of:*
   - *Maintaining a continuing analysis of the policy areas under the department's control in order that departmental policy making should be properly informed.*
   - *Making assessments of impacts and defining social variables relevant to the major policies and programmes of the department, in consultation with community and client representatives and reporting on these matters to management.*
   - *Carrying out the monitoring of the department's policies that is agreed between the department and the agency described below.*
   - *Providing a research service to the monitoring agency described below.*
   - *Servicing the department's requirements for administrative statistics.*

4 *The research and assessment and monitoring staff of policy-making departments should amongst them possess the skills identified in 3.*

5 *Research, assessment and monitoring staff of policy-making departments should have regular consultation with departmental management on all questions relating to their resource requirements, monitoring procedures and results, and on the analysis of public comment on goals or monitoring, and the views of these staff should be taken into account in any management decision touching on the matters they raise.*

Again these principles are consistent with the general principles for monitoring and assessment specified in Part Two.

3.7 *New Zealand Planning Council*

The New Zealand Planning Council, with its various monitoring programmes, has an effective base from which it provides useful integrated commentary from an independent public perspective, of the monitoring and evaluation work of government agencies. It is able to respond to current policy issues, in the frameworks it has established for medium term policy development.

The Commission believes that the independence of the Planning Council and its networks give it an important position in serving the requirements of public accountability. It found the Planning Council's publications of considerable value to its own work and sees a continuing role for the Council.

Summary and Conclusions

This part of the Royal Commission's report has looked at the implications of the call for greater public participation for policy making as it is at present.

The background to this call was briefly explored through some of the social policy literature and through the submissions. Some processes for more effective democracy were highlighted and 3 criteria for true consultation were determined. These included placing the policy options before the public, valuing the public's views and taking them into account, and providing feedback to the public on the decision that was made. The first section also introduced the 3 themes of participation, transparency and representativeness as being the key elements of public participation.

While the Commission's view was that public participation should be a regular part of the decision-making processes of government, it recognised that this had implications for the speed with which decisions could be made. It was also important to stress that participation should be voluntary.

The first section concluded with a discussion of the important role of intermediate organisations as mediating structures between the individual and the state in a complex society. These intermediate organisations were a key element in increasing public participation in decision-making.

Section 2 of the paper focused on policy development in central and local government and in the voluntary and private sectors, identifying the particular features of each which impeded participation, transparency and representativeness.

It was shown that for different reasons neither central nor local government practices matched the principles for effective participation. Although voluntary organisations could be seen as being more in touch with, and accountable to, the community, they were

vulnerable if 'success' led to a significant growth in size and distanced the organisation from the community. While private sector activity was loosely bounded by community values, that sector was shown to be not at all open to public participation. The Commission feels that the private sector should accept more responsibility for involving the public in its decision-making, given that many of its decisions have major implications for social wellbeing.

The issue of accountability was then explored and the growing dual accountability of government departments to their Ministers and to the community and the possible conflict between these accountabilities was noted. Pursuing the topic of transparency, it was shown that central government holds much of the information and expertise necessary for policy making, yet its information is often of poor quality. Moreover, community expertise and information is largely ignored, with the result that central government is deprived of a rich source of information on what is actually happening in the community and policies are less responsive than they might otherwise be.

The final section of the paper discussed some preliminary steps that could be taken in some areas to ensure public participation in policy making in the future adopts more closely the principles which the Commission identified for it.

Devolution was first briefly considered as a contemporary example of public participation, although it was noted that it has been applied more to the dispersal of responsibility for social services to the community, than to policy-making responsibility. The Commission identified 6 areas of concern about devolution and noted that it was only one model for increasing public participation. A variety of models should be encouraged and power sharing should be regarded as a continuous process, the Commission concluded.

Particular attention was then given to the relationship between policy making and Maori development. It was shown that policy making in Maori society brought different understandings of participation, transparency and representativeness. The present status of each as it relates to Maori development was described. It was emphasised that policy making in Maori society is seriously undermined if it is conducted without the opportunity for wide participation and kaumatua involvement.

Brief reference was made to the Royal Commission's conclusions about the commitment to partnership in policy making which is inherent in the Treaty of Waitangi. The discussion then

moved to the policy making interface between Maori authorities and local/regional authorities. For Maori the question of domicile (on which local authorities are based) is less important than blood relationship and ethnicity. Moreover, the lack of coherence between the boundaries of tribal authorities and local authorities causes particular problems for iwi representation on local authorities.

This part of the paper concluded with a discussion of Maori participation and representation at the central government level. Some aspects of partnership at this level were explored and the section concluded with comment about the future role for the Department of Maori Affairs.

Attention then turned to public institutions, and the need for a co-ordinating agency for social policy was identified. After exploring a number of alternatives, the Commission expressed the view that the role of the Auditor-General should be strengthened rather than a new agency created. The limitations of the present cash accounting system in government departments were noted and the Commission expressed a preference for the adoption of accrual accounting so that the true costs of social programmes could be determined.

Support was expressed for the role of the Government Statistician and the New Zealand Planning Council in providing information for publicly monitoring social policies. The Commission was of the view that all operating departments have a responsibility for the assessment and monitoring of their policies and for incorporating the findings into policy development and review. It was noted again that while this might increase public say in decision-making it might also conflict with departments' accountability to their Ministers.

Part Two: Assessment and Monitoring of the Social Impact of Policies

1 Introduction

The Commission sees a clear need for to improve the monitoring of public programmes and market activities for assessing and developing social policy in New Zealand. In this section we consider how the Terms of Reference of the Royal Commission lead us to this conclusion, where they ask the Commission to investigate and report on:

> the criteria and mechanisms by which the social impact of policies may be monitored and assessed.

The Commission is also given the task of:

- identifying the constraints on the achievements of the standards of a fair society;
- reporting on the nature and extent of change in policies and institutions which will enable New Zealand to meet the standards of a fair society with greater effectiveness and efficiency;
- investigating how existing government systems and policies assist or hinder the achievement of a fair society; and
- investigating whether the ways in which responsibility for social wellbeing is currently shared among individuals, families, voluntary social groups, ethnic and tribal affiliations, and other communities, as well as local and central government, hinders or assists the achievement of a fair society.

The standards of a fair society that the Commission is to have regard for include:

- Maintenance of a standard of living sufficient to ensure that everybody can participate in and have a sense of belonging to the community.
- Genuine opportunity for all people, of whatever age, race, gender, social and economic position or abilities to develop their own potential.
- A fair distribution of the wealth and resources of the nation including access to the resources which contribute to social wellbeing.

The Commission sees, in its Terms of Reference, recognition of the contribution that monitoring and assessment make to the achievement of the responsive social policy so vital to a society with changing social values, behaviour, and population composition. In a democratic society, such challenges will be successfully met only when policy makers and the community can make informed choices that are subject to public scrutiny, because only then can their choices be expected to work. For this, credible information about the nature of social concerns, the impacts of programmes and new policies, and how their performance is to be measured, must be published regularly.

Issues of public participation are discussed in Part One of this paper, and the importance of effective monitoring noted. The need for public accountability does not just apply to organisations of government, or those that have funds and rights obtained from central government, but arises whenever there is express or implicit community endorsement. Hence the public status of a group will determine the form of public accountability for its actions and responsibilities. Such standards should apply uniformly to ventures of a similar scale.

2 Social Impacts of Policies

To be able to monitor the social impact of policies it is necessary to identify the different forms that these impacts can take. This section describes the range of social impacts that public and private actions can have on the lives of individuals and social groups.

2.1 *Social Wellbeing*

Social wellbeing lies at the heart of the social policy agenda, relating as it does to the satisfaction of the social and economic goals that are widely held by society. To enable assessments of social wellbeing to be publicly credible, they need to be based on:

- a consensus of broad social concerns and social goals.
- monitoring information which is clearly relevant to policies and programmes, and with conceptual and theoretical underpinnings visible.
- recognition of the fundamental social forces (class, gender, ethnicity) that distinguish social groups of concern, with their own distinct definitions of wellbeing.

A summary of those components of social wellbeing that social indicators aim to measure, is provided in the table below, taken from the paper by Peter Davis, *Using Social Statistics,* which is published in Volume III.

2.2 *Social Security*

In a market society, where income is a major determinant of wellbeing, the lifelong assurance for all of the absence of severe deprivation is a vital contribution to social cohesion. Among policies which ensure an adequate purchasing power are those which affect labour market incomes, provide and maintain income support, or involve the direct provision of social services.

The management of risk on a community basis by the state continues to be generally accepted in New Zealand as the most certain and equitable way of economically and efficiently providing for those periods in the lifetime of all but a few New Zealanders, when either from age, caring, or by misfortune they will not be in the labour market. This requires programmes which lead to an equitable and continuing basis for reciprocal exchanges of resources, both between generations, and over each person's lifecycle.

As social values, population structures, and material wellbeing change, the relevance and fairness of existing policies needs to be assessed. Where measures of the distribution of income exist, we can evaluate the effectiveness of programmes to change the purchasing power of particular income groups, so that we can

TABLE 1: Monitoring the social life-cycle

Life-cycle Stage	*Social Concerns*	*Social Groups*
Birth	Standard of Living	Ethnic Group
	Care and Security	Socio-economic
	Health Care	
Starting School	Standard of Living	Ethnic Group
	Education	Socio-economic
	Care and Security	
Becoming a Teenager	Standard of Living	Socio-economic
	Health Care and Care	
	Education and Leisure	
	Freedom/Security/Participation	
Starting Paid Work	Education	Gender
	Occupations	Ethnic Group
	Security	Socio-economic
	Participation	
Setting up as a Couple	Security/Participation/ Freedom	Age
		Gender
	Standard of Living	Ethnic Group
	Housing	Socio-economic
Becoming a Parent	Security and Support	Age
	Standard of Living	Socio-economic
	Health Care	
Retirement	Standard of Living	Age
	Safety	Gender
	Participation/Occupation	Ethnic Group
		Socio-economic

Source: Social monitoring group, *From Birth to Death*, New Zealand Planning Council, Wellington, 1984.

assess the net effect of the many public policies which have the purpose of directly or indirectly modifying wellbeing.

2.3 *Maori Development*

Maori development involves an amalgam of the social, iwi (tribal), hapu and whanau, economic (land, sea, forests, wildlife, finance) and cultural (language, custom) facets of Maori culture and tradition.

The Treaty of Waitangi lends its authority to Maori tribal development, both in its second article (Maori version) which grants to

the chiefs of each tribe' . . . . unqualified exercise of their chieftainship, over their lands, villages and all of their treasures', and the third article which gives to all Maori' . . . . . the same rights and duties of citizenship as the people of England'. In this covenant between two peoples, the Crown guarantees protection to the Maori for their possessions and culture. The Waitangi Tribunal, established in 1975, is concerned with claims relating to the practical application of the Treaty of Waitangi, and thus has a well defined monitoring role.

The goals and objectives of Maori development are, as yet, encapsulated in few official statistics, none of which embrace definitions of wellbeing and spirituality that are of distinct relevance to Maori. No official statistics yet acknowledge iwi, hapu or whanau as separate statistical entities. Maori development will necessitate recognition that the cultural distinctiveness of wellbeing, in a Maori context, will need distinct measures for Maori. Where the performance of iwi authorities is of concern to both government and the iwi, appropriate, culturally relevant monitoring information will be needed.

2.4 *Future Generations*

Representing the interests of generations yet to be born is an important reason for government, as markets generally fail to do this. The right of future generations to inherit a viable, fair and just society from the previous generation, involves the continued preservation of our national heritage. This bounds the policies that can be adopted by any government, and the actions members of society are able to take. Assessing how the present generation values the wellbeing of future generations would be partly enabled by measures of:

- increases in the real value of public debt;
- quality of natural resource management, conservation;
- effectiveness of the preservation of natural environment;
- social cohesion;
- comparative investment in the development of children;
- continuity of access to education;
- discount rate for public investments; and
- quality of management of community assets.

2.5 *Nature of Human Relationships*

The law prescribes bounds to the nature or form of relationships among members of social organisations, such as the family, often by specifying the nature of legally enforceable rights held by individuals, or by outlawing particular behaviour. The law also establishes a framework for the functioning of commerce and the transfer of property rights.

As standards of morality and values alter, or as the composition of society changes, the continued relevance and enforceability of the law should be assessed. Legal frameworks of particular relevance to social policy reflect concerns for such matters as personal safety and social control, children's rights and guardianship responsibilities, matrimonial property and family law, contract enforcement and human rights. The reliance of society on these legal frameworks is reflected in the importance placed on ensuring access to legal services, and the equitable functioning of the justice system.

2.6 *Social Context of Markets*

The social context within which labour, commodity or financial markets operate is bounded by law, regulation and commercial standards, in accord with the values of the community. Social values about how labour markets should operate have resulted in setting minimum conditions of work, both in legislation and in the example set by the state as an employer. Society's views about the context within which financial and commodity markets are to operate are reflected in fair trading legislation, subsidies, indirect taxes, company taxes, consumer protection legislation and health and other regulations, as well as in specific forms of direct provision of commodities, such as housing, hospitals, and schooling. Monitoring in this area must enable periodic reassessment of the efficiency, cost and effectiveness of any intervention, its scope, form and adequacy, and identify emerging needs. From time to time, there is a need to review the extent to which the society's merit goods conform with the contemporary values of society, as its values, composition and wellbeing change.

LABOUR MARKET The labour market is very special to the wellbeing of people, as it sets a market value on their skills and attributes, and for most of us it gives the income we need to participate

in the market economy. As well, it confers social status, and provides social cohesion. Policies which give recognition to collective rights and guarantee award enforcement provide stability of earnings. Redundancy provisions and occupational health and safety regulations ensure that employers' costs include some of the social costs of their business.

STANDARDS OF TASTE AND MORALITY Standards of taste and morality do change over time, and by legislation we attempt to constrain the extent to which profit can come from social behaviour which by consensus is not acceptable.

PROHIBITED GOODS Drugs, pornography, and guns are examples of commodities where, because of the marked conflict between the interests of traders and society's values, there are legal bounds to market activities.

POLLUTION Without regulation, the whole community, now and of the future, would bear the cost of pollution resulting from some economic activity, instead of the buyers of the commodities so produced. Because environmental damage can be irreparable, legal sanctions against pollution might be required.

2.7 *Economic Efficiency and Resource Shares*

Many policies directly or indirectly change the level of economic activity and economic growth, and alter the relative size of market sectors or non-monetised sectors. Individual wellbeing is affected by changes which alter the level of material wellbeing, this being a goal of economic policy. Social policy is concerned about the impact of economic activity on the level of non-monetised activity, and on leisure, and how all 3 are shared within social groups in the community.

GENDER Equitable opportunity to obtain skills, and to hold professional, technical or managerial positions, and receive a fair reward for work done, has yet to arrive for women. Along with information about existing wage structures, measures are needed to show how the position of women in employment is changing. Measures describing the relative position of women may in themselves add little to the underlying causes and processes, which may be very hard to describe simply. However they do provide a guide to assessing the relative priority of steps to reduce the wage 'gap',

by identifying the magnitude of the task, and the nature of earlier policy effects.

2.8 *Social Service Programmes*

Social values should be reflected in the way we develop, implement and evaluate all social policies. By their form or process, public or private sector programmes or policies may continue class, cultural, gender or other biases. Monitoring of programmes to identify this may require specially designed studies to monitor the experiences of programme participants and groups affected by market and other processes.

Effective monitoring of social programmes is an ongoing need. Critical aspects to monitor include: client satisfaction, client relevance, client sensitivity, cultural sensitivity, availability, cost to service deliverers and client, effects on behaviour, responsiveness to change, client choice, and adequacy of access to services. Such monitoring would be comparable to the market research and product testing associated with successful commercially marketed commodities, and should involve the participation of clients and the community.

2.9 *Managing Change*

Managing change is part and parcel of life, especially for many of the social processes that reflect community expectations of a role for government to provide certainty and security of service. Socially important transition processes include rehabilitation to enable persons to lead as much as possible the life of ordinary citizens. Examples of rehabilitation processes include the release of prisoners, induction of new migrants, post injury or illness recovery (physical and mental), retirement or redundancy, family dissolution, workforce entry and departure, and recovery from drug or alcohol addiction. Training is a socially valuable transition process, by which people can gain the skills needed by the community. Large scale adjustments, such as the consequences of corporatisation and other economic restructuring, might put whole communities in a state of transition.

Transition processes are often costly. As our understanding of human behaviour increases, new and better processes come to light, or we gain from experience. Processes should be monitored,

to evaluate the effects on both client and provider, and the process itself. In the following section on policy analysis, social impact assessment is described as a participatory monitoring process for helping communities manage in a time of transition.

3 Policy Analysis

Having considered the importance of monitoring social policies, and the key areas in which social impacts should be monitored, this section describes the contribution of policy analysis to the development and operation of social policies and programmes. Policy analysis is described and the questions it might address are outlined, with comments on current and desirable application. Some relevant overseas experiences are drawn on.

3.1 *Scope of Policy Analysis*

In outlining the range of social impacts that can arise from public policies and programmes in the previous section, we noted there that the policy analysis technique chosen might differ with the type of social impact that was occurring. This section will identify other dimensions of social policies and programmes which might determine how policy is formulated and policy analysis is carried out.

Scale is a particular dimension that is described in Figure 1. This diagram demonstrates the constraints that are placed on any policy analysis by the scale of the issue that is being considered. It gives an indication of how the various forms of monitoring might apply to different types of problem. The diagram paints a general picture of techniques of policy analysis, as problems move from specific well defined issues to a broader analysis of principles, with increasing scale.

There also needs to be an environment conducive to receiving input from the community at an appropriate level of detail, which accommodates the lead times that are demonstrated in the diagram.

In practice, this policy analysis model is likely to be further complicated where multi-programme analysis and strategic analysis is the responsibility of more than 1 agency. Ideally, the analysis of any specific issue would relate to 1 programme, which in turn would be part of one policy package. In practice, the same specific

FIGURE 1: Policy analysis by problem type

Specific Issue Analysis		*Multi-Programme Analysis*		*Strategic Analysis*
Low	←	Problem Complexity	→	High
Precise	←	Decision Environment	→	Imprecise
Low	←	Number of Alternatives	→	High
Narrow	←	Decision Criteria	→	Broad
Short	←	Lead Time	→	Long

Source: Carley, Michael, *Rational Techniques in Policy Analysis*, Policy Studies Institute, Suffolk, 1980.

issues (for example a benefit payment) could arise in a wide range of programmes, in complicated ways that would need to be identified as part of the policy analysis.

3.2 *The Focus of Policy Analysis*

The purpose of this section is to outline the type of questions that need to be asked as part of policy analysis. It focuses on the main classes of evaluation issues, and the time dimension of analysis, which describes the stage of implementation of a policy.

It is worth noting the limited range of questions generally asked as part of current evaluation procedures. The current over-reliance on financial measures was noted by the Controller and Auditor-General in his annual report to Parliament in 1985:

> More recently, there has been increasing public recognition that adequate standards of accountability cannot be based on purely financial measures . . . the results achieved by those expenditures are at least as important as the amount spent.

The Health Benefits Review Committee was able to make a more specific assessment about health services in their report. They stated that:

> . . . the quality of health services remains largely unevaluated—professional audit is just beginning to develop, ways to measure results are

> extremely limited and as a rule, no clear objectives exist by which to judge success or failure. *Choices for Health Care, p. 102*

Assuming that the goals of the policy have been set and agreed to by relevant parties, the time dimension places them into stages that can be described simply as:

- The formulation of the programme strategy;
- The implementation of the strategy;
- The ongoing modification of the programme; and
- The review of an existing programme. This includes an evaluation of the rationale for the programme and an assessment of its success in meeting its objectives.

At all stages of the process, monitoring of an appropriate form should be applied. Establishing what the analysis is expected to answer is the most important part of any form of policy analysis.

A set of questions developed by the Canadian Office of the Comptroller General for this purpose is given in Table 2. This list was prepared for the purpose of evaluating existing programmes, and the particular questions could be expanded depending on the analysis. The main headings given in this table will serve as a basis for the following discussion.

3.2.1 *Objective Setting and Achievement*

That the form of policy analysis is closely related to the process of defining and measuring objectives is emphasised in the above table. The table shows how the link between programme activities and programme objectives is an essential step in evaluating the appropriateness or effectiveness of the programme.

The Administrative Review Committee which has reviewed performance and efficiency in the Department of Social Welfare has noted:

> Good objectives are:
>
> - consumer oriented
> - outcome oriented
> - clearly related to the programme itself
> - understood by (and if possible developed by) the relevant programme manager
> - simple.
>
> *Report of the Administrative Review Committee, pp. 63–64*

Such measures were not found (by the Administrative Review Committee) to be in use by that department.

TABLE 2: Basic Programme Evaluation Issues

Classes of Evaluation Issues	*Basic Evaluation Questions*
Programme Rationale	To what extent are the objectives and mandate of the programme still relevant?
	Are the activities and outputs of the programme consistent with its mandate and plausibly linked to the attainment of the objectives and the intended impacts and effects?
Impacts and Effects	What impacts and effects, both intended and unintended, resulted from carrying out the programme?
	In what manner and to what extent does the programme complement, duplicate, overlap or work at cross-purpose with other programmes?
Objective Achievement	In what manner and to what extent were appropriate programme objectives achieved as s result of the programme?
Alternatives	Are there more cost-effective alternative programmes which achieve the objectives and intended impacts and effects?
	Are there more cost-effective ways of delivering the existing programme?

Source: Office of the Comptroller General of Canada, *Program Evaulation—An Introduction*, 1981.

3.2.2 *Policy Impacts and Alternatives*

Evaluating impacts and effects of policies could be expected to involve their nature, extent and distribution. Only those impacts that are considered as plausible (section 2 provided some idea of the range of possible impacts) would be considered in an evaluation exercise.

A comparison with alternatives is a way of evaluating the relative worth of a programme. The satisfactory achievement of policy goals does not indicate whether a similar effect could have been obtained with the commitment of considerably fewer financial or human resources.

This section has presented different sorts of questions that would be asked as part of any evaluation exercise. These questions help select the most useful technique for any exercise, depending on the stage of the process, but this paper does not give a detailed account of how to do this. For the remainder of this document examples will be drawn from a number of areas, and it will be noted if the

comments are only relevant to a particular technique, rather than being true of policy analysis generally.

3.3 *Frameworks for Policy Analysis*

This section describes some of the ways that evaluation methods are used, in applying general principles to specific problems.

Social impact assessment methodology in its current state provides a useful list of tasks for the implementation of an evaluation process in which the community under evaluation participates. The Social Impact Assessment Working Group paper *Social Impact Assessment and Social Policy in New Zealand,* identified the distinctive characteristics of social impact analysis. These are the networking and consultation, the extent of the impacts considered (scale, location, timing, ownership, etc.), the importance placed on a full identification of who is likely to be affected by the proposal, and the way in which strategies to mitigate the social impacts, including modifications to the proposal and compensation measures, are developed through a representative community-based committee.

Social impact analysis is unusual in its active community involvement in assessing proposals to amend existing policies, by the use of community development techniques. The above paper notes:

> Community development and social impact assessment have much in common ; they are both 'process' oriented,involving people in determining their own needs and priorities. *Social Impact Working Group, p. 5*

In contrast to social impact assessment, cost benefit analysis is a form of policy analysis by experts which can be used to provide information to policy makers who are choosing among policy options. Knapp (1984) distinguishes 6 stages of cost benefit analysis:

1. Separate or define the alternatives to be analysed.
2. List the costs and benefits.
3. Quantify and value the costs and benefits.
4. Compare the costs and benefits.
5. Qualify or revise the decision in the light of risk, uncertainty, and sensitivity.
6. Examine the distributional implications of the alternatives.

One of the main criticisms of cost benefit analysis is that it attempts to attach values to benefits that cannot sensibly be quantified (saving a human life is an extreme example). This can be met, to some extent, by the argument that even where values are not allocated explicitly, the very act of resource allocation implicitly identifies a value.

In cost benefit analysis, the process of evaluating options is an explicit action of the practitioner. In the social impact assessment methodology, preferences for options develop from consensus in the host community.

Where decisions have to be based on incomplete knowledge about actual or likely costs or benefits, this could lead to inefficient choices where incentives to programme managers are centred simply on either minimising costs or maximising output. Thus, where profit alone is an incomplete measure of performance, the efficiency of public sector programmes could not be maximised by improving the flexibility and quality of the financial management of public money, for example, as a result of corporatisation, revolving funds or net funding, until relevant, broadly based performance measures are available for public scrutiny. (For similar reasons, privatisation alone would be of limited effect for social services.)

Monitoring the social impacts of policies takes many forms. Quantitative measures, of which official statistics are an example, result from readily summarised numerical information. Qualitative assessments describe many of the phenomena that are too subtle, or just not susceptible to measurement, in a meaningful way. They may also be used to judge the worth of quantitative information, or to provide indicative information. For the form of monitoring itself to be accountable, it must be fairly and uniformly representative of the phenomenon, as well as timely and of assessable quality. Any monitoring must also be cost effective. Qualitative and quantitative monitoring contribute in a complementary way to meeting information needs. The balance between the 2 will alter with the immediacy of the decision-making, and the nature of the issues.

3.4 *Limitations to Policy Analysis*

A recent Canadian paper notes Canadian and other foreign experiences in programme evaluation, which we considered were also of relevance to New Zealand. The report summarises these experiences by noting that:

> Expectations for program evaluation are tempered by the following problems:
>
> *Program objectives:* the difficulty of specifying measurable objectives for all programs and creating valid measures of objective achievement.
>
> *Methodology:* the lack of standard, successful methods for the study of social problems.
>
> *Resource Constraints:* limitations on all categories of resources for the conduct of evaluations.
>
> *Using Evaluation Findings:* difficulties connected with the adoption of and taking action on findings by both managers and policy makers.
>
> *A Program's Worth:* the lack of a final bottom line means that the final objective is subjective. *Program Evaluation—An Introduction, p. 20*

The difficulty in setting clearly defined objectives for many social programmes and policies has been emphasised in the material available to the Commission. Some programmes can have multiple objectives, including unintended impacts, that complicate the range of information needed to judge the programme's worth. Practical experience with these difficulties is described in a reflection on 10 years of experience by the Auditor-General of Sweden:

> When effectiveness auditing began in Sweden great weight was attached to the matter of goals. The auditors were to utilise the goals set up by politicians as a point of departure for an assessment of the degree of goal fulfilment in the activities of government agencies. Experience has taught us that often this shot simply isn't on the board. One activity will often have several goals to aim at and the goals are often hazy and diffuse . . . As a rule, therefore we in Sweden have had to abstain from any assessment of goal fulfilment . . . Indeed, we are working on the assumption that in a longer time perspective audit of operations will come to predominate effectiveness auditing in Sweden. *Rune Bergen, pp. 5–6*

Where no measurable objectives exist, the least that any organisation providing a service should do is to describe to their clients and their funding agency the process by which they believe the activities they are engaged in will achieve their broad objectives. This should be presented with whatever observation or theoretical reasoning substantiates their claims. Where professional judgement of any kind is appealed to, the basis for this should be available.

In the Canadian report referred to above, the difficulty in isolating the effects or impacts of any programme from those of other programmes or other factors is expanded on. The example they give to demonstrate this point is that of a reduction of deaths in traffic accidents occurring after a speeding crackdown. There is no way of ascertaining if the crackdown has caused all or only some of the difference, or whether the increased use of safety belts, changes

in attitudes to drinking and driving, or simply better weather, have played a large part in the reduction.

3.5 *Managing Policy Analysis*

3.5.1 *Considerations in Evaluation Studies*

In a report describing the managerial aspects of programme evaluation experiences in New South Wales and elsewhere overseas it was noted that:

> 1 Evaluations are most likely to be useful if they meet the information needs of programme managers or relevant policy makers.
>
> 2 . . . to avoid undue attention to squeaky wheels, the total package of programmes selected should give comprehensive and balanced representation to the organisation's objectives and activities.
>
> 3 A third general observation from overseas is that accountability requirements can undermine the programme improvement role of programme evaluation. To reduce this potential conflict, care must be taken not to penalise managers for uncovering poor programme performance within their administrations, but to reward them for correcting the situation.
>
> 4 A final observation is that it takes considerable time, experience and effort to develop skills to allow high quality evaluation studies to take place.
>
> *Allan and Funnell, pp. 6–8*

These comments highlight the need to develop the human resources required for good evaluation, and the importance of having a predetermined plan of which programmes are to be evaluated over a given period of time. The Comptroller General of Canada points out in *Program Evaluation—An Introduction* that the design of an evaluation study requires consideration of the following issues :

- the nature of the programme to be evaluated (similar to the programme scale introduced above);
- the questions to be addressed;
- the client of the evaluation study;
- the evaluation method to be adopted;
- the resources and time available for carrying out the study; and
- the need to ensure credibility.

3.5.2 *Evaluation Resources in the Public Service*

In allocating resources to evaluation the standard of evaluation should reflect the scale of the policy being implemented. As an example, The Health Benefits Review Committee concluded that:

> . . . few doctors accept the need to be accountable to the state and poor management information hinders the measurement of different providers' performance. It is often the case that the schemes using few resources must meet the strictest accountability requirements, whereas major expenditure categories such as pharmaceuticals require little in the way of justification from providers about their patterns of prescribing and its implications for public spending. *Choices for Health Care, pp. 102–103*

The paper *Assessment and Monitoring: The State of the Art,* in Volume III, has a description of the main ways that government departments now monitor and evaluate the policies for which they have responsibility.

Among the most important conclusions of the paper was that, even acknowledging the genuine efforts to improve the resources of government departments in the last 10 years, social research in New Zealand suffers from a poorly developed infrastructure. The paper also noted:

> The importance of [this] comparison between government expenditure on the natural and physical sciences, and on the social sciences, is realised if the paucity of resources devoted to monitoring social policy is set alongside the large proportion of government expenditure that is absorbed by the 'social' departments.

This comparison indicates not only the under-developed state of social science research, but also the need to improve the level of monitoring and assessment of social policy. In this regard it is clear that by international comparison, New Zealand lags far behind most OECD countries in developing the infrastructure to evaluate its social policies. Part One of the paper presented some preliminary steps towards better management of policy analysis in the public sector.

3.6 *Introducing Change*

For public and private sector managers of social services, and policy makers, to be subject to that essential and most powerful discipline of public scrutiny, systematically prepared measures of the cost, quality and quantity of services, and of their relevance to needs, should be published. In examining how it may be possible to move towards this ideal, this section looks at features of the current

administrative and legislative environment that might suggest directions for how the assessment of the social impacts of new policy proposals can be improved, and the possibility of applying the techniques of social auditing. Some detailed proposals for change are contained in Part One of this paper.

3.6.1 *The Current Legislative and Administrative Environment*

The Social Impact Assessment Working Group noted that policy analysis is affected in practice by the institutional arrangements under which it is carried out. For example, the scope of the investigations might be limited by the agency funding the study, in which case the full benefits of applying a social impact assessment will not accrue to the host community. In its report to the Commission, the Working Group identified many factors constrained the effective operation of social impact assessment, and among those they identified was the lack of a coherent system for identifying the social and economic impacts of policy proposals or of allocating responsibility for social costs. They also noted the reactive nature of much of the social impact assessment work completed, reflecting the absence of adequate administrative mechanisms to 'trigger' the work. The lack of administrative mechanisms to feed the results of social impact assessments into policy development and the premature cessation of the monitoring of impacts were also of concern. The Commission believes that this description would also apply more generally to other forms of policy analysis.

3.6.2 *Social Audits*

In its submission to the Commission, the Social Monitoring Group of the New Zealand Planning Council noted that:

> A social audit of government departments to be carried out every few years. This would involve an examination of each department's social objectives, how it went about achieving those objectives, which ones it had and hadn't achieved, and why. *Submission 4743, p. 4*

In a submission to the Commission, the Intellectually Handicapped Children's Society (IHC) described its experience in implementing a pilot programme of social audits (designed by the Community Services Institute) in its district offices. As a result, the IHC believes that this type of audit exercise can be carried out in agencies delivering social services, within the same time constraints as a financial audit. The IHC itself is committed to continuing and

expanding this programme, and will be overseeing the publication and dissemination of a description of the technique.

The Commission recommends that for all public sector programmes, appropriate, systematically prepared measures of the cost, quality and quantity of services, and of their relevance to needs, be published frequently.

3.6.3 *Summary*

We note, as does the Treasury, the importance of social values and culture:

> . . . in a multicultural society it is particularly important that social structures take account of the differing values within the community. These values must become the yardstick by which the success of such structures and our overall social policy is measured. *Government Management, p. 19*

In summary, for effective public accountability, the general public, clients, and researchers, as well as programme administrators and policy makers, must be able to see how policies or services are responding to the diverse needs and values of the community. For this to occur:

- all the significant values and goals associated with both policy formation and programme delivery should be identified;
- monitoring information should be available for public scrutiny to provide feedback adequate for the modification of policy and policy goals; and
- the community should participate in the setting of policy goals and objectives.

Monitoring information may take the form of statistical measures, observational studies, indicative information, or personal experience. These may be result from planned research, occasional observation, or something in between. As well as information from observation, decisions can reflect the use of a theoretical model of behaviour, or instinct, or even prejudice. These might well substitute for good information if it is not provided by effective monitoring.

4 Official Statistics

Official statistics are commonly used to contribute to the authoritative monitoring of the social impacts of policies.

Their importance is stressed in the report of the United Kingdom Royal Commission on Income and Wealth:

> The responsibilities and activities of government in modern society are so comprehensive and interdependent that economic and social policies may be misconceived, misdirected, or vitiated as a direct consequence of inadequacy of information at the different stages of planning, implementation and evaluation. The essential operational need of government for a sufficient volume of reliable information about the context and effects of policies is generally acknowledged but, as yet, inadequately met. Information is a vital resource of government and of the public. *Royal Commission on Income and Wealth, p. 131*

This section examines the critical role some statistics play in social policy, from population statistics to the need for periodic household surveys such as provide social indicators. It describes the need to respond to Maori development. The section is not based on a systematic review of official statistics. Rather, the proposals in it relate to those areas of official statistics that the Commission has used considerably in its work. We indicate some directions for improvement.

4.1 *Population Statistics*

Information on the composition of the population now, and in the future, is critical for the development of sound social policy.The Commission found this need described by the New Zealand Demographic Society, in their submission:

> Failure to take into account the complexities of present population composition and likely future changes will jeopardise all areas of social policy implementation . . . An analysis of demographic patterns and trends is essential if the policy needs of the entire population are to be reviewed in an equitable and systematic way . . . Demographic structure and change primarily determine long-term policy, enabling needs to be assessed and strategies debated well in advance of their becoming urgent concerns. It should be noted that some policy issues such as superannuation require a long lead time to build up investment, while other areas such as education, housing and health should not be subject to stop/go policies as they require in advance long-term investments of both capital and skilled labour. *Submission 4235, p. 1*

Population projections are amongst the few relatively certain guides to the future we have, reflecting in part the long-term value of New Zealand's historical investment in quinquennial population censuses, but mainly the certainty of the ageing of cohorts already born, and the delayed impact of changes in fertility patterns on labour force numbers and adult populations.

The New Zealand Demographic Society also note in their submission that:

> Chief among the factors determining the unique nature of the New Zealand population structure is the presence in the one society of several populations who have had very different demographic histories and now have different age structures. *Submission 4235, p. 2*

A criticism of existing data use and access is noted in the submission of the Government Statistician:

> It is only in recent years that demographic factors have been given anything close to their due consideration in social planning, and there is still considerable scope to make better use of the available information. In this regard, the department [of Statistics] is devoting an increasing proportion of its resources to promoting the potential of existing data such as demographic statistics. *Submission 4617, p. 10*

The devolution of existing public sector services to local government or communities would place greater demands on exacting and detailed measures of the population and its attributes, for the communities of New Zealand, on an annual basis.

4.2 *Maori Development*

Official statistics on Maori people have been made complicated by the need for a robust statistical definition of Maori, in a population where ethnic differences have lost any clear demarcation since 1840. Two distinct concepts are used now: one relates to the way in which people see themselves, the other to the acknowledgement of descent from a Maori. Maori development embraces those with ancestral links to the tribes and relates to the definition of Maori in the Maori Affairs Amendment Act, 1974, where ' 'Maori' means a person of the Maori race of New Zealand, and includes any descendant of such a person.'. This concept was approximated by the past practice of obtaining the fractional measure of Maori blood, on which most official statistics were based until recently.

Many of the submissions from Maori noted how official statistics generally document the concentration of Maori in situations of failure, particularly the young. As noted in section 2.3 of this Part, the goals and objectives of Maori development are not as yet encapsulated in any official statistics. None embrace definitions of well-being and spirituality that are of distinct relevance to Maori, or acknowledge the iwi, hapu and whanau as separate social entities, on which Maori development and Maori culture focus.

The paper *Hapu and Iwi Resources and Their Quantification* by Professor W. Winiata published in Volume III includes a blueprint of an iwi-based statistical system for Maori. It shows the interdependence of the personal, iwi (tribal) and hapu, resource(land, sea, forests, wildlife, financial, marae) and cultural (language, protocol, artifacts) aspects of Maori development. The system is published as one of the associated papers of this report.

The Commission understands that only in birth registrations is iwi recorded for official purposes, although no statistics are published for the iwi. The thrust for tribal authorities to manage economic and social resources, by the devolution of centrally managed services, places new demands on both government and tribal authorities to develop measures of performance relevant to both tribal authorities and policy makers.

Culturally Appropriate Monitoring:

In *Assessment and Monitoring: the State of the Art* in Volume III, the cultural appropriateness of the way social research is undertaken is noted as an issue of accountability. That paper notes a growing response of Maori people to the experience of being the 'subjects' of social research.

4.3 *Social Indicators*

Social indicators are quantitative measures of social wellbeing that were developed internationally and nationally, the impetus in this work being co-ordinated by the OECD and the United Nations. The measures are intended to provide a robust analytical framework to enable social values to be applied to assessment criteria that can be measured.

There are limits to the quality of social indicators set by the measurability and adequacy of concepts(for example, functional educational achievement). The Department of Statistics has developed social indicators for New Zealand which are described in the Department of Statistics' report of that study. It noted that:

> Social indicators may be thought of as a special type of social statistics. The latter describe many aspects of individuals and communities, from their characteristics (age, ethnic group) to their environment (housing) to their achievements (education, income) to their actions (crime, spare time activities). Social indicators measure the same phenomena, but do so in such a way that the following conditions are fulfilled:
>
> (1) they are outcome measures;

(2) they focus on individuals;

(3) changes can be interpreted as showing improvement or decline in the quality of life.

> By these criteria, for example, statistics on the number of doctors or policemen could not be social indicators, but figures on health or crime rates could be. *Social Indicators Survey, p. 13*

A social life-cycle model has been developed by the Social Monitoring Group of the New Zealand Planning Council, and published in their report *From Birth to Death*. The life-cycle model relates the main dimensions of social wellbeing to the key institutional areas of life. It is described in the paper by Peter Davis, in Volume III, as embodying an underlying notion of citizenship, as individuals acquire new roles at each stage, in the way that it is drawn from popular perceptions of expected patterns and standards of living associated with different stages of life.

New Zealand has not repeated the comprehensive set of relevant measures published using data from the single Social Indicators Survey of 1980–81. Regularly available elements of the social indicator series are limited to those produced from administrative records, population censuses, the Household Labour Force Survey, and the Household Expenditure and Income Survey, none of which obtain the attitudinal information required.

The fact that social indicators measure broad facets of wellbeing, makes it less likely that the impact of individual policy initiatives would be separately identified. Their capacity to enable any assessment of the wellbeing of particular social groups in the population is very much constrained by the nature of the information sources. Regional social indicators, as produced by the Auckland Regional Authority, can focus on explicit local concerns.

New Zealand is now due for another Social Indicators Survey given the reliance on social indicators as a fundamental metric to measure the successes and failures of social policy. The development work for the next Social Indicators Survey, will benefit from both the life-cycle model and the expression of social values arising from the Royal Commission itself, in submissions to it and the attitudinal survey it commissioned.

In a submission to the Commission, the Social Monitoring Group of the New Zealand Planning Council said:

> At present there is insufficient statistical material on which to base social monitoring, and that which is available is not specifically aimed at measuring the social effects of policy. The costs and difficulties of monitoring and evaluation would be greatly reduced by improved provision of

> data on a national basis . . . The Social Indicators Survey conducted in 1980/81, which examined aspects of social wellbeing and standards of living in the community is a New Zealand example of social monitoring. However the Statistics Department is not able to carry out the ongoing monitoring programmes found in some other countries.
>
> *Submission 4743, p. 3*

(The submission later refers to Great Britain, United States, Canada and Australia).

The Government Statistician, in his submission notes that:

> The information available from the current official statistical system in this area is less than satisfactory. The current survey sources are not sufficiently extensive to cover the range of target groups and needs nor is there sufficient information on the range of programmes and services available, let alone their impact. For example, in the health area there is very little information available about the scope and nature of primary health care and the impact of this on the health status of the community. The health statistics which are currently available tend to focus on the activities and operations of health institutions, such as hospitals. This issue is being addressed in a current review of health statistics. However, the situation in the health area is typical of other areas. In order to redress this situation it will be necessary to collect a wider range of statistical information.
>
> *Submission 4617, p. 7*

The Commission recommends that periodic (five-yearly) surveys of social indicators should be commenced now, to augment existing household surveys.

4.4 *Labour Force*

For decades after the major industrial reforms of the 1890s, the economic wellbeing of families was maintained by policies to guarantee full employment and a stable income for the household head. Participation in the labour market is still an important key to access to services such as housing finance, and other forms of credit, while occupational superannuation schemes apply only to those in paid work. Who has access to paid work is critical to the wellbeing of individuals, communities and social and cultural groups. Where the effects of the unavailability of paid work are predominantly felt by the young, by Maori, or by those in the rural communities, then those groups and communities as a whole participate less fully in society, regardless of their social contribution. Understanding who is not in paid work, and why, and where, and who does unpaid work, is essential for evaluating the need to adapt

labour market practices to new forms of participation, and determining the most cost effective mix of policies.

The Commission recommends the continued development and enhancement of surveys obtaining information about labour force composition and access to paid work, and unpaid work activity, as being essential to the future development of policies about paid and unpaid work.

4.5 *Time Use Data*

Time is a limited resource, the economic allocation of which is of concern to all. Time is also the only metric in the social sphere equivalent to money in economics. Time use refers to the manner in which individuals allocate their time to various social and economic activities such as paid work, recreation and leisure, family and household duties, voluntary and unpaid work, etc. Time is the measure used to integrate market and non-market activity. Time use data can therefore provide useful insights into social wellbeing, particularly in regard to the way in which patterns of time use vary among different social groups. Furthermore, time use data can provide useful information about topics such as unpaid and voluntary work which are difficult to monitor using conventional social survey vehicles such as the population census.

Time use data are generally obtained through household time budget surveys, similar to household expenditure surveys. In 1975 the Ministry of Recreation and Sport commissioned a survey, which included a time budget component, on the recreational behaviour of New Zealanders. However, no other substantive time budget surveys have been conducted in New Zealand, apart from the regular commercial market research surveys concerned with television and radio programme ratings. Time use surveys are conducted on a more frequent basis in North America, Japan and Australia and in Eastern bloc countries.

The Commission recommends periodic national surveys of time use to measures of the magnitude and composition of non-monetised activity, for assessing changes in national wellbeing and its distribution.

4.6 *National Accounts*

Gross Domestic Product is the single most used measure of economic performance. Several submissions have indicated concern at the extent to which National Accounts, by the manner of their

construction, fail to encapsulate the activities of those not in the marketplace, rendering them invisible to policy makers.

Earlier in the report we commented extensively on the interdependence of economic and social policies. It appears to us that such interrelationships between market and non-market activities can no longer be ignored. In particular, we note that using Gross Domestic Product, when used as a measure of total resource efficiency in the economy, is biased in the way that activity in the monetised (or cash-generating) sector represents only part of the productive activity of value to the community. As noted in elsewhere in the report, voluntary work, household work and the care of dependents is monetised only in a small part, which means that national accounts cannot reflect the full productive capacity and performance of the society, and the interdependence between market and non-market activities. National Accounts measure the economic distribution of economic product (to various market sectors or the household sector), not how economic product is distributed among social groups. Thus Gross Domestic Product cannot reflect the real benefits and costs to society of social and economic programmes such as equal pay, devolution, deinstitutionalisation, taxation, and childcare.

Furthermore, macro-economic measures do not allow the quality of natural resource management to be judged. By the way they are formed and used, they reflect the effects of how time is discounted by the market, not by society.

The commission recommends that the National Accounts should be enhanced by developing measures which enable market sector activity to be viewed in the context of total productive activity and resource management in our society.

4.7 *Distribution of Wealth*

As noted in the Commission's discussion booklet *Wealth and Income in New Zealand,* wealth is a major determinant of economic power, which explains why it is usually broadly defined as 'command over resources'.

Some definitions of personal wealth might include an entitlement to National Superannuation. Other assets might include communal assets (roads, hospitals, etc.), and human capital. Different cultures have different attitudes as to what assets are appropriate for community or communal ownership. Some people may not

be able to use public assets (parks, libraries, etc.), hence deriving little benefit from the right to use them. Access to influence is seen as another form of wealth.

The United Kingdom Royal Commission on Income and Wealth says:

> . . . statistics of the size distribution of personal wealth would be available which covered the whole population and all wealth. These would enable personal wealth holding to be studied on a number of important bases, including those which distinguished marketable and non-marketable assets, inherited wealth and lifetime savings, and individual, family, and household wealth. *p. 127*

We know very little about the concentration of wealth in New Zealand, how wealth is distributed within the community, the processes of accretion, or the effects of inflation on wealth. Only at death is there some monitoring by the community of the transfer of wealth, when estate duty is paid by the very few who have not avoided it.

Wealth is difficult to measure, with a major benefit of a wealth tax being the information it gives statisticians on personal wealth holdings.

The commission, in recognising the difficulties of measuring wealth, recommends that periodic (five-yearly) measures of the distribution of wealth be developed.

4.8 *Distribution of Income*

Enabling the participation of all in our market economy is an objective of income support policies. Taxation and income support policies are most critical in achieving this. To ensure that they are at their most effective, we require information about the distribution of economic resources for estimating economic models that can evaluate policy alternatives. Given the amount of taxation, and the value of income support payments, and the known projections of demographic change, New Zealand has yet to develop a complete database from which effective and reliable policy planning of all taxes can emerge, although the ASSET tax modelling system of the Department of Statistics, used in the Commission's work, is a major positive step.

We agree with the comments of the United Kingdom Royal Commission on Income and Wealth that:

> Without knowledge of the true nature of the present distribution of income and wealth and of its connection with the expansion of real

> income and wealth, and with concepts of social justice, views may be held by different groups which are mistakenly believed to be based on fact, but which will render more difficult the evolution of a consensus on policy in this field. Yet to arrive at such a consensus is essential if that policy is to tackle present social and economic problems effectively. *p. 131*

The specific need for income statistics as described in that report also applies to New Zealand at the present time.

> Ideally, both historic and current statistics of the size distribution of income before and after tax would be available, which analysed, on a consistent basis, the various components and aggregates of employment, investment and transfer incomes of different kinds. There would be statistics of the distribution of these forms of income among individuals, families, and households of different size and composition, and the historical series would take into account changes in the value of money. These statistics would enable distributions to be produced on different bases for different purposes and would be analysed by factors such as age, sex, region and occupation. They would also provide adequate data for studies of lifetime incomes.
>
> *Royal Commission on Income and Wealth, p. 131*

This basic information would serve to answer questions such as:

- How is income redistributed among members of households?
- How is purchasing power distributed in and among different household groups, of varying size and composition? How has this changed over time?
- Which groups have no economic resources?
- Which groups are at risk of not being able to participate in society for lack of resources?

Cross-sectional surveys provide snapshots of the population, as does the population census. Longitudinal surveys, on the other hand, involve repeated surveys, giving a picture of household dynamics with respect to family change, the dynamics of labour market participation, and other social change. Overseas studies have shown that longitudinal surveys can contradict the findings of cross-section surveys. For example, the annual Household and Expenditure survey can reveal changes in the overall distribution of household income; it cannot tell whether families or individuals remain in the same income band year after year (for example, continue year on year to have low incomes) or not, and how this changes with new policies. Yet such knowledge is essential in

determining the optimal form of targeted tax allowances, or estimating benefit populations and costs, and evaluating the long term impacts of social provision in its various forms.

Survey of Income and Programme Participation

A longitudinal survey, exemplified by the Survey of Income and Programme Participation that is operated by the United States Bureau of the Census, could provide extensive new information on the relationship between income, labour force activity, taxation, income support, and access to the many forms of public, voluntary and community services. Such a survey could provide an effective monitoring tool to lead to the more informed development of income support and other programmes, and contribute to the much better understanding of social structures and processes that the Royal Commission believes is essential to improving the cost effective and ongoing assessment of social policies and programmes. In its submission to the Commission, the Social Monitoring Group of the New Zealand Planning Council noted that the United States Survey of Income and Programme Participation was 'a good example of monitoring in the income maintenance area' (Submission 4743, p. 3).

The Commission recommends that priority be given to the major improvements it has identified as being needed in existing income statistics, so that effective analysis of existing and alternative tax and transfer policies can be publicly available.

4.9 *Poverty*

With many opinions about the causes and cures of poverty, there are also conflicting points of view about how it is defined.

Studies of those on low incomes based on data covering one-year periods do not capture the actual volatility of the economic fortunes of households, as they cannot distinguish between the temporarily and the long-term poor. For policies which use annual income to describe needs, such as the recent Guaranteed Minimum Family Income scheme, it is essential to know the extent to which annual figures mix the short-term with the longer-term poor, if such policies are to be adequately evaluated.

A most important question is whether information on the incomes of families over many years allows us a better understanding of the causes and nature of longer-term poverty.

The function of a poverty measure is to identify individuals who do not command sufficient economic resources to attain a satisfactory standard of living. Family cash income by itself is not an adequate measure of resources, or a family's potential ability to fulfil basic needs, as it omits all of the goods and services such as housework and childcare that a household provides rather than purchases for itself, as well as what a household may exchange for its services (without the intermediary use of money). Furthermore, income fails to separate those whose labour market and housework hours leave virtually no leisure time.

The family is a major institution in the lives of virtually all of us, as children, partners or other members. The economic status of families, will change either if families change their composition, or if the characteristics of family members change. The economic wellbeing of families is a major social concern, with many forms of state assistance in existence. Yet without understanding the labour market dynamics of family members, social policies may reinforce rather than obviate poverty.

In the book *Poor New Zealand,* Coventry and Waldegrave note that 'poverty has numerous indicators'. They critically examine information on unemployment, homelessness, health and education, and use expenditure and income data to estimate a total of those in poverty. The book is intended to reverse a longstanding general disinterest in New Zealand for measuring poverty. The absence of authoritative measures that exist in other countries, to relate purchasing power to needs for families of varying composition and income sources, has limited the capacity of the Commission to judge the current state of our society.

The Commission believes that objective measures of poverty are needed in New Zealand, and recommends that they be published regularly.

4.10 *Budget Incidence Studies*

A major part of social policy in New Zealand is delivered by the spending and taxing policies of government. The net redistributive effect of government can be measured, to evaluate its impact, and add to our understanding of it.

The Commission was able to use in its work a study of the distribution of public expenditures and public revenue, commissioned by the Department of Social Welfare from Suzanne Snively, to be published. The Commission is aware of the complex nature of

such studies, and that they are in wider use in other countries. We have an awareness of the conceptual limitations of this sort of study, but believe that it adds substantially to understanding the process and impact of social policies, and the way these processes and impacts change over time.

The commission recommends that official endorsement be given to the regular preparation of these studies.

5 Summary and Conclusions

5.1 *Principles for Monitoring and Assessment*

1 All the significant values and goals associated with both policy formation and programme delivery should be identified;

2 Monitoring information should be available for public scrutiny to provide feedback adequate for the modification of policy and policy goals;

3 The community should participate in the setting of policy goals and objectives;

4 All forms of activity that have express or implicit community endorsement should be monitored.

5 The performance of individual public institutions or programmes must be assessed in the context of both the emerging needs of a changing society and the demands of an internationally healthy market economy.

6 The goals and objectives of Maori development should be recognised by relevant official statistics, and they should acknowledge definitions of wellbeing and spirituality that are of distinct relevance to Maori.

7 Effective monitoring should be timely, planned, of known quality, relevant, economical, and where required, ongoing. It will bring together a variety of information, measures and judgements.

8 Where any professional judgement is made about an individual in the course of assessing and monitoring policies, then that judgement should be referred to the individual for comment before any resulting action is taken.

9 Access to information that is essential to the effective functioning of democratic processes should be acknowledged as a public good.

5.2 *Summary*

The Commission found that we are not very well served in the information available to the public or to policy makers, to assess the state of our society, and the relevance, effectiveness and impacts of public policy. Not enough is done to encapsulate the values of the community and its cultural diversity in documented statements of objectives of social policies and programmes. Major social goals are not always stated, and even where they are able to be monitored, they are rarely measured on a regular basis.

It is not unusual for policies to be introduced with inadequate information for public scrutiny, and with little to assure those affected that indirect impacts have been understood by policy makers.

The performance of major social services is still monitored by measuring throughput rather than the effectiveness of the output, and in some situations maximising levels of input has become a goal.

Poverty in its various forms is assessed rarely. A major part of the resources of society, time spent in unpaid work, is unmeasured.

A major restructuring of the public sector has occurred, with corporatisation, devolution, and other changes. Yet demonstrating the success of these policies lies with the development of information for performance evaluation that has yet to see the light of day, and meet public scrutiny.

We find that poor international economic performance, together with continued population and social change, have seemingly stretched our society's ability to finance adequate social security for many. Despite little relevant comparative information about the public and private sector, issues of effectiveness and efficiency have become central to public policy, with a questioning by some of the capacity of government to respond usefully to concerns of social justice and equality. The Commission is not convinced by such speculative reasoning, but is equally firm in its view that inadequate monitoring of government programmes has hampered good social policy, by lessening the public accountability of politicians, policy makers and programme managers.

We agree fully with the views of the Social Monitoring Group of the New Zealand Planning Council, about the inadequacies of the present statistical database, quoted earlier.

The Commission received much information and assistance from those managing social programmes. While we were content with what we could get, we were often disappointed that much pertinent information that we wanted did not exist, or was incomplete, or could not be readily obtained.

This report does not give a full prescription for change, nor is it a systematic review of the adequacy of monitoring in New Zealand. It does bring together, however, the Commission's thinking at this time, and highlights the size of such a task.

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