



Ki te kotahi te kakaho ka whati, Ki te kapuia e kore e whati

The case for more devolved social services in Te Tairāwhiti

NZIER report to Manaaki Tairāwhiti

July 2022

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Key points

*Ki te kotahi te kakaho ka whati,
Ki te kapuia e kore e whati
Alone we can be broken,
Standing together, we are invincible.*

All is not well in Aotearoa New Zealand

We have known for decades that many people in Aotearoa New Zealand experience persistent disadvantage.

Addressing disadvantage should be a priority for the government: to improve the lives of the people affected, meet its obligations under te Tiriti o Waitangi, and lay the foundations for improved economic performance and wellbeing in Aotearoa over time.

Innumerable commissions, committees and working parties and Ministerial taskforces have addressed the issue of barriers to people meeting their aspirations, and billions have been spent on social assistance. This spending has increased dramatically since 1980: it has doubled after adjusting for population growth and inflation.

And yet all is still not well.

Widespread concerns about the effectiveness of policy responses have been expressed by people using social services, their advocates, civil society, and even government-appointed reviews.

And we are not sure why

Why disadvantage persists in Aotearoa despite significant increases in social spending remains a contentious issue. The Productivity Commission, which is examining this issue in its *A Fair Chance for All* inquiry, has identified several possible complex underlying causes ranging from colonisation to economic forces reducing the demand for low-skilled workers in regional centres, along with systemic failures in social service delivery.

On the service delivery side, one view is that we know what the solution is, but we just have not implemented it correctly. Under this theory, because the services required to reduce persistent disadvantage currently exist, the discussion focuses on the level of services to be provided and the capabilities of the providers to connect with their clients.

A second theory is that we know the range and quantum of services needed; we just have to make smarter choices about providers. In order to improve outcomes for individuals and whānau, personalised services need to improve both service experience and service quality and effectiveness. The key idea here is that better outcomes will come from supporting people to choose which of the available services is best for them. Whānau Ora is one example of this approach: it involves commissioning agencies working with their constituent communities to identify outcome priorities and then commission service providers to deliver what is required.



Our view is that the problem is with what should be delivered to whom, as well as how much, how and by whom. People still face barriers to reaching their aspirations because they have not been included in the design, delivery, and assessment of the package of services they receive. This is more than just being asked which services they would like to choose from a list: this is about digging deeper and working with people to determine what will make their lives better. In some cases, it might mean designing whole new services. Manaaki Tairāwhiti is an example of a collective that is testing and learning a new approach.

In summary, we know we have a problem, we have an incomplete understanding of what causes that problem, and there is still debate about the best approach to reduce persistent disadvantage.

We need a tool to choose between alternative delivery approaches

In this report, we use the ‘capability approach’ developed by Nobel Prize-winning economist Amartya Sen as a tool for choosing between different alternative ways of addressing ongoing disadvantage.

While some of its academic formality may seem a long way from the lives of people in distress, it is a very powerful way of isolating alternatives that have the highest potential to deliver lasting improvements.

The capability approach is an evaluation tool that allows alternative policies to be compared consistently. It says that policies will increase a person’s wellbeing if they increase the actual choices a person has available to “lead the kind of life they value and have reason to value”. Policies that do not achieve this aim should not be implemented.

When comparing alternative services, the test of which is better involves asking which results in more meaningful choices for recipients. A key distinction between the capability approach and traditional economic theories of development is that the capability approach does not just see people as passive consumers, measuring their wellbeing in terms of income or entitlements. Wellbeing comes from what people can actually achieve with the resources they have: money, sessions with a counsellor or a place at university are important because they can help people build better lives.

One result of a more active approach that involves people in the design, delivery and assessment of the services they receive is that agencies may not know in advance what services they will be providing, in which quantities, to whom and for how long. This has implications for planning, resourcing and costing services, and makes using existing models of demonstrating accountability for public funds unworkable.

What do we do when we don’t know (exactly) what to do?

The current centralised system of designing and delivering services to people experiencing material, persistent disadvantage has failed to deliver any step-change in the lives of many people living in distress.

New Zealand spends significant funds on ‘out-sourced’ or contracted services involving private and NGO suppliers of programmes designed by the centre. While there are examples of the government devolving responsibility for programme design to others, they tend to be small-scale initiatives focused on one or sometimes a few dimensions of disadvantage: family violence, housing, drug and alcohol addiction, or skills development.



Evidence suggests that devolving more than service delivery is likely to achieve cut-through.

How to conceptualise and manage such an approach is a work in progress, but at its core is a willingness to 'test, learn and adapt'.

Manaaki Tairāwhiti is making a difference

Manaaki Tairāwhiti is funding a 'way of working' which is an example of a holistic approach that shows promise.

Manaaki Tairāwhiti centres whānau voice. There are no standard checklists or shortcuts: the staff which it funds within a range of providers take time to invest in building trust, understand what is working well in people's lives and identify the challenges whānau face.

Staff respect individual and whānau agency when working together to build whānau capability. Navigators work with whānau to jointly identify whānau priorities, set goals and make plans to achieve those goals. For example, a whānau might identify a lack of work, transport challenges, or health issues as the number one stressor in their lives right now. Manaaki Tairāwhiti funded staff help whānau identify the support they need to address those challenges, make connections to service providers, and negotiate variations to terms and conditions when existing rules or thresholds restrict access to services that are needed to move forward.

Manaaki Tairāwhiti funds providers who have or can build deep connections to the local community and trains them in the Manaaki Tairāwhiti way of working, which encourages staff to 'stop the production line' and 'pull for support' from supervisors rather than trying to muddle through when they need help. Manaaki Tairāwhiti also works closely with other agencies, including through staff secondments and exchanges, as a way to encourage more widespread understanding and application of this approach.

A consequence of centring whānau voice and building trust is that over time whānau feel comfortable sharing other unmet needs with navigators. The wider community also learns that more effective, trust-based services are available, further boosting demand. As additional unmet needs have come to light through this organic process, Manaaki Tairāwhiti has evolved its approach, moving away from targeting services to a specific number of families to providing services based on need.

Accountability remains a barrier to further success

A common theme in studies of the barriers preventing greater devolution of service design and delivery is that 'accountability' is getting in the way. It is certainly true that the standard operating model currently used within the social sector, which involves accountability up through departments, ministers, Parliament and the electorate, often necessitates centralised planning, highly specified processes, and micromanaging inputs, which are an anathema to the flexibility needed for effective devolved services.

In the background to this study is the inescapable fact that social services are expensive and are well beyond the ability of people experiencing the greatest need to purchase out of their own income. Government funding will be needed, and the government and taxpayers will require some sort of reporting on what has been achieved through that funding. There are mechanisms to boost funding for programmes that are working and reduce funding for those that are not required.

As circumstances and attitudes have evolved, how this issue of unaffordability is addressed has changed and adapted. Both the type and level of services provided and the organisations delivering services have altered, and ways of ensuring accountability have changed as a result.

Manaaki Tairāwhiti has seen both what not to do and what to do

While it provided some helpful insights, an intensively resourced place-based initiative (PBI) evaluation completed in 2019 could not quantify the extent to which services provided had improved the lives of whānau.

In response, Manaaki Tairāwhiti has been developing a success framework that takes a broader accountability approach. It assesses the extent to which service delivery results in systems change, follows appropriate processes (including consistency with Te Tiriti o Waitangi), and leads to better outcomes. This goes beyond demonstrating public funds have been 'well-spent' and acknowledges wider responsibilities to recipients, providers and communities.

What we have learned

Greater devolution is strongly recommended in situations where:

- Bespoke services are needed to address complex, longer-term needs for people with low capabilities to navigate the social services system
- Trust in traditional providers is low
- Long-term, non-transactional, trusted relationships must be formed between the provider and their clients to determine what services are needed and how best to deliver, monitor and evaluate them.

There are also situations in which we do not recommend devolution of services. These include cases where:

- The services to be provided can be specified in advance
- There are economies of scale or scope in delivery
- Relatively homogeneous services are required
- Professional and occupational regulation provides assurance that providers can be trusted.

Conclusion

Governments face a choice. Continuing to deliver services that demonstrably do not work is a waste of resources. But the new ways of working that are being developed in response to the failure of conventional services to create meaningful change for people experiencing persistent disadvantage are works in progress. While experimenting with new approaches does involve greater risk, in our view, it is the only responsible approach given the failure of standard services to improve people's lives.

Manaaki Tairāwhiti has shown that a willingness to build trust, centre whānau voice, and test, learn and adapt can change lives in Te Tairāwhiti and beyond.



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1 Purpose, scope and research question

Manaaki Tairāwhiti describes itself in these terms:

Manaaki Tairāwhiti is the regional leadership group for social wellbeing in Tairāwhiti. We are an iwi-led and place-based initiative endorsed by Cabinet to explore and evidence alternative social sector service delivery for improved outcomes for whānau. Our ambition is greater than this. We aspire to true social development and empowerment of our whānau and our rohe. (Manaaki Tairāwhiti 2021b, 1)

It's members (iwi, government agencies and NGOs) are working to address long-term, inter-generational disadvantage using innovative, whānau-centred collaborative approaches that are improving the wellbeing of the people of Te Tairāwhiti. Manaaki Tairāwhiti has a vision for a new system for social spending in Te Tairāwhiti. This involves mana motuhake – self-determination – in social development in the region.

Central to this approach is not just funding local agencies to provide services designed by the centre but increasingly devolving elements of programme design, delivery and governance to Iwi and community-led organisations.

Manaaki Tairāwhiti has commissioned the New Zealand Institute of Economic Research to investigate the case for more devolution of social services to locally led entities such as iwi and other collaborative organisations.

The purposes of this study are to outline the conceptual case for more devolved spending, with a focus on helping people facing multiple systemic barriers reach their aspirations and to sketch what systems changes will be needed to allow wellbeing-enhancing devolution to occur.

1.1 Te Tiriti o Waitangi

Manaaki Tairāwhiti is a collaboration between local iwi and representatives of Crown agencies in Te Tairāwhiti. One of its core values is to live the principles of Te Tiriti o Waitangi (Ibid., 11).

There is an active debate in Aotearoa today about the role of Te Tiriti o Waitangi in public governance. This is occurring across a range of areas, including high-level issues like the United Nations Declaration on the Rights of Indigenous Peoples (Jackson 2022), the establishment of the Māori Health Authority (Little and Henare 2022) and co-governance proposals in water reforms (Mahuta 2022).

The role of Te Tiriti in the delivery of social assistance is being addressed by the Productivity Commission in its *A Fair Chance for All* inquiry (Robertson 2021). In a report to the Commission on engagement with Māori on the Terms of Reference for the inquiry, Haemata Limited note the importance to Māori of tino rangatiratanga and mana motuhake (Haemata Limited 2021, 8).

In its report on the first stage of its inquiry into health services and outcomes, the Waitangi Tribunal noted that in several previous reports, it had:

[A]ffirmed that the Treaty guarantee of tino rangatiratanga was a promise of active protection of Māori autonomy. In encompassing autonomy and self-government to the fullest extent possible, tino rangatiratanga is an equivalent term to mana motuhake. (Waitangi Tribunal 2019, 30)

Devolving funding to iwi and hapū Māori to allow them to decide which social issues should be addressed and how and by whom is clearly one way in which the guarantee of tino rangatiratanga could be fulfilled.

1.2 Terminology

This report is concerned with social services that are ultimately funded by the government. The New Zealand Productivity Commission has defined social services as “services dedicated to enhancing people’s economic and social wellbeing by helping them lead more stable, healthy, self-sufficient and fulfilling lives” (New Zealand Productivity Commission 2015a, 27). We adopt that definition.¹ The Commission noted that a mix of government, for-profit and not-for-profit providers deliver social services in New Zealand (New Zealand Productivity Commission 2015a).

Our particular focus is on social services that are or can be, delivered by organisations that are not part of the public sector. The term ‘public sector’ is the widest definition of government in New Zealand and includes central government, local government and an extensive array of government-owned, operated or controlled entities (Public Service Commission 2022).

In the literature, a wide range of terms describe how government-funded social services are delivered outside the public sector and the organisations providing those services. ‘Outsourcing’, ‘contracting’, ‘third-party contracting’, ‘devolving’ and ‘commissioning’, amongst others, are all terms used to describe the process. The nature, organisational form and governance of these providers vary. Some are private, for-profit firms that are in the business of service provision. Some are not-for-profit entities, including charities. Others, especially in New Zealand, are iwi-, hapū or mana whenua-based.

Internationally, approaches to the delivery of services that involve a number of organisations working together are becoming more common (Kania and Kramer 2011, 36). These approaches have been called ‘collaborative organisations’ and ‘collective impact initiatives’. A precise definition of what they are, what they do and how they do it is still being developed in the literature. See section 3.3 of Fry (2022) for a detailed discussion.

In this report, we generally use ‘devolve’ to describe the process and ‘collaborative organisation’ to describe the providers.

1.3 Internal collaboration in the public service

Some recent reforms to the public service, including the passage of the Public Service Act 2020, have focused on improving services through improving collaboration across agencies.

¹ The terms social welfare, social security, social services and the welfare state appear frequently in the literature and in popular discourse and are often used interchangeably, especially when used to describe government organisations.



These reforms are partly a response to concerns that the public sector and government departments are organised in specialist ‘silos’ that have little connection with each other (New Zealand Productivity Commission 2015a, chapter 10.)

While this approach may attempt to reduce some of the limitations of focused, siloed delivery, silos themselves will persist as long as departments are subject to the strong system of vertical accountability that pervades the public sector.

This material does not provide much assistance in deciding when responsibility for service provision should be moved out of the public service.²

1.4 Scope

We have deliberately not started from a blank piece of paper and designed a new social service system for Aotearoa. Nor have we tried to describe what a perfect world might be, where no one suffers from disadvantage.

We have also not engaged in an exercise in defining the appropriate role of the state when it comes to social policy.³

Our focus is on how to improve the current social services system so that it supports better lives for more people. Our point of departure is:

- Centralised and standardised services are appropriate when there are economies of scale from national delivery systems, **and** the criteria that qualify someone to receive those services are homogeneous nationally (e.g. everyone over age 65; everyone with dependent children who is in paid employment) or where the policy objective is that people receive the same service.⁴
- Devolution and tailored services are appropriate where differences between people mean that they should receive different levels of service **and** the needs of the population vary in ways that can only be observed at a regional or finer level.

The relationship between the tradition of universal provision has strongly influenced social policy in Aotearoa New Zealand, and the rights of tangata whenua to mana motuhake and tino rangatiratanga (Durie 2002) underpins this report.

Outside of transfer payments like New Zealand Superannuation, examples of the Crown providing funds with full autonomy are rare in any area of government. Payments intended to redress previous wrongs, for example, Treaty settlements, are one of the few examples that we are aware of.⁵

In previous situations where greater autonomy over funding for social services has been provided, the amount provided has often been constrained as a result of perceptions

² In other areas, the government is supporting place-based initiatives and increasing funding for Whānau Ora.

³ See Destremau and Wilson (2016) for a discussion.

⁴ Two common criteria used to design policy are horizontal and vertical equity. Horizontal equity requires that people who are the same be treated the same. In tax policy, for example, this principle would require people with the same income to pay the same rate of tax. Vertical equity says that people who are different should be treated differently. Again in tax, vertical equity is the justification for a progressive tax system, where the rate of tax increases with income (Weimer and Vining 2005, 145).

⁵ The amounts paid for settlements of historical Treaty breaches were, however, capped within the contentious ‘fiscal envelope’ of \$1 billion set by the Crown (Brankin 1997).

around political acceptability (e.g. Whānau Ora funding is still only a small proportion of total funding for social services provided to Māori).

The extent of need in Te Tairāwhiti is such that the level of fully autonomous funding that might be tenable politically will not be sufficient to address the need.

This leads us to consider how autonomy and resourcing can be increased while ensuring adequate accountability for public funding.

The key is to develop accountability frameworks that reflect increased tino rangatiratanga and mana motuhake to facilitate increased resourcing.

1.5 Affordability is a key issue

In the background to this study is the inescapable fact that social services are expensive and are well beyond the ability of people experiencing the greatest need to purchase out of their own income.⁶

As circumstances and attitudes have evolved, how this issue of unaffordability is addressed has changed and adapted. Both the type and level of services provided and the organisations delivering services have altered.

In the earliest days of the welfare system, the government provided income in the form of 'pensions' to groups of people who were considered deserving of state support. Next came the development of a series of universal in-kind benefits, where the government employed people to provide the same level of services across the country. Schools and hospitals are prime examples. Housing was also provided directly, but this was not universal: as it was intended that only people with low incomes could rent a state house.

In the late 1980s, new, bespoke, in-kind services started to become more common. Benefits were still provided in-kind. In-kind services were provided, but they were tailored to the circumstances of the people being helped. Some of these services were provided directly by government departments, e.g. Oranga Tamariki or a Crown entity (such as district health boards (DHBs), while others were devolved to third-party providers, operating under a contract from the Crown (e.g. Whānau Ora).

The current approach includes the Crown⁷ either:

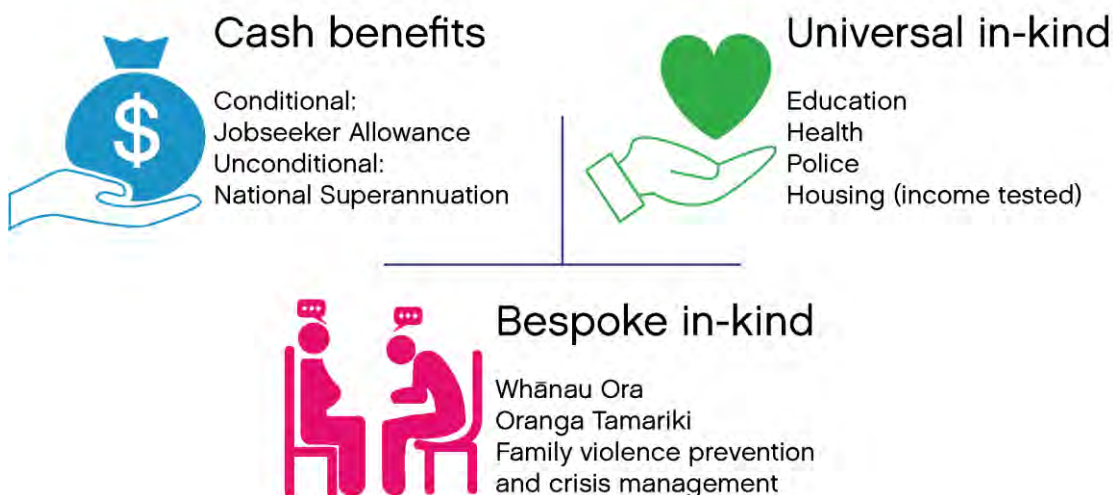
- paying cash benefits, which allow people to decide for themselves what they will purchase
- delivering in-kind services directly to people by, for example, funding public schools, the Kāinga Ora housing programme or Oranga Tamariki
- providing services indirectly by funding private providers such as GPs, health practitioners and private landlords.

⁶ There is also sometimes circularity of causes here: the reason people need assistance to escape disadvantage is that they have limited ability to engage in activities that will address disadvantage. Someone with addiction issues may need to accept that they need counselling before they can start on a pathway out; someone with unmet health needs will need to find a provider they trust before they can receive effective care. For some people while employment might increase their income and thus ability to afford treatment for their underlying conditions, it might initially do little to otherwise increase their wellbeing.

⁷ Some common exceptions are church-based social services that are financed by parishioners and services financed through other charities and philanthropic endeavours.



Figure 1 Three types of services



Source: The authors

1.6 Calls for greater coordination and devolution

While the public sector delivery of social services has developed to its current state, there have been repeated calls for better coordination between public sector agencies involved in delivering social services and calls for greater devolution to address social issues. These reforms have often been promoted by central government and its advisers, as well as being promoted by grass- and flax-roots organisations. In its *More Effective Social Services* report, the Productivity Commission noted that calls for less fragmentation of social services date from 1910 (New Zealand Productivity Commission 2015a, 250). They also identified a number of initiatives in the fifteen years prior to their report that were intended to address fragmentation (Ibid., 252).⁸

There have been two aspects to reducing fragmentation. The first, which we touched on briefly in section 1.3, relates to how organisations within the public sector collaborate. The second involves using organisations outside the public sector to assist people in need to access the services they require.⁹

⁸ Other calls for better coordination include the 1988 report *Puao-te-ata-tu* (day break) by a review group examining how well the then Department of Social Welfare delivered services to Māori, which advocated greater use of Māori customary support in delivering government-funded support to Māori (Ministerial Advisory Committee on a Māori Perspective for the Department of Social Welfare 1988). A 2001 report to Ministers discussed the need for better integrated, citizen-focused, service delivery (Advisory Group on the Review of the Centre 2001). A conference paper by Robert Buchanan and Colleen Pilgrim of the Office of the Auditor General discussed the accountability dimensions of a move from government provision to government/community partnership (Buchanan and Pilgrim 2004). Linda Taylor reviewed a specific example of devolved decision-making in child care in 2004 (Taylor 2004).

⁹ One prominent example is the 'navigator' approach recommend by the Productivity Commission in its *More Effective Social Services* report (New Zealand Productivity Commission 2015a). We return to this approach in section 4.2.1.

A range of models of more ‘joined-up’ services now operate in the New Zealand social services sector. Compared to standard delivery models, Julie Fry notes that:

[T]hese initiatives may involve more complex and consultative commissioning, contracting and delivery arrangements, with multiple, evolving services delivered by a wider range of providers for longer periods to wider groups of recipients that can include family, whānau and aiga as well as individuals. (Fry 2022, 36)

But despite some clear examples of success, many social services are still provided directly by government agencies. Where local bodies are involved, they often operate under funding, contractual and governance models dictated by central government agencies.

Ken Warren, one of the designers of New Zealand’s current public management system, after reviewing a series of reports on the provision of social services dating back to 2001, has gone so far as to say that:

Taken together, the case for change for better outcomes for vulnerable people with complex needs through the use of collective methods has been made and proved. The public sector needs to do something different. (Warren 2021, 7)

Warren goes on to discuss reforms to both internal operations of government and using devolution as the solution.¹⁰ If this case has been accepted, why can’t we see more examples of devolved decision-making being introduced at scale in New Zealand?

Why is something that seems to hold the prospect of better outcomes not being put into wider effect? This is the subject matter of this study. Our formal research question is:

What conditions would need to exist for the Crown to be confident that the wellbeing of the people of Te Tairāwhiti would increase further if the Crown were to fund Manaaki Tairāwhiti to provide more whānau-centred social services to address social needs alongside reducing funding for central government agencies to provide conventional services?

2 Background

2.1 Manaaki Tairāwhiti

Manaaki Tairāwhiti is based in Tūranga-nui-a-Kiwa (Gisborne). It is a regional leadership group comprising local iwi and cross-sector leaders focused on improving social wellbeing through changing how social services work together to help whānau. Manaaki Tairāwhiti partners work with whānau with complex intergenerational needs who have previously

¹⁰ We discuss these ideas in section 7.3.



experienced damaging engagement with social sector services, including trauma, racism and an inability to access entitlements.¹¹

It was formed in 2016 after the community decided to establish a single new, united governance group led by the independent iwi Chairs of Te Rūnanganui o Ngāti Porou and Te Rūnanganui o Tūranga-nui-a-Kiwa to address disadvantage in the region. Following a proposal by the local member of Parliament, Anne Tolley, the Government designated Manaaki Tairāwhiti as a 'place-based initiative' (PBI) in 2016.¹²

2.2 Government social spending in Te Tairāwhiti

In a separate report, we have estimated the amount of spending the government undertakes on social services in Te Tairāwhiti across the following areas: the Health, Education, Social Development, Police, Te Puni Kōkiri, Kāinga Ora, the Ministry Housing and Urban Development and Oranga Tamariki votes delivered to people in Te Tairāwhiti. In total, government spending across these votes is about \$1.2 billion.

Table 1 Operating spending in Te Tairāwhiti

2021 fiscal year, \$ million

Sector	Operating expenditure
Education	144
Health	497
Housing	4.6
Justice	187
Social welfare	11
Transfer payments	330
Total	1,174

Source: NZIER

More details are in Appendix A.

2.3 Intergenerational disadvantage

Over thirty years ago, The Treasury said:

There are many people in various forms of distress who together constitute worrying symptoms that all is not well in New Zealand society. (The Treasury 1987)

¹¹ Manaaki Tairāwhiti is a collective that promotes excellence in social development, rather than a commissioning agent. It acts as a conduit for iwi leadership. In relation to the discussion in this report, any increase in devolution would be to iwi or some other entity not to Manaaki Tairāwhiti itself

¹² In 2016, in part in response to the recommendations of the Productivity Commission's *More Effective Social Services* inquiry, Cabinet agreed to establish three PBIs. These initiatives were designed to improve outcomes for at-risk children and their whānau by shifting collective decision-making and discretion to the local level (Social Investment Agency 2017). There are two PBIs still operating, Manaaki Tairāwhiti, and the South Auckland Social Wellbeing Board.



Since then, numerous commissions, committees and working parties have addressed the issue of barriers to people meeting their aspirations. Ministerial taskforces have met, and billions have been expended on social assistance. However, as the Productivity Commission concluded:

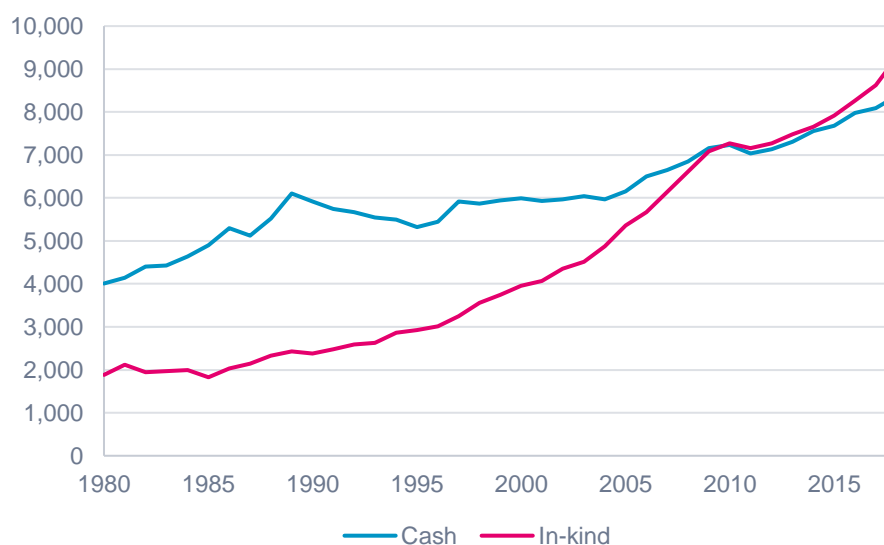
While these reviews have generally succeeded in highlighting problems, the fact the problems persist today illustrates the limited success of these reviews in bringing about system change. (New Zealand Productivity Commission 2015a, 65)

While different governments in Aotearoa New Zealand can and do differ sharply on their views of the causes of and cures for poor social outcomes, they share a common aim of avoiding them.

Reflecting this, total spending on social assistance has increased since 1980. Figure 2 shows public spending on social assistance since 1987, adjusted for both the increase in population and inflation.¹³ Of particular note is the increase in real per capita spending in non-cash in-kind spending, which is now greater than cash payments.¹⁴ In-kind spending includes many of the services that could potentially be devolved or services that are delivered by non-government organisations that we are discussing.

Figure 2 Total social assistance spending¹⁵

Real expenditure per person



Source: OECD

Widespread concerns about the effectiveness of policy responses have been expressed by people using social services, their advocates, civil society and even government-appointed

¹³ The OECD data set we have used to create Figure 2 includes spending up to the end of 2018, so does not include some of the current government's spending decisions, especially those related to supporting people and the economy through COVID-19.

¹⁴ While spread across a wide range of programmes, much of the increase in benefits in kind has been through large increases in payments for early childhood education, housing and Kiwisaver tax credits.

¹⁵ This includes spending on family assistance, unemployment benefits, active labour market programmes, and housing. It excludes age-related pensions, health and education.

reviews.¹⁶ To give one example, the Auditor-General recently commented regarding family and sexual violence:

Successive governments have invested significant public resources in trying to address these problems. In 2015, it was estimated that the Government spent more than \$1.4 billion annually addressing the consequences of family violence. However, to date those efforts have not resulted in a sustained improvement in outcomes. (Office of the Controller and Auditor-General 2021, 3)

There is not much by way of comprehensive and robust data measuring the number of people experiencing significant ongoing disadvantage available in Aotearoa. What data is available often focuses on one aspect of life (e.g. income, health, or educational attainment).¹⁷

A series of reports by the Ministry of Social Development has developed consistent data sets on the level and distribution of the **incomes** of New Zealand families going back to 1982 (Perry 2019b).¹⁸

Figure 3 shows the after-housing cost incomes through time of three groups of households: those at the bottom, those in the middle, and those at the top of the earnings distribution.¹⁹ The real incomes of the lowest 10 percent of households have hardly moved over the last 40 years, while those of the highest 10th have experienced significant increases.²⁰ In particular, the incomes of the top 10 percent have risen faster than their housing costs (this would particularly be the case for people who have paid off their mortgages). People in the bottom 10 percent, on the other hand, are just treading water: any increase in incomes is being offset by increases in living costs.²¹

¹⁶ A noteworthy example is the following passage from a judgement of a High Court case involving the provision of data about unvaccinated Māori to a devolved provider:

It is also accepted that one of the reasons why the Māori vaccination rate is lower than other groups of New Zealanders is a lack of trust by Māori in government institutions. Te Pou Matakana Limited v Attorney-General, [2021] NZHC 2942, at [29].

¹⁷ For example, when the current government started to implement its child poverty reduction policies, it needed to undertake considerable analytical and data gathering work to assemble a suite of robust indicators of child poverty. See Department of the Prime Minister and Cabinet (2021) for details.

¹⁸ Care is need in equating low income at a point in time with persistent disadvantage. For example, tertiary education students often have low incomes while studying, but will often go on to earn much higher incomes once they graduate. Moreover, different population groups are not represented equally in data on disadvantage. Analysis by Bryan Chapple from the Ministry of Social Development shows that on one common measure of financial disadvantage (household income after housing costs being below 50 percent of the median), 48 percent of people identified as poor were in the European/Pākehā group, 23 percent were Māori, 11 percent were Pacific, and 14 percent were Asian. When it comes to other indicators of persistent disadvantage (including poor health, education and employment outcomes and engagement with the criminal justice system) Māori and Pacific people are significantly overrepresented.

¹⁹ Figure 3 shows the boundaries of the first, fifth (median) and ninth income deciles. This means, for example, that in 2018, 10 percent of households had an income after housing costs of \$11,800 or less; half of all households had income under \$30,500 and the top 10 percent had incomes over \$70,300. The corresponding figures in 1988 were \$11,200, \$21,200 and \$39,800 respectively.

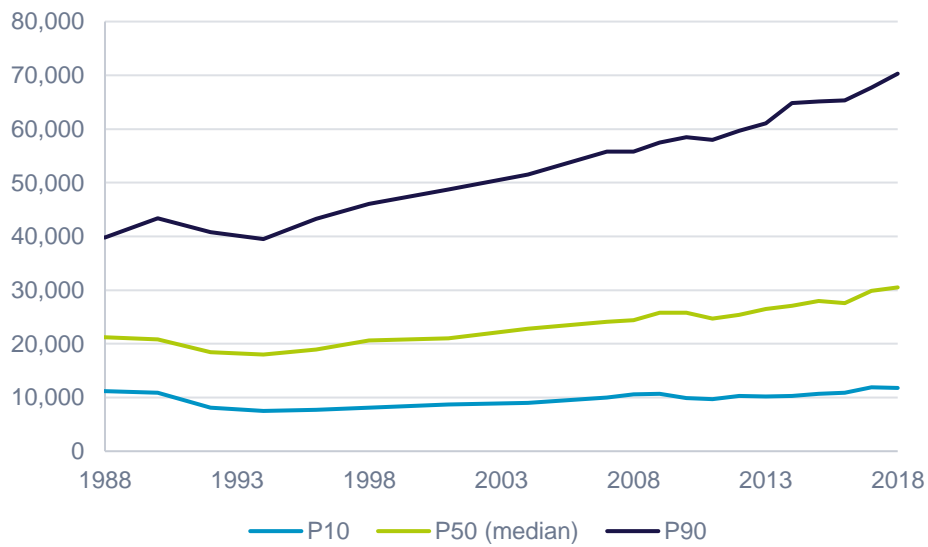
²⁰ The compound annual rate of growth of the incomes of the lowest 10 percent of households since 1987 has been just 0.1 percent, compared to 1.1 percent for the median (halfway point in the distribution) and 1.8 percent for the top group (Perry 2019b).

²¹ Data from Stats NZ shows that since 2012, prices of the goods that people in the bottom fifth of the income distribution typically buy have increased by a greater percentage than the basket of goods typically purchased by those in the top quintile (Stats NZ 2022).



Figure 3 Real incomes at the bottom of the distribution have not risen

Decile boundaries for after-housing cost household income, adjusted for inflation and household size



Source: Perry (2019b)

The Ministry of Social Development (MSD) also produce data using both incomes and actual outcomes as measures of wellbeing, but this only dates back to 2008 (Perry 2019c).

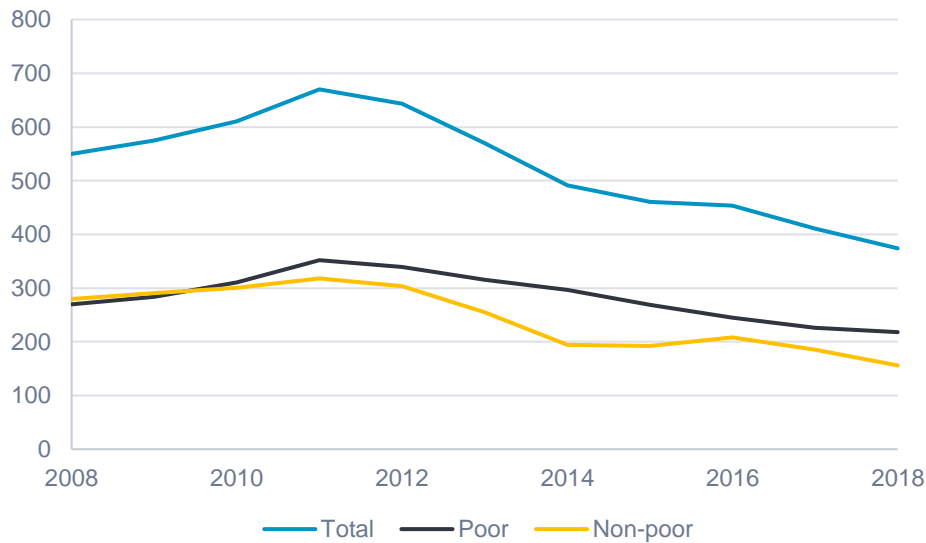
Figure 4 shows the number of people reporting low material wellbeing using a 17-item deprivation index developed and used by MSD called DEP-17.²² The data split people into 'poor' (those whose income is below 60 percent of after-housing costs median income) and 'non-poor' (those earning more than this). Analysing the data, Bryan Perry observes:

An important finding from this analysis is that around 60% of the reduction in hardship from the peak in 2011-2012 to HES 2015 came from many 'non-poor' households moving out of hardship as their incomes improved through greater employment opportunities and wage growth in the recovery post-GFC (50% for children). (Perry 2019c, 73)

²² See Perry (2019a) for details of DEP-17.

Figure 4 There are still over 350,000 people living in material hardship

Numbers (000s) of 'poor' and 'non-poor' who report hardship



Source: Perry (2019c)

3 Why does disadvantage persist?

Why all is still not well in Aotearoa New Zealand despite significant increases in social spending remains a contentious issue, with a range of reasons frequently proposed in the literature.

Given the scope of this report, we focus on the reasons put forward about why social services are not making much headway in addressing disadvantage.

3.1 We know what services to deliver; we just have to deliver more of them

The first suggestion is that we know what the solution is, but we just have not implemented it correctly. In very broad terms, this was the approach taken by the Welfare Experts Advisory Group (WEAG). The WEAG proposed reforms to the existing social welfare (benefit) system to make it more client-centred. They recommended significant increases in the level of benefits, a change to a system based on *whakamana tāngata* – mutual expectations and responsibilities governing interactions between the state and welfare recipients – and better coordination between departments (Warren 2021, 5).

Consistent with this, there is an implicit assumption in some of the New Zealand literature (see Productivity Commission (2015a) and Warren (2021), for example) that the services required to reduce persistent disadvantage currently exist. Thus, this discussion focuses on **who** should be delivering those services, the **processes** by which providers outside the state sector are commissioned to deliver those services, and **how** they are held accountable for delivery. This literature assumes that the centre is often just involved in a 'make or buy' decision.

One example is the ‘tight-loose-tight’ approach to contracting out services (New Zealand Productivity Commission 2015a, 151). Under this approach, the centre (the commissioner) tightly defines the required service (either in terms of desired outputs, like the number of vaccinations to be delivered; or outcomes, like the number of people who contract measles) and leaves it to the provider to decide how they will do what is required to meet its contracted objectives (e.g. who it employs, what they are paid, how they reach their clients) and then the provider is required to report in detail on what they did and how they achieved their objectives.

Under the outputs approach, the first ‘tight’ again assumes that commissioning agents know what they want to be delivered. Normally, Ministers and their advisers have to go through a routine process of policy development to decide what to provide. This process is often based on reviewing local and overseas research, creating an ‘intervention logic’²³ which seeks to define the problem being addressed using an analytical framework to reveal what actions are required to address that problem and select the ‘best’ of the identified options, which is then defined in detail.

Underlying this approach is the idea that the centre can identify all the required services and establish a system for delivering the right number of services and benefits to the right people at the right time. Third-party providers, when employed, have little input into **what** is delivered, although they may have flexibility around **how** services are delivered.

Regarding **outputs**, tight specification is usually possible: the centre knows what it wants to buy and can seek offers from providers to deliver that. And likewise, it is possible to monitor the achievement of results.

An alternative version of ‘tight-loose-tight’ involves being tight on outcomes but loose on what is provided and how. While the centre can specify the outcomes it desires (all Budgets are replete with statements of what initiatives are intended to achieve), designing systems to hold organisations and managers to account for whether they have achieved those outcomes has proved elusive.²⁴ When faced with a combination of outputs that are not known when funding decisions have to be made and outcomes that are too complex to be specified in a way that will allow contracts with third parties to be written, successive governments have struggled to move beyond just increasing funding for the centre.²⁵

A further difficulty is that in the case of people with very complex needs, what constitutes success can sometimes seem very modest to an outside observer. In a recent IPANZ seminar, Ann Wilkie gave the example of a person agreeing to have a cup of tea with a potential provider constituting enormous progress in their relationship with the social delivery system.²⁶

²³ Other terms used are ‘logic model’ and ‘theory of change’ (whatworks.org.nz 2020).

²⁴ A particular difficulty is that outcomes are often separated in time, space and attribution from services. For example, it may take years from the time when a person who has struggled with literacy as an adult learns to read, to when they can earn an income that is close to what their former schoolmates are earning.

²⁵ Ken Warren has proposed an alternative solution based on better accountability (Warren 2021, 24 ff). We return to this below.

²⁶ See https://ipanz.org.nz/Article?Action=View&Article_id=150387.

3.1.1 Our assessment

In some cases, the effective services that will help people live better lives are yet to be designed or delivered. In others, the required services are known but are not yet available in sufficient quantities to meet people's needs. And many experimental, co-designed services are still working out how to demonstrate their effectiveness and associated accountability for public funds.

So, in our view, this is not a convincing explanation for why persistent disadvantage exists.

3.2 We know the range of services needed; we just have to make smarter choices about providers

There are some situations, including where individuals and whānau have multiple, complex needs and/or when there is a history of bad experiences with mainstream providers, where personalised services delivered by alternative providers may lead to better outcomes.

Developing personal connections and building trusted and trusting relationships enables providers to walk alongside whānau, supporting them in identifying their goals, developing their capabilities, and building better lives. In order to improve outcomes for whānau, personalised services need to improve both **service experience** and **service quality and effectiveness**.

Innovative, personalised services can lead to a wider distribution of outcomes.

Innovation can involve adapting and applying existing approaches that, when modified, work better for particular target groups rather than starting from scratch. For example, a navigator who listens and builds a relationship with whānau can help them determine which existing services might be best for them.

But especially when experience has shown that existing services do not work for a person or group of people, no matter how well-intentioned or successful they might be for others, making progress can demand using unproven delivery approaches which may or may not work.²⁷

One common complaint from people with multiple, complex needs is the 'five cars in the driveway' phenomenon: they will receive visitors from many different agencies, who will often be asking the same questions to elicit the information they need to do their job.²⁸ For people who have experienced trauma, this risks multiple triggering events.

One solution is to place a single, trusted person between the client and the agencies helping them to reduce the effort clients put through to access the services they need.

The key idea here is that better outcomes will come from supporting people to choose which of the available services is best for them. Whānau Ora is one example of this approach: it involves a series of commissioning agencies who work with their constituent communities to identify outcome priorities and then commission service providers to deliver what is required.

²⁷ In section 4.1 below, we introduce our analytical framework, based on Amartya Sen's capability approach. This approach judges success in terms of how a service increases the choices people have to live lives they value. It is the recipient of the services who is the final arbiter of what works for them.

²⁸ See Ryall (2010) and Gisborne Herald (2017) for examples.

This approach largely takes services as given, and the task is to help individuals and whānau select the right bundle of services for them. Recipients often have a strong role in picking the services they will use but more limited input into designing what they are.

3.2.1 Our assessment

Initiatives like Whānau Ora are having a positive effect on people's lives (Independent Whānau Ora Review Panel 2019). This suggests that where the services that people need do exist, better delivery systems can make them more effective. However, Whānau Ora commissioning agencies currently receive only a small level of funding compared to total social welfare system resourcing. Budget 2022 allocated about \$135 million to Whānau Ora commissioning agencies. By comparison, Vote Arts, Culture and Heritage received \$641 million, Vote Sport and Recreation received \$159 million and Vote Social Development received a total of \$39 billion across all programmes.

3.3 We do not yet know what to do, but we know delivery matters

On the other hand, Julie Fry suggests the problem is with **what** is delivered **to whom** as well as **how** and **by whom** (Fry 2022).

Most conventional social services in Aotearoa are provider- rather than person- or whānau-centred. They are focused on efficient delivery of standardised services and are rarely evaluated to determine how well they are working. Ineffective conventional services are rarely modified, scaled back or shut down.

More effective whānau-centred services, where they exist, lack the funding and staff required to address the level of need they identify. Building trusted relationships with whānau often bring additional needs to light. These services face disproportionate scrutiny and struggle to demonstrate the effectiveness of long-term, flexible, whānau-centred models. Effective services are not readily replicated or scaled up.

Many people with complex lives have had negative experiences with the social services system, some of which are severe (such as abuse in state care; children being removed from their whānau and placed in a dangerous environment; culturally inappropriate mental health and medical treatments), and as a result, they do not trust standard services as a source of help or support.

3.4 Only some of the services needed currently exist

Addressing the needs of people experiencing persistent disadvantage will involve a combination of services. A person or whānau may need to receive:

- cash-transfers, like Working for Families
- in-kind services provided by multiple agencies, selected from a menu of options, possibly with the assistance of a navigator
- additional personalised services.

In our view, one reason many people still face barriers to reaching their aspirations is that they have not been included in the design, delivery, and assessment of the package of services they receive. This is more than just being asked which services they would like to

choose from a list: this is about digging deeper and asking what they know will make their lives better and, in some cases, designing a whole new service.²⁹

At the group level, while successive governments have expended considerable effort in being more consultative in designing programmes by issuing discussion documents, holding hui to discuss proposals, and engaging expert groups to assess the evidence and develop new approaches, the result is still a menu of options from which someone chooses what to deliver.

But the intensive engagement that builds trust with individuals and whānau and centres their voice and agency regarding the changes they want to see in their lives is only starting to happen in a few areas. Once that voice has been heard, achieving change is not going to be the result of a series of transactions with providers – essentially buying what is on offer – but will involve a process of co-delivery between the client and a range of other people, including actions that will remove barriers to a good life for the client and/or their whānau, as they have defined it. That process is more likely to be iterative, based on repeated trials, assessment and modification, and may take considerable time to bear fruit.

Because public funding is also going to be involved, the public, as the ultimate funders, will want to know that their money is being well spent. Devising ways to do this where the services to be provided cannot be easily specified in advance and where ‘success’ will vary from person to person and whānau to whānau and will change through time has been a persistent challenge that has yet to be overcome.

With that in mind, we now present our more detailed analysis of what is required to help the most disadvantaged New Zealanders live better lives.

4 Framework

In this section, we present the way in which we propose to frame the rest of the discussion.

When it comes to helping people with the greatest needs, a suitable analytical framework can both explain why challenges persist and what needs to happen for them to be overcome.³⁰

The selected framework should be appropriate for the research question being asked. This report is about what forms of social service delivery mechanisms are best when it comes to addressing the ongoing challenges experienced by ngā tangata o Tairāwhiti. Our framework needs to provide a clear guide to what ‘best’ means and allow alternatives to be evaluated using transparent criteria.

The Manaaki Tairāwhiti ‘way of working’ is based on developing trusted relationships and supporting whānau in exercising māna motuhake and tino rangatiratanga. This people-

²⁹ At the risk of being trite, the current approach is akin to asking someone to select the dishes they want to eat from a menu. Co-design can involve asking people what dishes they want to be on the menu. Hyper-personalisation involves the recipients helping create the recipes.

³⁰ Analytical frameworks describe how the world works. Economic frameworks explain how people react to the circumstances they find themselves in. They focus on explaining why people do the things they do, rather than just describing what they do.

centred approach is consistent with the ‘capability approach’ developed by Nobel Prize-winning economist Amartya Sen.³¹

The capability approach is largely the result of work by academics, and it may seem a long way from the lives of people experiencing persistent disadvantage. In our view, however, it is the best of the available approaches for isolating alternatives that have the highest potential to deliver lasting improvements.

4.1 The capability approach

The capability approach is an evaluation tool that allows alternative policies to be compared consistently. A very common description that is found repeatedly in the literature is that policies will increase a person’s wellbeing if they increase the actual choices a person has available to “lead the kind of life they value and have reason to value” (Wilson and Fry 2019, 8). “Lead the kind of life they value” simply puts the person or whānau at the centre of the analysis. It is their values that matter. The qualification “have reason to value” is important. It guards against the possibility that people can become accustomed to their lot in life and see minor improvements as more significant than they are.³²

The approach focuses on what people can do and what they can become.³³ While many different scholars have developed their own particular interpretations of the capability approach, the concepts of freedom, agency and pluralism are always at the core of the approach (Klein 2016, 245). Pluralism – the idea that human diversity is important and that policies must not be uniform if that would override the needs of different cultural and social contexts – has been a consistent theme of Sen’s work (Ibid.).

Because it is only an evaluation tool, Sen’s version of the capability approach is deliberately **not** a prescription of what constitutes a good life or a statement of the minimum requirements of a good life.³⁴

... the capability approach changes the focus from means (the resources people have and the public goods they can access) to ends (what they are able to do and be with those resources and goods). This shift in focus is justified because resources and goods alone do not ensure that people are able to convert them into actual doings and beings. Two persons with similar sets of goods and resources may nevertheless be able to achieve very different ends depending on their circumstances. (Robeyns and Byskov 2021)

When comparing two or more alternatives, the test of which is better under the capability approach involves asking which results in more choices or possibilities that people will

³¹ Sen’s work on this issue started with his 1979 Tanner Lecture “Equality of what?” (Sen 1979). His key contributions are Sen (1989; 1999; 2000; 2010). Sen’s own description of the approach is in Sen (1993). For a good summary, see Dalziel and Saunders (2014). Robeyns (2005) provides a more technical survey and Robeyns (2017) is an open-access, book-length discussion. Hall (2019) discusses the New Zealand’s Treasury’s Living Standards Framework in light of the capability approach.

³² An extreme example is a political prisoner who is given an extra hour out of their cell each day. While they might value more fresh air and sunshine, they have no reasons to thank their captor for their generosity.

³³ What people can do and what they can become are called “doings and beings” or “functionings” in the technical literature.

³⁴ Another pioneer of the capability approach, the American philosopher Martha Nussbaum, in contrast, does suggest that as a minimum, an “ample threshold level of ten central capabilities” is required to lead a good life. Her list of central capabilities is: life expectancy; health; bodily integrity; senses, imitation and thought; emotions; practical reason; affiliation; other species; play and control over one’s environment. (Nussbaum 2013, 32–33).

value and have reason to value. A key distinction between the capability approach and traditional economic theories of development is that it does not just see people as consumers, measuring their wellbeing in terms of income or entitlements to commodities (Andreoni, Chang, and Estevez 2021, 183).³⁵ Wellbeing comes from what people can actually achieve with the resources they have (Robeyns 2005, 94).

It is up to people to decide what they value and have reason to value. Sen is especially clear on this point: a good life is not something someone else chooses for you because they think they know what is good for you. Sen states that:

... people have to be seen... as being actively involved – given the opportunity – in shaping their own destiny, and not just as passive recipients of the fruits of cunning development plans. (Sen 1999, 53)

Closely associated with the capability approach is the human development paradigm, which is defined as “both the process of widening people’s choices and the level of their achieved well-being” (Deneulin 2002, 497). The human development paradigm is usually applied at the national level by organisations like the United Nations Development Program (Stewart 2013). Sakiko Fukuda-Parr notes that:

Sen’s theory of development as an expansion of capabilities is the starting point for the human development approach: the idea that the purpose of development is to improve human lives by expanding the range of things that a person can be and do, such as to be healthy and well nourished, to be knowledgeable, and to participate in community life. Seen from this viewpoint, development is about removing the obstacles to what a person can do in life, obstacles such as illiteracy, ill health, lack of access to resources, or lack of civil and political freedoms. (Fukuda-Parr 2003, 303)

A key point here is the ability of people to convert their resources into a good life. Observing that different people with the same resources (for example, income) achieve different standards of living could provide evidence that some people require additional assistance (Wilson and Fry 2019, 11–16).

While often expressed in terms of “the freedom to achieve wellbeing” (Robeyns 2017, 23), the capability approach is not just concerned with hypothetical choices. It also looks at the actual choices that people make and their levels of achievement:

Enabling people to make good choices so they can live the lives they value and have reason to value is not the same as leaving people alone to get on with things. The capability approach acknowledges that people will only be empowered to innovate and determine their own path when they are both provided with additional resources and have the ability to convert additional resources into improved wellbeing. (Ibid., 17)

4.2 Applying the capability approach to our research question

Central to our research question is the wellbeing of the people of Te Tairāwhiti and whether that can be increased by more devolution.

³⁵ For a more detailed discussion, see Sen (1999).

Views about the applicability of the capability approach to the wellbeing of diverse communities and collectives are evolving,³⁶ and in Aotearoa, this is happening within the context of vital discussions about how Māori as tangata whenua will exercise tino rangatiratanga and mana motuhake, as guaranteed by Te Tiriti o Waitangi.

In a report to the Productivity Commission produced as part of the *A Fair Chance for all* inquiry, Haemata Limited said:

In the context of this inquiry, Tino Rangatiratanga points to the ability for both the individual and the collective to choose their own way of life, free from the barriers, obstacles, and constraints often placed on those within the cycle of disadvantage. (Haemata Limited 2021, 8)

They describe tino rangatiratanga as a “negative freedom”, as it focuses on the absence of obstacles, barriers, and constraints (Ibid.).

Mana motuhake, on the other hand, is a positive freedom: it is about the present things that will allow a person to take advantage of a negative freedom:

It is about having the control, the self-mastery, and the self-determination to advance yourself as an individual and as a people by taking advantage of the rights and responsibilities afforded to you – much in line with the idea of ‘positive freedom’. (Ibid.)

Provided that we pose the question ‘what do Māori value and have reason to value?’ without trying to answer that question **for** Māori, and as long as we respect the limitations of the capability approach and allow for the possibility that it will evolve further, then we consider this framework can add value.

We particularly observe that collective and individual capability sets are enlarged via the exercise of tino rangatiratanga and mana motuhake. For example, people choose to seek support from providers they trust, rather than leaving problems unaddressed when the only option is to be treated through a system they distrust (the phrases “only option” and “treated” are indicative of the problem).³⁷

The capability approach provides us with a tool for assessing the effectiveness of different approaches to organising social assistance in Te Tairāwhiti.

While the level and quality of services people receive are important to their wellbeing, the capability approach allows a richer set of questions to be asked about the real options that those services give both individuals and whānau. In terms of social service provision, a key consideration is asking how people will use the services they receive to lead better lives: do they have the ability to convert those particular resources – be it support for anger management or alcohol or drug addiction, help in getting a job, or attending school – into something they value?³⁸

³⁶ There is a wide range of views on the applicability of the capability approach to considering what policies might improve the wellbeing of indigenous people, from those who consider it has severe limitations to those who see it as providing useful insights (Bockstael and Watene 2016, 269). Some of this work is specifically studying the wellbeing of indigenous people living in colonial settler states like Aotearoa (Watene 2016), Canada (Murphy 2014) and Australia (Klein 2015; 2016).

³⁷ See Fry and Wilson (2018, 111) for a discussion of how within the context of immigration, there is evidence that being treated by health professionals who are ‘like you’ is beneficial.

³⁸ These are complex issues. Whānau who have had horrific experiences with the state education system, including as a result of racism and discrimination, may not trust schools to care for their tamariki. For people with drug and alcohol dependency issues or

Under the capability approach, both the relationships that people have with their service providers and the services they receive are important. Receiving a service from a trusted provider through a relationship people value is better **in its own right** than reluctantly receiving exactly the same service from someone they don't know and trust.

4.2.1 The Productivity Commission's research

In setting the terms of reference for the New Zealand Productivity Commission's *A Fair Chance for All* inquiry into breaking the cycle of ongoing disadvantage, the government said:

Available evidence points to significant and growing disadvantage in the bottom income deciles, particularly in the context of rising housing costs. Covid-19 may exacerbate these trends. Children growing up in these households face the prospect of entrenched disadvantage. (Robertson 2021)³⁹

The *Fair Chance* inquiry builds on a major report on social services, which the Commission released in 2015 (New Zealand Productivity Commission 2015a). The Commission's high-level conclusion on the overall effectiveness of the social services system was:

A lot of the people we talked to reported that the system was failing. However, many of them were only seeing the parts of the system that they deal with closely. Drawing on all of their input and experience, we judged that the system is doing a good job for many people, most of the time. But there is plenty of room for improvement at the system level. (New Zealand Productivity Commission 2015b, 1)

In looking at possible improvements, rather than viewing all people who use social services as being broadly similar, the Commission divided the population into four separate groups based on two features of users of the system: the **capacity** of clients to understand and manage their access to services and the **complexity** of their needs.

The result is the Commission's 'quadrant diagram' reproduced in Figure 5.

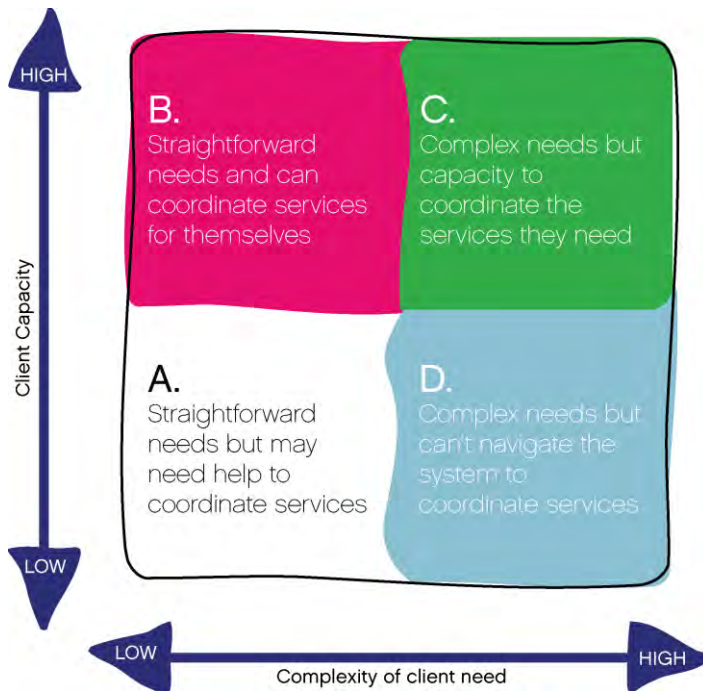
Capacity relates to the ability of people to understand and manage the social services system. Issues like trust and prior experiences with the system, together with literacy and numeracy, will all combine to affect people's abilities to find the services they need.

Complexity refers to the number and nature of services people need. Someone who has a sporting injury may need to visit a GP and complete an Accident Compensation Commission (ACC) form to get all the treatment they need. A person who is injured through family violence, however, will not only need treatment for their physical injuries, but may also have interactions with the Police, counsellors, Oranga Tamariki if children are involved, Kāinga Ora if they need alternative housing, and the Ministry of Social Development (WINZ) if they need financial support.

criminal records, 'help' will often need to be much more than providing access to a computer to allow them to search for jobs or assisting them to write job applications. It may require actively promoting a person to potential employers, vouching for their character, and providing ongoing assistance, like helping them get a ride to work or supporting them in getting their driver's licence.

³⁹ However, in a discussion document issued as part of setting these terms of reference, the Commission did note that understanding of the extent and distribution of disadvantage is uneven and thus one of their aims in conducting the inquiry is to gather more data to analyse the issue (New Zealand Productivity Commission 2021).

Figure 5 Needs and capacity vary



Source: New Zealand Productivity Commission (2015b).

In general, people with high capacity can find their way through the complexity of the current system and access the services they need (although, at times, the emotional and physical effort involved, especially for people with busy lives and complex needs, can still present a daunting challenge).

In relation to people with complex needs and low capacity (quadrant D), the Commission noted that, along with needing help to navigate the system, these people might also need customised services (New Zealand Productivity Commission 2015b, 53).

In *Together Alone*, a recent report for the Commission on joined-up social services, Julie Fry noted that the Commission's view of the system working well for most people most of the time is not always accepted:

An alternative view, shared by many people working in collaborative initiatives in the community, is that the assumption that the current system works well for many people is flawed. In their experience, most people they are seeking to help have "more than one thing going on", and the reason that siloed service delivery models do not recognise this is that "they do not take time to build trusted relationships with people and ask them what they need". (Fry 2022, 23)

Fry went on to suggest that these apparently divergent views might be the result of people looking at the system from different perspectives: at the national level, the system works for most people, while at the level of service provision for people with ongoing, complex needs, there are multiple instances of system failure (Ibid.) These viewpoints may also result in different people having different policy goals and priorities.

5 How to choose between alternative delivery approaches

The capability approach provides guidance on what services should be provided to people and how: we should favour approaches that increase people's choices to lead lives they value. This is not just about delivering resources – money, visits from a counsellor, a place at university – but about how people can use those resources to do things they value.⁴⁰

We now turn to how that concept can be applied in practice.

5.1 What will increase choices?

Provided the government has a very clear understanding of exactly what services it wants to deliver, then the choice between centralisation and devolution often involves questions of efficiency and equity.

Centralised and standardised services will increase choices if there are economies of scale from national delivery systems **and** at least one of two conditions apply:

- the population receiving the services is nationally homogeneous based on service eligibility criteria (e.g. to get New Zealand superannuation, recipients must be at least 65 years old)
- horizontal equity dictates that people receive the same service (e.g. the level of Working for Families tax credits should be the same regardless of location).

In these circumstances, the government can provide services at the lowest cost. These cost savings may, in turn, allow more services to be provided.

Devolution and tailored services will increase choices when the needs of people vary in ways that can only be observed at a regional or finer level and when vertical equity dictates that people in different circumstances receive different services.

So, if services are known, the criteria for deciding come down to asking the following questions:

- Are there economies of scale or scope in service delivery?
- When is horizontal equity likely to demand more weight than vertical equity?
- How robust is the intervention logic that suggests that desired outcomes are likely to flow from standardised compared to personalised services?
- When is being a trusted provider a necessary condition of programme effectiveness?
- Are there limits to the scale of effective whānau-centred services?

We now examine each of these questions in turn.

⁴⁰ An extreme example is giving a starving vegan a steak. While on one measure their material resources have increased, this act would do nothing to improve their wellbeing, and indeed could reduce their wellbeing if they are forced to do something that they find unethical in order to survive.

5.1.1 Are there economies of scale or scope in service delivery?

Economies of scale mean that the average cost of delivery of a service falls as the number of individuals and whānau served increases. There are two conditions required for economies of scale to exist: there are high fixed costs of production, and the additional (marginal) cost of each individual service delivered is low.

In the case of social services, examples of high fixed costs include situations where:

- large administrative and computer systems are needed, e.g. to process high volumes of standardised benefit payments
- facilities with specialised equipment, such as hospitals with labs and diagnostic capabilities, are needed to provide services and
- staff need extensive training before they can deliver services.

Low additional costs can arise with:

- adding one new person to an automated computer system (e.g. signing up someone to receive a benefit)
- enrolling one new child in a kōhanga reo or kura kaupapa Māori (up to the point at which it reaches capacity).

More generally, economies of scale are likely to be present when services are homogeneous and clients have similar entitlements, and entitlement can be established easily, based on objective data that service providers can access.

Economies of scope mean that because an organisation does one thing, it is cheaper for it to do another. An example in Aotearoa New Zealand of this is the Inland Revenue Department. It can use the records of income that it needs to collect taxes to administer a number of income-related programmes like Working for Families, Child Support and Student Loan repayments.

This suggests that large, multi-function agencies can deliver services more economically than multiple smaller agencies.

A variation on this approach that is common in Aotearoa is to achieve economies of scope through information sharing. Agencies can provide information they collect for another agency to use, rather than operating dual systems. An example is the multi-agency data agreement for improving public services for vulnerable children, where the Ministries of Social Development, Justice, Health, and Education, and the New Zealand Police can share information about individual children at risk of harm to their wellbeing. Because these types of arrangements can raise privacy concerns, they are overseen by the Privacy Commissioner.⁴¹

5.1.2 When should horizontal equity be given more weight than vertical equity?

Vertical equity means people in different circumstances should be treated differently. In social policy, it generally means that services are based on some level of need rather than

⁴¹ For details of the 13 Approved Information Sharing Agreements currently in place, see Privacy Commissioner (2022).

being provided on a universal basis.⁴² It can also, for example, require that people on higher incomes should pay more for public services, either through part-charges, income testing or a progressive tax system.

Horizontal equity means that people in the same circumstances should be treated in the same way. Horizontal equity can require that people receive the same level of support regardless of their income or other means. New Zealand Superannuation is an example where age and length of time resident in New Zealand are the sole criteria for eligibility.⁴³ A focus on horizontal equity would also imply that people wanting to attend university who meet entry criteria should receive the same access regardless of income or social conditions.

But there are risks in taking this too far, including what Mason Durie calls the “ongoing colonising spirit that would see all New Zealanders become as one”:

Under that philosophy, while ethnicity might add colour and contribute to an array of interesting codes and customs it would not be associated with privilege and would forfeit any pretence to self-governance. This argument makes much of equality between individuals and is sensitive to any hint of threat to the doctrine of a single, unitary State. The goal is to build a society without reference to ethnopolitical clout, except as a function of the voting power of individuals, and to simply abide by the wishes of the majority. Underlying the goal is an intolerance of difference and a unidimensional view of citizenship that champions individuals as the only legitimate signposts on the road to democracy. (Durie 2002, 593)

Clearly, context matters: horizontal equity does not demand that everyone, regardless of the state of their heart health, get a quadruple bypass operation. And vertical equity does not rule out the possibility of high-income people having heart surgery in a public hospital, even if they could afford to pay for private cover.⁴⁴

For this study, the issue comes down to deciding when the provision of standardised, universal services with low average cost (due to economies of scale) stops being an effective way of improving the wellbeing of everyone in the community. That is, under what conditions do higher cost, bespoke services actually score better on a cost/benefit test because the increase in benefits they bring outweighs any increase in cost.

5.1.3 Can standardised services deliver desired outcomes?

In its *More Effective Social Services* inquiry, the Productivity Commission noted that standardised services could lead to desired outcomes in many situations.

The [social service] system delivers quality services to millions of New Zealanders – contributing to New Zealand’s above-average ranking on the OECD’s Better Life

⁴² The welfare state introduced by the First Labour Government after 1935 was based, in part, on the idea that the state could provide for the basic needs of families – food, shelter, education and healthcare – using uniform approaches. As these basic needs were all the same, they could be met with universal programmes (Destremau and Wilson 2016, 23).

⁴³ While everyone over the age of 65 who has lived in New Zealand for a specified period is eligible to receive New Zealand Superannuation, the rate paid depends on relationship status and living arrangements.

⁴⁴ This approach in New Zealand can be compared to the Canadian approach, where health care is provided in a publicly funded system and there are few, if any, of the sort of private hospitals that we see in New Zealand. (Allin, Marchildon, and Peckham 2020).

Index in areas such as health status, personal security, housing and subjective measures of wellbeing. (New Zealand Productivity Commission 2015a, 51)

Standardisation ensures consistent quality and is particularly useful when repeatedly doing complex tasks leads to greater provider efficiency and effectiveness (surgery being a classic example).

The Commission also noted that standardised services do not deliver good outcomes in all circumstances. What New Zealand governments have tried to date does not seem to work well for people who have faced many different barriers over many years to lead the lives they want to live:

An efficient and effective system must cater for all types of clients. Yet existing service arrangements are not well suited to deal with the complex and inter-dependent problems encountered by many of New Zealand's most disadvantaged individuals and families. During engagement meetings, the Commission heard time and time again of the system failing to provide effective help to clients with multiple, complex needs – particularly those in quadrant D. (New Zealand Productivity Commission 2015a, 53)

For many current central government services, it is reasonably simple to demonstrate that the agency has delivered what it was required to do because accountability measures involve things like the number of benefits paid on time, waiting times to see a provider or hours of home care delivered. This is sometimes called 'surface accountability'.

One feature of surface accountability is that, in time, new initiatives get built into departmental baselines. Every budget includes a long list of new initiatives with associated funding, often extending over three to four years. New Zealand does not have a tradition of 'zero-based budgeting'.

Zero-based budgeting (ZBB) is a budgeting process that allocates funding based on program efficiency and necessity rather than budget history. (Hopkins 2015, 1)

While full ZBB across all programs is unlikely to be efficient, we can see a strong case for regular testing of effectiveness and efficiency before new initiatives become part of baselines.

The alternative – 'meaningful accountability' – seeks to identify the impact that services have on the lives people lead. This is often absent because established programmes receive relatively little scrutiny and focus on short-term results. As Julie Fry noted in *Together Alone*, ineffective conventional services are rarely monitored, evaluated, adapted or shut down (Fry 2022, 5). Fry argues this needs to change and that centrally-provided services should be subject to the same consequences for poor performance that apply to outside providers. This is a matter of urgency: despite the large increases in social spending described in section 2.2, and limited but steady progress in addressing some social problems, family violence, addictions, poor mental health, lack of access to safe, affordable housing and other challenges persist in Aotearoa (Barber, Tanielu, and Ika 2022, 3).

Table 2 Devolution vs standard service delivery

What works best in what circumstances?

Standard services work best when...	Devolution, including joined-up services, work best when...	A combination works best when...
<p>The intervention required is clear (e.g. cash benefits needed to reduce poverty).</p> <p>A trusted relationship makes the experience better but is less important than the ability to perform the intervention needed.</p> <p>Accountability tracks what does and does not work, and ineffective interventions are adapted or discontinued.</p>	<p>Whānau have multiple, complex, ongoing needs.</p> <p>Trusted relationships are vital before needs are brought to light and addressed.</p> <p>The services needed may not be immediately obvious, and they may take time to surface and benefit from being identified by and co-designed with recipients.</p> <p>Accountability focuses on how effective interventions address a need and how they make people feel (trusted partners in addressing their own needs).</p> <p>Effective interventions are expanded or duplicated, and ineffective ones are modified or halted.</p>	<p>People need both trusted relationships and specific standard services (for example, in response to family violence, whānau may need ongoing support for prevention and hospital care in a crisis).</p> <p>Accountability focuses on increasing and improving effective interventions and improving or eliminating those that are ineffective.</p>

Source: The authors, drawing on Productivity Commission (2015) and Fry (2022).

5.1.4 Are there limits to the scale of effective whānau-centred services?

There are a number of factors that could potentially limit the scale of effective whānau-centred services.

Research suggests that the ability to maintain personal connections starts to diminish at a certain point. Robin Dunbar argues that our ‘social brain’ is only capable of having networks of about 150 people (Rainie and Wellman 2012).⁴⁵

At a practical level, at least in the short term, the availability of suitably-qualified staff and adequately-funded services can be an issue (Fry 2022, 21).

Small-scale operations can operate flexibly within a large complex system because they fall below thresholds of materiality in accountability systems. As they become larger – often because they have been successful due to this flexibility – they are subject to greater scrutiny. If organisations do not adapt their culture and operating systems to accommodate this higher level of accountability, staff and the whole organisation can be at risk of sanctions.

5.2 He tangata, he tangata, he tangata

If, as we noted in section 3, understanding of what services will be required to address currently identified needs, and needs that have yet to be surfaced, is still evolving, then a

different set of questions need to be asked when deciding how to support people to improve their lives. The question becomes, what value will different models provide to people needing support at an **individual or whānau level**.

Value comes from increasing choices, and for people experiencing persistent disadvantage, which will often require hyper-personalised services delivered by a trusted agency.

Most people in this group have been eligible for and, in many cases, are receiving services from central government agencies, often for years, which have **not** addressed the challenges they face.

Experience to date suggests that it is very difficult for people employed in a centralised agency to have the resources, time and authority to design, let alone deliver, a suite of hyper-personalised services under existing operational standards.

A different approach

5.2.1

The Manaaki Tairāwhiti ‘way of working’ is an example of an alternative approach. It centres whānau voice. There are no standard checklists or shortcuts: staff funded by Manaaki Tairāwhiti take time to invest in building trust, understand what is working well in people’s lives and identify the challenges whānau face.

Staff respect individual and whānau agency when working together to build whānau capability. Navigators work with whānau to jointly identify whānau priorities, set goals, and plan to achieve those goals. For example, a whānau might identify a lack of work, transport challenges, or health issues as the number one stressor in their lives right now. Manaaki Tairāwhiti funded staff help whānau identify the support they need to address those challenges, make connections to service providers, and negotiate variations to terms and conditions when existing rules or thresholds restrict access to services needed to move forward.

Manaaki Tairāwhiti funds providers who have or can build deep connections to the local community and trains them in the Manaaki Tairāwhiti way of working, which encourages staff to “stop the production line” and “pull for support” from supervisors rather than trying to muddle through when they need help (Fry 2022, 21). Manaaki Tairāwhiti also works closely with other agencies, including staff secondments, to encourage more widespread understanding and application of this approach.

One consequence of centring whānau voice and building trust is that over time whānau feel comfortable bringing other unmet needs to light and sharing those additional needs with navigators. The wider community also learns that more effective, trust-based services are available, which further boosts demand.

6 What do we do when we don’t know (exactly) what to do?

It is clear that existing models of service delivery are failing many people with multiple, complex and enduring needs. Continuing to persist with the status quo when we know it does not work makes little sense.

At the same time, there are considerable uncertainties around the potential effectiveness of possible alternatives. We have described a spectrum of other options, with the extent of

devolution ranging from pure public goods and programmes that involve the use of state powers (e.g. police and the courts) to improved commissioning to providing devolved providers with full autonomy.

Each of these approaches involves taking on greater risk than continuing to do what we currently do – but with that greater risk comes the potential for better outcomes. In our view, given the failure of the status quo to make things better and its tendency to make things worse in some instances (including the many failures of care and protection services), the only moral choice is to take a chance and experiment with alternative approaches.

6.1 When experiments fail

We should be clear that experimental approaches will not always work for a range of reasons. In *Together Alone*, Julie Fry gave the example of Kāinga Ora, a government agency-led place-based initiative in Te Tai Tokerau that focused on providing integrated service responses to at-risk 0–24-year-olds and their whānau. Kāinga Ora (not to be confused with the housing programme of the same name) was discontinued by the government in 2019 after it failed to meet its objectives (Fry 2022, 57).

A Cabinet mandate was intended to help mobilise Kāinga Ora “to work collectively, build collaborative capacity, provide the resources and authority needed to develop local solutions, and feed learnings back to the centre in order to influence system design and improvements” (Ibid., 35). Regrettably, this mandate also reinforced a perception that government agencies were ‘doing to’ people in the community rather than walking alongside them. There were also some significant gaps between intentions and results, particularly with respect to agencies responding to the learnings they identified and changing policies, practices and systems (Ibid).

While the failure of this initiative was unfortunate, the fact that all involved recognised it was not working and chose to draw a line under it and move on should be commended. Fry reinforces the point made earlier by the Productivity Commission and others: in order for resources to be diverted to more effective approaches, ineffective services (whether conventional or experimental) need to be modified or shut down. A key challenge for both providers and government is to minimise any damage to trusted relationships when this occurs.

7 Business models and accountability

A common theme in studies of the barriers preventing greater devolution is that ‘accountability’ is getting in the way. It is certainly true that the standard operating model currently used within the social sector involves accountability up through departments, Ministers, Parliament and the electorate, which often involves centralised planning, highly specified processes, and micromanaging inputs. As Julie Fry says:

When it comes to accountability, the right balance has not yet been found. Existing funding and accountability mechanisms are designed to support siloed delivery and do not serve collaborative initiatives well (Fry 2022, 4).

Given this common concern, we have investigated what the current systems of accountability in the social services part of government are and how they might be better adapted to promote effective devolution and improved collaboration.

7.1 Why is accountability important?

In relation to accountability in the public sector, Peter Aucoin and Ralph Heintzman suggest that there are three reasons why accountability is important:

The first is to control for the abuse and misuse of public authority. The second is to provide assurance in respect to the use of public resources and adherence to the law and public service values. The third is to encourage and promote learning in pursuit of continuous improvement in governance and public management.
(Aucoin and Heintzman 2000, 45)

7.2 What is accountability?

Accountability, while important, is hard to define precisely. As Mark Bovens has commented:

Accountability is one of those golden concepts that no one can be against. It is increasingly used in political discourse and policy documents because it conveys an image of transparency and trustworthiness. However, its evocative powers make it also a very elusive concept because it can mean many different things to different people, as anyone studying accountability will soon discover. (Bovens 2007, 448)

Bovens defines accountability in terms of what it requires people or organisations to do. He starts with a general description of how to achieve the things Aucoin and Heintzman see as important for any accountability system. His rather formal definition is:

Accountability is a relationship between an actor and a forum, in which the actor has an obligation to explain and to justify his or her conduct, the forum can pose questions and pass judgement, and the actor may face consequences. (Bovens 2007, 450)

Our less technical definition of a funder-provider relationship would be something like:

Accountability is two-way process between people undertaking activities funded by someone else and that funder. Accountability requires the provider to explain to the funder (and others with an interest in the activities) what they are doing and answer questions. The funder can take actions as a result of the information they receive.

7.3 Accountability is part of an operating and funding model

Accountability does not exist for its own sake. It is a part of the way that organisations do what they do. This is often called a 'business model'.⁴⁶ Ken Warren says that in the public sector in Aotearoa, the business model has two separate parts (Warren 2021, 9):

⁴⁶ In the profit-making sector, how individual firms do what they do is called a 'business model', a term coined by Peter Drucker (Drucker 1994). He defined it as a company's 'theory of business', or a set of assumptions about what a company gets paid for. In the

- 1 An operating model or set of assumptions about how organisations add value (for example, Kāinga Ora builds new, dry, warm, affordable houses where people want to live as a way of addressing the issue of people not having sufficient income to buy such houses or because the property market does not supply them).
- 2 A funding model, which is the set of assumptions based on how the entity is funded and held accountable.

Under this approach, accountability is a condition of funding. In this report, important issues we will be exploring include what are those conditions, who sets them and what are the consequences if they are not met.

7.4 Design principles for devolved service delivery

Warren has developed a set of principles for designing an operating model for devolved service delivery, which includes accountability systems.

Table 3 Warren’s design principles

Principle	Description	Comment
Principle 1	The New Zealand public sector management system should develop a separate (dual) centre of gravity for collective operating and funding, rather than seek to extend current models.	Using an operating model designed for centralised, siloed government departments to manage devolved services has been repeatedly shown to be inappropriate when people are experiencing multiple, complex and/or enduring challenges.
Principle 2	Collective models should be targeted at complex problems where interventions need to be adaptable at a local level, and outcomes are emergent rather than predictable and controllable.	This is an expression of the finding of numerous reviews: One-size-fits-all, off-the-shelf solutions are not effective responses to persistent disadvantage.
Principle 3	Collective operating models should: <ul style="list-style-type: none"> • support the flexibility of thought and action required to deal with novel or unanticipated opportunities and problems • motivate participants with challenging and achievable goals • work to develop understanding and trust across agency-professional roles and boundaries. 	A key part of many collaborative organisations is that services have to be truly bespoke and people-centred. The very essence of addressing persistent advantage is understanding that the needs of each individual and whānau will require personalised solutions.
Principle 4	The responsibility of the public sector hierarchy is not to steer collective entities but to create an environment where the smart practices necessary for self-governing collaboration can flourish.	Collectives should design the initiatives they are to deliver, rather than just be contracted agents delivering initiatives designed in the centre.

public sector, where revenue is not the prime driver of behaviour, structure or performance, the term ‘business model’ can be defined as “the set of assumptions that underlie the proposition that specified business activity will add value” (Warren 2021, 9).

Principle	Description	Comment
Principle 5	The mana of the collective should be used both as a basis for providing a collective funding model for collective entities and a basis for accountability for the results of that funding.	The centre should trust collaborative organisations to do the right thing. While a 'trust and verify' approach is appropriate, in practice, there has been too much emphasis on verification and not enough trust.

Source: Warren (2021)

Using these principles, Warren has developed a new funding and operating model for collaborative organisations that will be set alongside the model used for specialised, centralised agencies.

A key insight from this work is the observation that:

The critical difference between funding and accountability arrangements would appear to be that for specialised work the service provision is funded, whereas for collective work a collective is funded that will then determine the service provision. (Warren 2021, 23)

That is, centralised systems can be used where Ministers can define, based on advice, the services to be delivered:

Under the hierarchical model, policy making uses scientific evidence to form a consensus view on the design and implementation programme of policy, and the implementation of policy then becomes a technical matter for bureaucratic control. (Ibid., 21)

Under the collective model, the design of what is to be delivered is fundamentally different, as is the definition of success:

Under the collective model, decision-making is about co-operation between different interdependent parties with different, conflicting rationalities, interests, and strategies. Policy processes are not the implementation of ex ante formulated goals, but an interaction process in which actors exchange information about problems, preferences and means, and trade-off goals and resources. Success is the realisation of collective action to establish a common purpose and avert threats, and failure is attributed to the lack of incentives to co-operate and the existence of blocks to collective action. (Ibid.)

While we agree with much of Warren's analysis and applaud his insights, we are not convinced that this very structured model will work to overcome all of the difficulties he has identified with the current system. In particular, we doubt it would accommodate the requirement that recipients be involved in the design, delivery and assessment of services.

At its core, it assumes that Ministers have the ability, in advance, to choose between different approaches to delivering services. In Warren's model, The Treasury, using data, will be able to somehow know what will work best:

Comprehensive analysis of the Integrated Data Infrastructure should provide a lot more insight into the kinds of priorities that will over time yield great fiscal outcomes and better value for money. (Ibid., 29)⁴⁷

In contrast, our view is that services that centre whānau voice and are co-designed, delivered, monitored and evaluated with input from whānau are the key.

As we noted above, the core of accountability requires the provider to explain what they are doing and answer questions, allowing the funder to take action due to the information they receive.

7.5 An example

When developing a toolkit for designing success frameworks for PBIs, the Social Wellbeing (then Social Investment) Agency used a success framework that we think could form the basis of an operating and funding model, with associated accountability systems for devolved services (Social Wellbeing Agency 2020). This dynamic framework draws heavily on Te Tiriti o Waitangi and examines how, through time, devolution can take place.

Julie Fry summarised this approach as follows:

The frameworks emphasise different elements at different phases of development, from pre-establishment and initial setup through testing and learning to achieving collective actions and outcomes:

- *Initially, Māori and the Crown work together to identify problems, design processes and develop solutions. Once ready for collective action, Māori decide what to do and the Crown assists with implementation.*
- *Central government then devolves decision-making to the local level, provides funding to support a “test and learn” approach, creates pathways to share learnings more widely, and uses these learnings to change social sector policy and practice.*
- *At the regional level, the initial focus is on building relationships, followed by establishing purpose-led governance and operations teams that over time develop effective and responsive cross-agency services that lead to improved outcomes and systems change.*
- *Whānau have voice, in defining their aspirations, saying what is and isn’t working, and codesigning services that improve collective outcomes for their communities.*

Different PBIs, and different participants within individual PBIs, may reach different phases at different times. (Fry 2022, 55)

Another useful element of this work was a series of reflective questions that the Social Wellbeing Agency developed to assess the success of devolved initiatives. While initially designed to determine the impact of case studies, these questions could also be asked as part of a wider, more formal accountability system.

⁴⁷ As we discussed in section 3, we are not convinced that we currently know what all the services required to address persistent disadvantage are. The IDI is certainly a powerful tool when it comes to the describing the lives that people lead, but it does not speak to what services will be needed to improve their lives.

Table 4 Accountability questions

Component	Questions
Overview of success story	<ul style="list-style-type: none"> • For what reason is this PBI initiative a success in enabling system change? • What evidence supports the success story?
Te Tiriti o Waitangi	<ul style="list-style-type: none"> • Article 1 – Kāwanatanga: How are Māori influential decision-makers at all levels of the PBI? • Article 2 – Tino rangatiratanga: How is self-determination for Māori evident in the PBI? • Article 3 – Oritetanga: How does the work of the PBI strive for and deliver equitable outcomes for Māori? • Article 3 – Wairuatanga: How is the work of the PBI framed by Te Ao Māori, tikanga Māori, and mātauranga Māori?
Demonstrating local system change	<p>The following questions seek to identify the system change conditions. Not all questions will be relevant:</p> <ul style="list-style-type: none"> • Policies: What policies, rules, regulations or priorities have changed to enable positive whānau outcomes? • Practices: What practices or institutional behaviours (both formal and informal) have changed? • Resource flows: How have flows of money, people, information and other resources changed? • Relationships: How have pathways for whānau changed to support and enable them? • Power: How has the initiative changed power distribution both formally and informally? • Mindset: How have deeply held assumptions or beliefs changed?
Whānau outcomes	<ul style="list-style-type: none"> • How have the system changes affected or benefited whānau? • How have the system changes affected or benefited whānau Māori?
Central government	<ul style="list-style-type: none"> • How has central government enabled system change at regional and national levels based on PBI evidence? • If implemented, what are the potential ripple effects for whānau Māori and whānau outcomes?

Source: Social Wellbeing Agency (2020 Table 2, p 18)

7.6 Conclusions

Both devolution and centralised service provision have advantages in different circumstances.

Devolution to providers seeking to develop trusted relationships and support whānau in exercising māna motuhake and tino rangatiratanga will lead to better outcomes when:

- Bespoke services are needed to address the complex needs of people with low capabilities to navigate the social welfare system
- Trust in traditional providers is low.

Long-term, non-transactional, trusted relationships must be formed between the provider and their client to determine what services are needed and how best to deliver and assess them. Centralised service provision can produce better results when:

- Standardised services are being delivered based on qualifying criteria that are homogeneous nationally
- There are economies of scale and/or scope in the provision of services⁴⁸
- Service provision can be largely transactional (e.g. paying cash benefits into bank accounts)
- Errors have few consequences and are easily reversed.

In our view, an appropriate funding and operating model for devolved service providers in New Zealand remains a work-in-progress.

Work by the Productivity Commission (including its commissioned research), Ken Warren, the Social Wellbeing Agency and others have provided valuable insights that can be used to develop these models.

Attempts to improve internal collaboration within the state sector are unlikely to remove the barriers preventing people with complex, persistent needs from leading better lives. They may increase the efficiency in how services are produced by reducing agency overlap and providing the same services by multiple agencies (e.g. the classic example of five government vehicles in the driveway). But that, to paraphrase Amartya Sen, involves delivering clever development plans to people, not listening to what whānau need and involving them as partners in designing, delivering and assessing solutions that address the challenges they face.

8 Social services where there is already a robust case for greater devolution

There are a small number of instances where there is already a strong case for greater devolution of services. These services meet the theoretical criteria outlined above, have been trialled in high-needs communities, have often received positive feedback from service recipients and have been shown to work through robust and credible evaluations. Here, we examine three examples: family violence prevention and crisis response services, addiction support services, and support with skills development.

⁴⁸ From basic industrial organisation economics, economies of scale are present when there are high fixed costs and low variable costs. In the case of social services, this can be the case where a legislative and administrative system needs to be created to provide services (high fixed cost) and individual transactions can be automated, where information about entitlement rates and qualification criteria can be easily verified, especially using third-party provided data (e.g., eligibility and quantum for working for families can use employment data provided to IRD).

8.1 Family violence prevention and crisis response services

In *Together Alone*, Julie Fry notes that experiencing violence can be a sensitive indicator of complex, unmet needs (Fry 2022, 69). People experiencing and perpetrating violence are often vulnerable and face a range of social and economic barriers:

Family violence (and, to an extent, sexual violence) is a function of power dynamics and inequity. It can result in victims being isolated, coerced and controlled, and prevented from living a good life. Victims may struggle to seek help for reasons including lacking control of finances, concerns around their immigration status, and fear of physical and psychological harm to their children. Victims (and abusers) face not only violence within the home, but also “violence” by the system (failure to be believed, failure to receive services) and violence by society (sexism, racism, homophobia, ableism). (Ibid.)

Effective joined-up family violence prevention and crisis management services seek better outcomes through a trust-based, whole-of-family and whānau approach. Manaaki Tairāwhiti is closely involved with Whangaia Ngā Pa Harakeke, a flax-roots-based initiative developed by the NZ Police and iwi partners, who work alongside government agencies, including Oranga Tamariki, Corrections and ACC and local NGOs.

Dedicated additional Police constables are deployed with Kaiāwhina/Kaipuripuri (social workers) to help make and keep safe whānau and individuals at risk of further harm. The NZ Police and their partners undertake daily risk assessments and triage Police Family Harm reports, with efficient information- and task-sharing facilitated through electronic case management.

At a service delivery level, key elements include taking time to listen to whānau, building trust and rapport, and supporting whānau to identify the challenges they are facing and the specific services that would support them to improve their wellbeing at a time and place that works for them (whether that might be help finding accommodation, managing anger or addiction, getting a job or their driver’s licence, and so on).

As Moera Brown, systems improvement lead with Manaaki Tairāwhiti and a restorative justice facilitator explained in a recent interview with the Gisborne Herald, hearing whānau voice changes the way agencies respond when they first come in contact with whānau: the focus is on “understanding what their needs are as opposed to what the experts in different situations think they can provide services for” (Sharma 2022b). Stephen Smith, a detective sergeant in the Criminal Investigation Branch (CIB) who works with systems improvement in Manaaki Tairāwhiti, says that previous family harm responses have “been more based on what agencies think should happen, as opposed to what whānau are asking for,” and that the system “provides what it provides because there are rules around it”. Instead, “In Tairāwhiti, we are flipping it and saying ‘if whānau are asking for something, how do we deliver it?’” (Ibid.).

Robust, control-based evaluations have demonstrated that Whangaia Ngā Pa Harakeke has led to reductions in family harm of at least 15 percent in its three pilot locations, including Te Tairāwhiti. Following extensive consultation and relationship-building (it typically takes around two years for communities to develop the essential foundations of trust), the programme has been successfully introduced in three more locations, and the NZ Police plan to expand it further.

8.2 Addiction support services

Conventional services often treat drug and alcohol addiction and the problems they can lead to as criminal issues. But as Holly Beckham, a former methamphetamine addict, explains:

If you're sitting with trauma and you're sitting with emotions you don't know how to control, it's really intolerable. Reaching for the pipe or any drugs is just a way of being able to cope, I guess. It eases the pain, the suffering. (Bond 2022)

Increasingly, successful collaborative services are responding to addiction as a health issue that can flow from complex, unresolved needs and trauma.

Te Ara Oranga is an integrated health and policing programme designed to reduce both the supply and demand for methamphetamine and its associated use and harm. Jointly implemented by the Northland DHB and NZ Police in October 2017, the programme increases treatment options and referral pathways and provides support for families and whānau (Walton and Martin 2021). Destigmatising users (in particular, their involvement and role in supplying methamphetamine to others) is a key element of the programme (Ibid., 5).

A series of evaluations produced over 18 months beginning in late 2019 have examined the long-term impact of the initiative and demonstrated a 34 percent reduction in post-referral crime harm (Ibid., 3). Compared to users who did not receive services from Te Ara Oranga, a cost-benefit analysis identified a return of between \$3.04 and \$7.14 for each dollar invested into the programme (Ibid., 4).⁴⁹

Whānau involvement is also essential for Mauria Te Pono, a flax-roots alcohol and drug recovery sharing movement for people and their whānau affected by drug and alcohol abuse now based in Te Tairāwhiti. It was founded 11 years ago by Kim Whaanga-Kipa and her husband Manny Kipa, who, after completing individual rehab programmes at Aspell House at Hamner Springs, came home wondering, “where do whānau fit, and how do we help our kids heal?” as their recovery journey continued.

Mauria Te Pono addresses many shortcomings of conventional, individual Western clinical models of addiction. Based on principles of whanaungatanga and grounded in tikanga Māori, it has often declined funding from central health and justice agencies to preserve the flexibility to evolve its practices and activities based on the needs of whānau. With the support of Te Runanga O Turanganui A Kiwa and Manaaki Tairāwhiti, Mauria Te Pono has been “able to fly – to do what we need to do”, particularly when it comes to addressing the fear and stigma around making a change that many whānau experience.

Always centring the voice of whānau, “what we need to do” can involve encouraging people to dream, hosting whānau support groups and providing opportunities to wananga and connect. The TRUTH movement (tomorrow’s rangatira unite to heal) organises positive experiences to look forward to, such as theatrical performances, and is currently developing Vent, a walk-in studio where people can safely share their stories and have a ‘vent’ whether through art, a song, rap or a blog.

⁴⁹ The government has indicated that it plans to expand the programme to other locations, including the East Coast and Bay of Plenty, but appears not to have made much progress (Chiang 2022; Clark 2022).

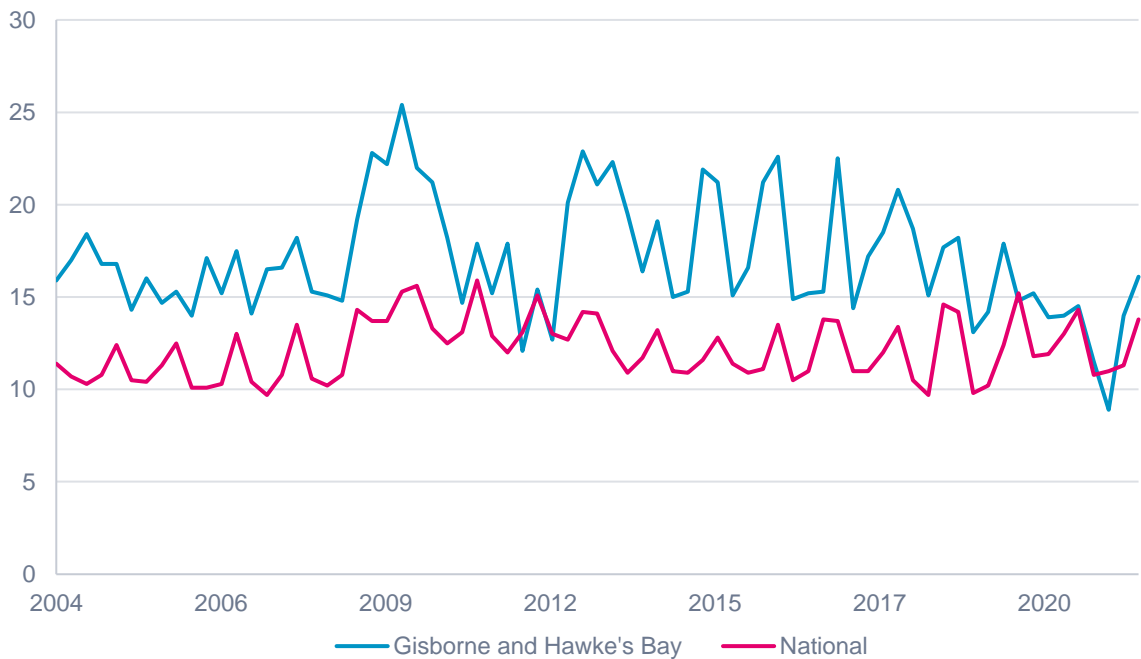
Although it has not yet been subject to a conventional formal evaluation, Mauria Te Pono has received positive feedback from the community it serves. Whānau particularly welcomes how the program addresses important shortcomings in standard addiction services (such as the need to involve whānau as well as individuals in the recovery journey and providing services to people who are gang-affiliated).

8.3 Support with skills development/apprenticeships

Te Tairāwhiti, and the neighbouring region of Hawke’s Bay, have traditionally had high rates of young people not being in employment, education or training (NEET). Figure 6 shows the NEET rate for people between 15 and 24 in those regions, compared to the national average.

Figure 6 Te Tairāwhiti has high rates of people not in education, training or employment

Percentage of workforce not in employment, education or training



Source: Stats NZ

Devolved services have been used to address this issue. Manaaki Tairāwhiti has been working with the Gisborne District Council to deliver Mayors Taskforce for Jobs and find the sustainable employment for 50 taiohi (young people) who are NEET or have been displaced from their employment due to COVID-19. During this period, Manaaki Taiohi has received 97 taiohi referrals. Of these, 32 young people are now employed, and Manaaki Tairāwhiti continues to provide ongoing support to a diverse range of businesses that are providing apprenticeships to or employing taiohi. A further 20 taiohi are in education or training, and 17 are receiving support (some young people need support with issues around homelessness, drug and alcohol use/abuse, and relationships before they can become work-ready). Manaaki Tairāwhiti is also supporting

19 taiohi to gain their driver's licence (Manaaki Tairāwhiti 2021a).

Cost-benefit evaluations of similar interventions elsewhere in Aotearoa indicate they can be highly effective. For example, He Toki ki te Mahi, a Whānau Ora initiative funded by Te Pūtahitanga o Te Waipounamu, supports pre-trade graduates to complete the construction industry apprenticeships and develop their skills and was evaluated by the Agribusiness and Economics Research Unit at Lincoln University in 2017. The evaluation found that the potential economic benefits from He Toki ki te Mahi outweighed economic costs by a factor of more than 7 to 1 (Dalziel, Saunders, and Guenther 2017, 25).

8.4 Conclusions

There are increasing examples of trust-based, whānau-led devolved services that are removing barriers to people leading good lives.

The case studies presented here provide real examples of what success can look like. Evaluations have shown that devolved programmes can be effective and represent value for money.

Some common themes are that these programmes are often very small-scale, sometimes only servicing one community, focus on whānau as well as individuals, and can involve a range of service providers working together. These themes provide useful insights into how similar programmes could be implemented elsewhere. One interesting question is whether the route to wider application should be by way of funding the providers to implement their programme to more people in the same area or to fund an expansion into a new area. Alternatively, the program could be introduced into a different area using the same or another provider.⁵⁰

9 Social services where greater devolution could occur over time

There are many other joined-up social services which meet theoretical criteria for devolution and are adopting 'test, learn and adapt' approaches as they work to improve outcomes for both individuals and whānau. Some of these initiatives have not been evaluated because they are small in scale or relatively new. Others have experienced intense scrutiny but are still working through how to best ensure accountability to their clients, their communities and the government as the eventual funder of programmes.

These initiatives cover a broad range of services, including education, housing support, improving tamariki wellbeing, helping people with disabilities and their whānau navigate the services they need, reducing reoffending, and providing primary mental health support.

⁵⁰ This is an issue about economies of scale: can a single provider efficiently expand its operations or is there a natural limit to what can be done without losing the benefits of flexibility and innovation that come with small size.

9.1 Kōhanga reo and kura kaupapa Māori

Kōhanga reo demonstrates how taking a wider view of the meaning of ‘service delivery’ in education can build capability, support mana motuhake and tino rangatiratanga and improve whānau wellbeing.

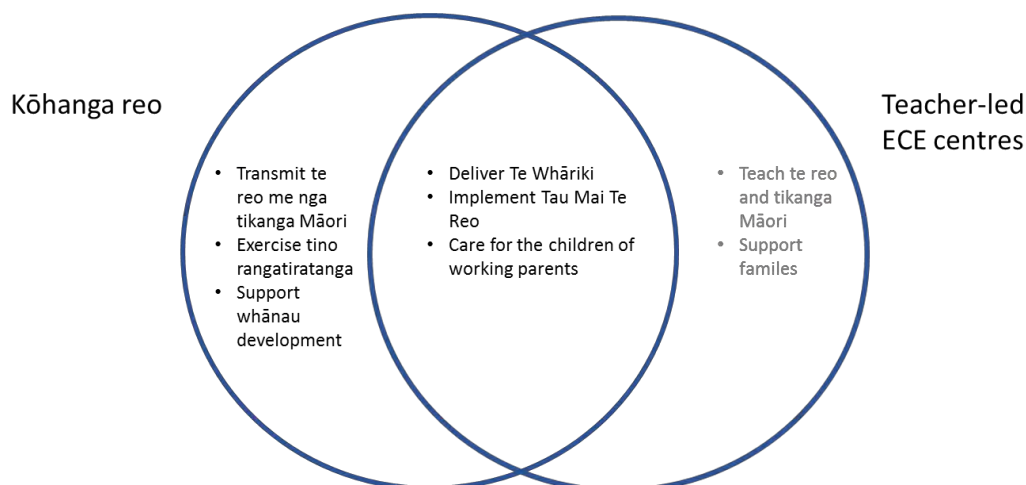
Throughout the world, people acquire their first spoken language from immersion within their family and community. But many tamariki live in whānau, where te reo Māori is not spoken fluently. How are they to learn to speak their language? Since the 1980s, the answer for many has been to attend he kōhanga reo (and subsequently kura kaupapa Māori), where through immersion, they acquire te reo me nga tikanga Māori: the language and protocols of Māori (Everiss, Hill, and Meade 2017).

Kōhanga reo are not just early childhood education centres conducted in te reo Māori.⁵¹

They exist to transmit te reo me nga tikanga Māori within whānau, within the context of te reo being a taonga that is protected under Te Tiriti o Waitangi and a language at risk. The Crown has an obligation to take “especially vigorous action” to actively protect te reo Māori, and The Waitangi Tribunal considers it “vital” for the Crown to aim to increase the proportion of Māori children participating in Māori language learning.⁵²

There is a clear overlap between the primary goals of kōhanga reo and other ECE centres; however, kōhanga reo place much more emphasis on tikanga and whānau development than is the case in a typical teacher-led ECE centre.

Figure 7 Primary roles of kōhanga reo and ECE centres have overlapping functions



Notes: Te Whariki is the early childhood curriculum and Tau Mai Te Reo is the Māori Language in Education Strategy (Ministry of Education 2017; 2020).

⁵¹ There are three categories of ECE-centres that receive government funding: te kōhanga reo (whānau-led, Māori immersion), “teacher-led” centres, where at least 50% of the staff are registered early childhood teachers and family/community-led centres that do not follow the kōhanga reo model. Some of these third type of centres use but teach te reo me nga tikanga Māori, although not always to the extent required to qualify as “immersion”.

⁵² Waitangi Tribunal (2013, 94).

Source: The authors

The main objective of kōhanga reo is the inter-generational (kaumātua and kaiako to mokopuna) transmission of te reo me nga tikanga Māori and to develop whānau. While kōhanga reo and kura kaupapa Māori operate within a curriculum set centrally, they are an example of how a service viewed by central government as being in one area (education) can have much wider benefits to the service recipients (tamariki) while also strengthening whānau.

9.2 Housing

As the Tairāwhiti Regional Housing Strategy recently published by Manaaki Tairāwhiti makes clear, there is a serious housing crisis in Te Tairāwhiti:

Our regional housing stocktakes identify an immediate shortage of at least 400 houses across the housing spectrum. The most pressure is being placed on social housing with the waiting list for government-provided social houses spiking from just over 200 in 2019 to over 750 in 2022...

In addition to a shortage in housing, there are issues with the quality of the housing available in Te Tairāwhiti. In 2018 more than 22% of households experienced dampness, 15.5% had visible mould and more than 8% did not have access to all basic amenities (cooking facilities, safe tap water, kitchen sink, fridge, bath or shower, toilet, electricity supply). Many whānau are living in houses that are ill-designed for their needs, including being culturally inappropriate and/or having poor accessibility. (Campbell, Kinsella, and Tawera 2022, 7)

The social housing stock in Te Tairāwhiti has been largely unchanged since 2017, increasing from 1258 units to 1264, and there is no significant Kāinga Ora investment in the region. In-region projections indicate a need for at least 1,280 more homes by 2024, 2,570 more by 2030 and 5,360 more by 2050.

On the other side, demand for social housing has increased significantly over the same period in Te Tairāwhiti. The MSD housing register records an increase of 444 percent, from 108 units in December 2017 to 588 in December 2021. About 78 percent of those on the housing register want 1- or 2-bedroom units, which account for 37 percent of the current stock. Approximately one percent of the population of Te Tairāwhiti receives an accommodation allowance from WINZ.

An initiative designed to accelerate Māori-led housing solutions, Whai Kāinga Whai Oranga will be delivered jointly by Te Puni Kōkiri and Te Tūāpapa Kura Kāinga (the Ministry of Housing and Urban Development). It will receive funding of \$730 million over four years from 2021/22.

Whai Kāinga Whai Oranga prioritises locations facing significant housing supply and affordability constraints. Te Tairāwhiti is one of a small number of initial focus regions.

In addition to increasing organisational capability and capacity to deliver Māori-led housing solutions, Whai Kāinga Whai Oranga can provide funding for repairs, new housing, including

on papakainga, and both enabling infrastructure (for transport, water supply, wastewater, stormwater and flood management) and onsite infrastructure.⁵³

The vision of the Tairāwhiti Regional Housing Strategy is for all Te Tairāwhiti whānau to “have access to a safe, fit-for-need and affordable home” (Ibid., 11). This will be achieved “by understanding whānau needs and aspirations for housing and rapidly increasing the stock of housing to match this” through changes to regulations and consent processes, improving the reliability of materials supply and building resilient supply chains, addressing labour and infrastructure shortages and financial barriers to tenancy and ownership, and developing partnerships to harness collective resources (Ibid.).

9.3 Improving child wellbeing

Over time, many reports have recorded major deficiencies in the quality of state care for children, especially tamariki Māori. The reports include:

- The State of Care 2015 by the Office of the Children’s Commissioner (Office of the Children’s Commissioner 2015)
- The Productivity Commission’s final report, *More Effective Social Services* (New Zealand Productivity Commission 2015a)
- The Expert Panel on Modernising Child Youth and Family (Expert Panel on Modernising Child, Youth and Family 2015b; 2015a)
- The 2021 report by the Waitangi Tribunal on Oranga Tamariki, He Pāharakeke, he Rito Whakakīinga Whāruarua (Waitangi Tribunal 2021).

The Expert Panel observed:

Regular reviews of the contemporary care system in New Zealand have been undertaken, but not one has produced sustained positive changes in the lives of our vulnerable young people. (Expert Panel on Modernising Child, Youth and Family 2015a, 3)

Large and ongoing disparities exist between the number of tamariki Māori and non-Māori children being taken into state care.

Disparity between tamariki Māori and non-Māori children is evident across all age groups, not just pēpi Māori. Indeed, as at 31 December 2020, Māori comprised 75 per cent of the children and young people currently in the Youth Justice custody of the chief executive. This compares to the 9 per cent in custody who identify as New Zealand European or other. 13 As a 15-year-old in a youth justice residence describes, ‘they are all Māori in here It’s like being in YJ [youth justice] is a Māori thing’. (Waitangi Tribunal 2021, 48)

⁵³

Transport infrastructure includes local roading, state highways, public transport infrastructure, footpaths and cycleways. Non-enabling infrastructure includes site remediation, onsite civil works and building foundations, and onsite septic tanks and transmission and telecommunications infrastructure where the costs of these will not be met by utility companies (as in the case of rural sites where utility companies provide infrastructure only within 100 metres of trunk infrastructure).



While reform of the state care system continues, a range of initiatives are also addressing the issue. Some of these involve addressing child and family wellbeing before the need to resort to the use of the statutory care and protection provisions of the Oranga Tamariki Act.⁵⁴

Ngā Tini Whetū is a new, decentralised, whānau-centred early intervention prototype designed to strengthen families and improve the safety and wellbeing of children (Minister for Children, 2020). A collaborative programme funded jointly by Oranga Tamariki, Te Puni Kōkiri, ACC and the Whānau Ora Commissioning Agency, Ngā Tini Whetū will provide intensive additional early support to around 800 North Island whānau to increase cross-government engagement with Whānau Ora, building stronger partnerships between agencies and providers in communities, testing different approaches and gathering evidence on their effectiveness.

Ngā Tini Whetū provides holistic, whānau-centred wraparound services to whānau with complex needs via specialist community-based navigators with local knowledge (Grootveld 2021, 6)). The initiative aims to support whānau by “navigating them towards a brighter future, preventing injuries and averting a care, protection or youth justice intervention from Oranga Tamariki”, reduce the number of family harm incidents, and improve access to services for whānau Māori (Ibid., 6).

Implementation of Ngā Tini Whetū was delayed by COVID-19. An initial report published in May 2021 identified lessons learned based on interviews with 22 senior leaders, policy, research and evaluation, and operational staff involved in the prototype development and made recommendations for improvements on funding, relationship management and systems issues. The report concluded that:

Working in collaboration requires an ongoing process of listening, learning, discussion, negotiation, contestation, self-reflection, alignment and re/affirmation of agency expectations. Future government collaborations with kaupapa Māori and commissioning agencies need to build in longer lead times. (Ibid., 29)

9.4 Disability support services

According to the 2013 Census, 1.1 million New Zealanders are disabled. Māori have higher-than-average disability rates, and tāngata whaikaha (Māori who have disabilities) have poorer life outcomes compared with other Māori (Office of Disability Issues 2020).

Commenting on the results of the 2013 New Zealand Disability Survey, Stats NZ said:

The 2013 New Zealand Disability Survey shows that one in four Māori are disabled. It also shows that, overall, disabled Māori tend to fare worse than other Māori in many aspects of material well-being and quality of life. Given that Māori in general also tend to fare worse than non-Māori in these respects, the intersection of disability and ethnicity can leave disabled Māori particularly vulnerable to poor economic and social outcomes. (Stats NZ 2015, 8)

⁵⁴ It seems unlikely that Parliament would ever agree to devolve all the statutory powers vested in Oranga Tamariki to entities outside government, especially if their client base did not include all the children in their area of operation. We note, however, that the Oranga Tamariki Act currently contains provisions that all allow organisations outside government to be authorised to perform some of the functions of Oranga Tamariki (see Part 8 of the Act). There is considerable further scope for organisations to work with Oranga Tamariki in ways that do not require the core state powers of the Department being devolved.

Supporting and enabling disabled people and their whānau to live better lives in Aotearoa is very much a work in progress that will take time, commitment and resourcing to address.

The current disability support system has been described as being based on “goodwill rather than entitlements, legal protections and rights” (Fry 2022, 78). Core services, including occupational, speech and language therapy, support during and after school (including holidays), respite care, mental health support and support for siblings, can be hard to access (Ibid., 78–79). Whānau Māori have described some services as “not mana enhancing” (Lovelock 2020, 4).

Devolved services provided to people with disabilities and their whānau are being tested through the Mana Whaikaha pilot programme in the mid-Central DHB.

Mana Whaikaha is a navigator-based initiative designed to improve choice and control for disabled people and their families and whānau. Established in 2018, it builds on earlier limited Enabling Good Lives demonstration sites in Waikato and Christchurch. Mana Whaikaha aims to improve both outcomes and cost-effectiveness by providing more flexible support options and increasing control over decision-making (Fry 2022, 76).

When it opened, Mana Whaikaha faced an immediate waitlist of 400 disabled people and their whānau. The service responded by increasing the ratio of recipients to kaituohono (navigators) from a planned 40:1 to 100:1, leading to safety issues for staff and clients (Fry, 2022).

While many capacity and operational issues still need to be worked through, including ensuring adequate staffing of kaituohono and services for people to be referred to. The initial evaluation reinforces the appetite for simplified access to trust-based, joined-up services that enable increased dignity and control for disabled people, their families, and whānau (Lovelock 2020).

9.5 Reducing the Māori prison population

As the Department of Corrections has noted:

New Zealand has one of the highest imprisonment rates in the OECD and Māori are grossly overrepresented at every stage of the criminal justice system. (Ara Poutama Aotearoa 2019, 9)

The second Young Adult Court List in Aotearoa was launched in Te Tairāwhiti in May this year, following a successful pilot in Porirua. A part of the wider Te Ao Marama initiative introduced last year, it is a criminal court designed to deal with offending by young adults aged 18–25.⁵⁵

Speaking at the launch, Chief District Court Judge Heemi Taumaunu said research had shown the brains of young adults continue to develop in response to environmental conditions. Young adults in the criminal court are also “more likely than the general population to experience neurodiversity, mental health and substance abuse issues and

⁵⁵ Te Ao Marama (“the world of light”) is the vision for the District Court announced by Chief District Court Judge Heemi Taumaunu. It follows a series of calls for transformative change dating back many years and seeks to create a diverse court that reflects the communities it serves, where all people can seek justice and be seen, heard, understood and meaningfully participate (Taumaunu 2020, 7).

socio-economic disparities, and they generally require support to help them navigate this developmental period”(Sharma 2022a).

As with the wider Te Ao Marama approach, Judge Taumaunu noted that:

The Young Adult List uses processes such as plain language to ensure that young adults are able to fully engage and participate in court proceedings as well as ensure they understand the implication of each stage of the proceedings... It also makes sure they are properly supported with rehabilitative interventions that are available and appropriate. (Ibid.)

Although it is too soon to report on outcomes in Te Tairāwhiti, the initial evaluation of the pilot in Porirua found a sample of Young Adult List participants “were about twice as likely to say their court experience had made them think more deeply about their future and make some positive changes in their life” (Paulin et al. 2021, iii). Future evaluations will be needed to determine whether these changes reduce reoffending.

9.6 Primary mental health services

Secondary mental health services require specialist clinical expertise and, as a result, will always need to be provided within a context allowing for adequate supervision (residential programmes for people experiencing drug addiction, such as Te Paepaeroa - Moana House, are an example).

However, in many cases, aspects of primary mental health services can be successfully devolved. A wide variety of devolved social services, which at least in part contribute to building mental resilience and boosting wellbeing, are currently being provided in Aotearoa, including through the Whānau Ora commissioning process. Examples from the Wave 10 evaluation of Te Putahitanga o te Waipounamu, the South Island Whānau Ora commissioning agency, include:

- kaupapa Māori programmes for rangatahi (such as Whakamana Tamariki, Mana Tāne)
- programmes supporting physical and mental wellbeing (e.g. Mengineering, #PRShed)
- traditional Māori healing practices/rongoā Māori (Mai Time).

10 Social services where devolution is not recommended

While our focus is on what services could and should be devolved, there are some types of services that are always likely to be provided centrally. What these services have in common is that the actual services to be provided can be easily described, can be delivered more economically at scale, and do not vary much from client to client. Some centralised services rely on trusted providers who are subject to high-quality professional and occupational licencing.

Drawing on the work in our companion report on what social services are currently funded in Te Tairāwhiti, we suggest that the following services not be subject to any further analysis regarding the possibility of devolution at this time.

Table 5 Social services which should remain centralised

Service	Discussion
Education: State schools	Education is provided through a highly standardised system, government by the Education and Training Act 2020. ⁵⁶
In-patient and outpatient care in public hospitals.	Services provided directly by DHBs (which are soon to be replaced under the government’s health reforms) and national disability services, under Vote Health; and ACC expenditure should not be devolved. In part, we consider that reforms proposed in the Pae Ora (Healthy Futures) Bill should be allowed to bed down until issues of whether health spending can be devolved are addressed.
Main benefits	These are the sorts of services where there are clear economies of scale.

Source: NZIER

11 Conclusions and recommendations

11.1 What we have learned

Greater devolution is strongly recommended in situations where:

- Bespoke services are needed to address complex, longer-term needs for people with low capabilities to navigate the social services system
- Trust in traditional providers is low
- Long-term, non-transactional, trusted relationships must be formed between the provider and their clients to determine what services are needed and how best to deliver, monitor and evaluate them.

The examples discussed in this paper demonstrate there is scope to devolve a relatively wide range of social services. As Table 6 shows, these initiatives are at various stages of development, and some are already being replicated in other locations based on robust evaluation results, and others are more emergent.

As Julie Fry noted in *Together Alone* (Fry 2022), successful devolved initiatives rely on building trusted relationships among providers and people who receive support, which takes time to develop. Participating organisations need clear, shared objectives, sound governance and adequate staffing. They also require effective data collection, monitoring and evaluation so providers can ‘test, learn and adjust’ their approach as they go along and provide accountability to taxpayers as the ultimate funders of the services. Adequate, dedicated funding right from the initial stages is critical to ensure success.

There are also situations in which we do not recommend devolution of services. These include situations where:

- The services to be provided can be specified in advance

⁵⁶ As we noted in section 9.1, the Crown also funds kōhanga reo and kura kaupapa Māori. There is considerable scope for expanding these types of services.

- There are economies of scale and/or scope in delivery
- Relatively homogeneous services are required and
- Professional and occupational regulation provides assurance that providers can be trusted.

For example, we do not recommend devising specialised services, such as secondary mental health or surgical services, which need to be provided by highly-trained professionals, or core benefit payments, which require complex, large-scale computer-based systems to deliver.

In between these ends of the spectrum of alternatives, there may be situations where, depending on local circumstances, more or less devolution might be appropriate. For example, given the rural and isolated nature of much of Te Tairāwhiti, greater devolution of primary mental health services might be considered appropriate.

Table 6 Devolution of services in Te Tairāwhiti

Type of Service	Examples	Reason for recommendation
Level 1: Devolution recommended /demonstrably effective		
Family violence services	Whangaia Ngā Pa Harakeke family and sexual violence crisis management and prevention services jointly provided by NZ Police, iwi, and community groups.	Robust, credible, control-based evaluations have demonstrated this approach is more effective than the status quo in Te Tairāwhiti.
Drug harm reduction	Te Ara Oranga methamphetamine harm reduction initiative jointly developed and provided by NZ Police, Northland DHB and Iwi chairs, and Mauria Te Pono, now based in Gisborne.	Robust, credible, control-based evaluations have demonstrated the Te Ara Oranga approach is more effective than the status quo in Northland, which is also relatively isolated. Mauria te Pono has been able to reach and help whānau, including those who are gang-affiliated, who have often not been eligible for services from conventional providers.
Skill development and connecting to the labour market	He Toki ki te Mahi is a Whānau Ora initiative which supports pre-trade graduates to gain and complete construction industry apprenticeships and develop their skills. Manaaki Taiohi, a similar programme in Te Tairāwhiti, has not yet been evaluated.	Cost-benefit analysis of He Toki ki te Mahi shows this approach works and generates a substantial return on investment.
Level 2: Greater devolution possible		
Disability support	Mana Whaikaha , a pilot navigation approach to disability support services in the mid-central DHB designed to improve choice and control for disabled people and	This approach was positively received by disabled people and their whānau and could be applied in Te Tairāwhiti. However, challenges around resourcing and staffing, including for services to

Type of Service	Examples	Reason for recommendation
	their whānau.	be referred to need to be addressed, and mana motuhake and tino rangatiratanga need to be centred for Māori.
Housing support	Whai Kāinga Whai Oranga is a joint Te Puni Kōkiri and Te Tūāpapa Kura Kāinga (Ministry of Housing and Urban Development) initiative designed to accelerate the development of Māori housing solutions.	Disproportionate housing disadvantage experienced by Māori, including in Te Tairāwhiti, requires specific barriers to be acknowledged and addressed.
Improving child wellbeing	Ngā Tini Whetū is a decentralised, whānau-centred early intervention prototype funded by Oranga Tamariki, Te Puni Kōkiri, ACC and the Whānau Ora Commissioning Agency.	Similar to Manaaki Tairāwhiti's "way of working". The intensive additional early support provided must be co-designed with clients to build trust and improve outcomes.
Reducing reoffending	The Young Adult List is a new youth court approach designed to improve whānau wellbeing and reduce re-offending and imprisonment.	Although only recently introduced in Te Tairāwhiti, the initial evaluation of the Porirua pilot programme found participants thinking more deeply about their future and making positive changes in their lives.
Immersion teaching	Kōhanga reo and kura kaupapa Māori	Kōhanga reo facilitate the inter-generational (kaumātua and kaiako to mokopuna) transmission of te reo me nga tikanga Māori. The Waitangi Tribunal has ruled that kōhanga reo should not just be evaluated as providers of early childhood education but as ways to support whānau wellbeing through mana motuhake and tino rangatiratanga. Strengthening te reo Māori through immersion teaching is both a goal in its own right and a way of strengthening wellbeing more generally.
Some primary mental health support services	Te Putahitanga o te Waipounamu examples include kaupapa Māori programmes for rangatahi (Whakamana Tamariki, Mana Tāne; programmes supporting physical and mental wellbeing (e.g. Mengineering, #PRShed); and traditional Māori healing practices (Mai Time).	Primary mental health and prevention services may be appropriately devolved, and isolated regions like Te Tairāwhiti are especially likely to benefit from this. Secondary mental health services need expert clinical input and central oversight and should not be devolved but would nonetheless benefit from a more culturally attuned focus (e.g. through addressing the needs of whānau, not just individuals).

Type of Service	Examples	Reason for recommendation
Level 3: Devolution not recommended		
Delivery of benefits	Payment of core benefits	There are clear economies of scale, particularly in the development and maintenance of computer systems.
Specialised health services	Performing surgery, secondary mental health services, prescribing medication	Appropriately left to skilled professionals who can assess the cost, benefit and risk of different options.
Education	State schools teaching in English	Teaching in English is provided through a highly standardised system, government by the Education and Training Act 2020, teaching a standardised curriculum. Economies of scale exist.

Source: The authors

11.2 The next steps

Community and public sector leaders have been calling for more whānau-centred, devolved, and accountable social services for decades to solve the fragmented approach to service delivery taken by central government.

While good at delivering large cash transfers and services that people with low needs and high capability can use to build good lives – i.e., services and benefits where what is required can be easily described and designed and where there are economies of scale – the public sector is still struggling to address the multiple, complex needs of people experiencing persistent disadvantage.

The ultimate goal of any service delivery system is not to deliver services – they are a means to an end. It is to expand the choices people have to live lives they value and have reason to value.

Addressing persistent disadvantage is possible. But it will take a different kind of service provider system to achieve.

The first requirement is trust. Whānau being supported need to trust their providers. Building trust, especially when people have endured traumatic past service delivery experiences, takes time.

Next comes centring whānau voice and agency and working jointly with people to identify the support they need to improve their lives. Only the people being assisted will truly know what they need to live a good life. Here, the role of the service provider is to help whānau expand the choices they have.

Then comes delivery: making sure whānau get the support they need, when and where they need it. In some cases, this might involve whānau being involved in the design and

development of new services; in others, it might require adapting or expanding the capacity of existing services.

Finally, more flexible, fit-for-purpose tools are needed to demonstrate accountability for public funds.

We, and the authors of many reports that have come before us, can describe what needs to change:

- Providers need modes of working that are client-centred, build trust and address as many of the full range of issues facing the people they serve as possible.
- Contracts need to be truly flexible, focus on desired outcomes, not inputs and outputs and provide that success will lead to more resources.
- A stream-lined accountability approach needs to provide the centre with a high-level assurance that public authority is not being abused, that providers are adhering to the law and appropriate values and that the whole social service delivery system is learning and sharing.
- Central, department-based providers must be subject to the same effective level of scrutiny – and the same consequences for non-delivery – as out-sourced providers. This should include effectiveness, not just probity.
- Funding for new initiatives should not be automatically built into departmental baselines.
- Resources should be shifted away from **any** service that is not delivering.

11.3 But that change has not happened

Why? In our view, because central government has been unwilling to give up control over day-to-day decision-making, based on the idea that it can identify from the centre what services need to be provided.

Even where funding has been provided, the government has traditionally imposed its business model, which includes large, centralised, uniform accountability systems on small, local service providers trying to be flexible, innovative and caring.

Helping people to overcome complex, persistent challenges to reaching their aspirations is expensive. In the short term, it can be more expensive than providing universal services. Paradoxically, successfully addressing the needs of people experiencing ongoing challenges can bring additional needs to light – both for whānau already receiving support and others in the community. In time, however, as people are supported in improving their lives, the need for more services, especially acute care to address emergencies, can be reduced.

Our key recommendation is that central government engage more trusted flax-roots services providers such as iwi in Tairāwhiti and trust them to do the right thing. The government must also verify that public funds are being used appropriately, but the current approach does not get the balance right.

The development of the actual funding, operational and accountability models for devolved service providers remains a work in progress.

11.4 Alone we can be broken. Standing together, we are invincible

The case for change has been made.

Manaaki Tairāwhiti has evidence that providers who show a willingness to build trust, centre whānau voice, and test, learn and adapt can change lives in Te Tairāwhiti and beyond.

The task of central government now is to accept that change is needed, build simple, fit-for-purpose funding models and accountability systems, identify more providers it can trust and help them support the people in their communities to live better lives.

While experimenting with new approaches does involve greater risk, in our view, it is the only responsible approach given the failure of standard services to improve people's lives.

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Appendix A Spending in Te Tairāwhiti

Table 7 Government social spending in Te Tairāwhiti

\$ 000

Sector	Agency	Transfers	Operational (region) [provision of public services]	Operational (national, pro rata) [administra tion]	Capital expenditure		
					2021	2022	2023
Education	Education	Early Childhood	23,938				
		State and State integrated schools	120,548				
Health	Health	Other than TDHB		191,236			
		TDHB					
	<i>Prevention</i>	53,903					
	<i>Early detection and management</i>	152,481					
	<i>Intensive assessment and treatment services</i>	7,819					
	<i>Rehabilitation and support</i>	25,818					
	Health	National disability support services		19,908			
	MBIE	ACC - cost of claims	45,681				
Housing	MSD	Emergency Housing approved	3,568				
	HUD	Kainga Ora - Homes and Communities		335			
	MSD	MSD - Services to Support People to Access Accommodation	692				
	<i>Kainga Ora</i>	Housing supply pipeline - value			15,288	34,104	62,328

Sector	Agency	Transfers	Operational (region) [provision of public services]	Operational (national, pro rata) [administra tion]	Capital expenditure	
Justice	Corrections	Re-offending is Reduced		3,116		
	Courts	District Courts		980		
	Justice	Legal Aid		2,261		
		Community Justice Support and Assistance				
			Reducing Family Violence and Sexual Violence	1,000		
	Police	Policing Services			14,722	
		Road Safety Programme			3,289	
	Māori	Māori housing			1,159	
		Whai Kāinga Whai Oranga				55
			Realising the social, economic and cultural development aspirations of Māori	2,537		
			Whānau Ora		4,011	
		Oranga Tamariki	Investing in Children and Young People		153,552	
Social Welfare	MSD	Superannuation	167,568			
		Jobseeker	45,266			
		Supported living payment	33,466			
		Sole parent support	27,882			
		Accommodation supplement	28,353			
	IRD	Family tax credit	21,300			
		In work tax credit	6,020			



Sector	Agency	Transfers	Operational (region) [provision of public services]	Operational (national, pro rata) [administra tion]	Capital expenditure		
	MSD	Improved Employment and Social Outcomes Support		10,298			
		Services to Support People to Access Accommodation		692			
		Management of Student Support		234			
	TOTAL		329,855	434,756	217,786	15,382	34,191 62,487

Source: NZIER