

## **Sustainable Development and Equity**

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## Abstract

This report draws on the New Zealand experience to explore how intra-generational equity might relate to sustainable development in a New Zealand context. After a summary of different approaches to equity found in the international literature, the report considers Article 3 of the Treaty of Waitangi, which imparted to Māori all the rights and privileges of British subjects. The report then discusses how this Article's widely accepted interpretation as implying that the Crown must equally protect the social rights of all New Zealand citizens, has been applied in the creation of a system of social security to protect New Zealand citizens against poverty and social exclusion. This discussion focuses on the central roles of employment, income support, housing, health and education. This is followed by a survey of a recent debate in New Zealand that focused specifically on pay and employment equity.

This approach is adopted as the basis for the proposals towards an equity indicator made in the report. It takes the core elements of New Zealand's social security – employment; income; housing; health and education – and defines standards for what would be meant by equity for each element. The chapter proposes a statistical series for measuring departures from each standard and then combines these statistics into a proposed equity index. The index is illustrated using New Zealand data in 1996, 2001 and 2006. Data for 2006 record almost no disparity between the male and female populations, but a substantial difference between the European/Pākehā and Māori populations.

## Keywords

Equity index, sustainable development, well-being.

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## 1 Introduction

There has been a strong movement in recent years, both in New Zealand and internationally, towards creating statistical frameworks that can provide policy advisors with some guidance on whether citizens are enjoying rising standards of well-being. These sustainable development indicator (SDI) frameworks adopt a broad understanding of well-being. Typically there is explicit inclusion of social, economic and environmental aspects of development under a wide range of headings. The European Union's sustainable development strategy is a good example. It currently publishes indicators related to ten themes: socio-economic development; sustainable consumption and production; social inclusion; demographic changes; public health; climate change and energy; sustainable transport; natural resources; global partnership; and good governance (European Communities, 2007).

In this country Statistics New Zealand published a report in 2002 on *Monitoring Progress Towards a Sustainable New Zealand*. The report recognised that 'sustainable development takes into account all the different economic, social and environmental aspects to choose the best long-term path to maintain and improve our quality of life' (Statistics New Zealand, 2002, p. 14). It drew on work undertaken by the United Nations Commission on Sustainable Development (2001) to identify seven themes considered important for New Zealand's sustainable development: New Zealand's changing population; environment and ecosystem resilience; economic growth and innovation; people's skills and knowledge; living standards and health; consumption and resource use; and social cohesion. A chapter was devoted to each of these headings, focusing on identifying reliable long-term statistical series that could reveal changes in the stocks of environmental, economic, social, human, cultural and institutional capital relevant to each theme.

In 2008, Statistics New Zealand began work on a new project to develop a national SDI framework, building on its 2002 report and incorporating theoretical developments in best practice drawn from the department's participation in an international Working Group on Statistics for Sustainable Development (WGSSD). The new SDI framework continues to adopt three broad target dimensions: social cohesion, environmental responsibility and economic efficiency (Statistics New Zealand, 2008, 2009). It also maintains the capital approach that was used in the 2002 report, and which has been accepted internationally as recommended practice (WGSSD, 2008).

An issue that has been raised in the WGSSD (2008) deliberations concerns the extent to which an SDI framework should attempt to include equity *within* the current generation. The Brundtland Report famously defined sustainable development as that which 'meets the needs of the present without compromising the ability of future generations to meet their own needs' (WCED, 1987, par. 27). Consequently, it is generally accepted that SDI frameworks need to take into account *inter-generational* equity, but there is no consensus on whether consideration should also be given to issues of *intra-generational* equity.

The chairperson of the Joint UNECE/OECD/Eurostat Working Group on Statistics for Sustainable Development has set out two possible attitudes towards incorporating intra-generational equity within an SDI framework, labelled as hypothesis and antithesis (Smith, 2007, par. 2 and par. 3):

**Hypothesis** – Ensuring social equity for the current generation must be a central focus of policies to achieve sustainable development. Therefore, measures of social equity must be an inherent part of the capital approach to sustainable development. Without the inclusion of equity measures, any capital-based set of SD indicators is necessarily incomplete.

**Antithesis** – Equity for the current generation is a matter of concern for short-term social policy and there is no inherent link between current social equity and the long-term sustainability of development.

Robert Smith then posed four questions to stimulate debate on the topic of equity and its relation to sustainable development:

1. When we refer to equity, what is it that we speak of?
2. If equity is essential to sustainable development, how do we know 'how much' equity we need?
3. Can development be sustainable in the face of small declines in equity, or is any decline a definite indicator of unsustainability?
4. If equity is accepted as a determinant of sustainable development, on what grounds could other social variables be accepted (or rejected) as determinants?

There are no obvious answers to these questions. Different societies, and indeed different communities within each society, might hold diverse views on how each of the questions might be answered. The purpose of this report is to explore how the issue of equity and sustainable development might be addressed from New Zealand perspectives.

It should be noted from the beginning that Statistics New Zealand (2008, pp. 5-6) interprets the Brundtland approach to sustainability as implying the importance of intra-generational equity as well as inter-generational equity. Its approach to SDI is therefore closer to Smith's hypothesis than antithesis, concluding that fairness among and between present and future generations should be taken into account in the use of environmental, economic and social resources. This is reflected in the draft SDI framework as the principle of *Equality of Opportunity and Access to Resources*, comprised of two elements (idem, p. 15):

Ensuring that each member of society has the same rights and opportunities.

Society strives to achieve an equitable distribution of access to resources and options.

An SDI framework that relied only on measuring capital stocks and flows could not easily account for equity, but it is possible to adopt an extended capital-based framework that includes other 'structural criteria' indicators (such as efficiency of resource use or equitable access to capital stocks). This is the approach adopted by the Swiss Federal Statistical Office in its MONET set of sustainable development indicators, which is an important model for Statistics New Zealand. Even within an extended framework, however, Smith's four questions about equity remain important if an equity principle is to be successfully applied.

This report therefore sets out to draw on the New Zealand experience to explore how intra-generational equity might relate to sustainable development in a New Zealand context. To provide an international context, chapter 2 provides a short summary of some of the key approaches to equity that can be found in the international literature, drawing in particular on the authors' discipline of economics and finishing with the *Universal Declaration of Human Rights* adopted in 1948.

Chapter 3 begins the New Zealand review with a discussion of the country's founding document, the Treaty of Waitangi, signed in 1840. Article 3 of the Treaty imparted to Māori all the rights and privileges of British subjects, which is widely interpreted as implying that the Crown must equally protect the social rights of all New Zealand citizens, of whatever origin.

Chapters 4 and 5 consider a fundamental application of this principle – the creation of a system of social security to protect New Zealand citizens against poverty and social exclusion. Chapter 4 focuses on the central roles of employment and income support during periods of adversity, while chapter 5 focuses on housing, health and education.

Chapter 6 surveys a recent debate in New Zealand that focused specifically on an aspect of equity. The pay and employment equity debate has been concerned about a persistent statistical gap in the average wages received by men and the average wages received by women. An important feature of the approach adopted by the government to this issue is

that it sought to define precisely what would be meant by pay equity and employment equity, and then sought to measure indicators of the defined concepts.

This approach is adopted as the basis for the proposals towards an equity indicator made in chapter 7. It takes the core elements of New Zealand's social security – employment; income; housing; health and education – and defines standards for what would be meant by equity for each element. The chapter argues that this approach is consistent with the *Universal Declaration of Human Rights*.

Chapter 7 also proposes a statistic for measuring departures from each standard and then combines these statistics into an equity index. The proposed index is illustrated using New Zealand data in 1996, 2001 and 2006. Data for 2006 record almost no disparity between the male and female populations, for example, but a substantial difference between the European/Pākehā and Māori populations. As a consequence of this last observation, the chapter argues that New Zealand's current development path is *not sustainable*, since an identifiable group in the population is experiencing a materially lower level of basic social security than the rest of the population.

The report concludes in chapter 8 by returning to Robert Smith's four questions above. The answers are based on the proposed indicator's origins in the statement of the *Universal Declaration of Human Rights* that 'everyone, as a member of society, has the right to social security'. Precisely because social security is a fundamental human right, subpopulations in a society should all experience social security equally. The equity index proposed in this report offers a practical way of monitoring this principle, and incorporating it into a country's sustainable development indicator framework.

## 2 Equity in the International Literature: A Brief Overview

As noted in the opening sentence of the entry on equity in *The New Palgrave: A Dictionary of Economics*, 'depending on the user's inclinations, 'equity' can mean almost anything' (Feldman, 1998, p. 183). Approaches to equity also depend on the user's discipline, with scholars in philosophy, economics, sociology and social policy, for example, offering different frameworks for debates about the characteristics of this core concept.

*The New Palgrave* entry on equity focuses on a model in the economics literature that attempts to formalise a definition founded on individual envy. Consider a hypothetical society made up of a number of individuals, each of whom is allocated a bundle of goods for their personal consumption. It does not matter for the theory if the allocation is achieved by chance, historical processes, market forces or an omnipotent social planner. Consumption of his or her allocated bundle of goods provides a level of satisfaction to each individual.

If an individual would obtain a strictly higher level of satisfaction if allowed to consume the bundle of goods allocated to some other individual, instead of consuming his or her own bundle, then the model concludes that the first individual *envies* the second. The initial allocation of consumption bundles across all individuals is then said to be *equitable* only if no individual has reason to envy any other individual (see, for example, Varian, 1974).

This definition may seem unnecessarily narrow (it is surely plausible that an individual might make an ethical judgement that a particular social outcome is equitable despite envying another individual's consumption possibilities; see for example Buchanan and Harley, 2000, pp. 137-144), but the modelling approach contains two lessons with wider application. The first is that equity can be considered not so much a characteristic of a system (to be discerned by philosophers) as a judgement made by the individuals participating in the system.

The second lesson is that equity need not be identified with all goods being divided equally among members of the society. Individuals have different tastes and preferences, and so the satisfaction obtained from consuming a particular bundle of goods differs from individual to individual. One of the major strengths of a market system is that it allows individuals to trade goods with other individuals that will result in different consumption bundles among the population that nevertheless leave all parties better off than before the trades took place.

Goods and services do not simply exist, of course, but are produced through human labour. Indeed, the income earned from working is a strong incentive for individuals to cooperate with each other to produce the goods. Any intervention to redistribute incomes in pursuit of equity involves some direct costs (the salaries of the redistribution agencies, for example), but it also reduces this income incentive to produce (Okun, 1975).

To illustrate, suppose that ten per cent of society has a higher income than the rest of the community. Suppose that policies could be implemented to transfer income from this top ten percent to redistribute to the remaining ninety percent. If both groups – the top ten per cent facing higher taxes and the remaining ninety per cent receiving higher transfers – reduce their work effort as a result, or if the administration of the redistribution absorbs a high amount of resources, this could result in all incomes being lower than their original level. There would be greater equality under this scenario, but with everyone consuming less than before the redistribution. Is this an outcome that individuals in the society would choose?

An influential framework based on this question was developed by John Rawls (1971) in his *A Theory of Justice*. Rawls suggests that we should ask what principles of justice we would judge to be equitable *before* we know our position in the resulting society (rich or poor



parents, male or female, educated or illiterate, and so on). Rawls argues that a rational answer would focus on what he terms 'social primary goods': rights, liberties and opportunities; income and wealth; and the social bases of self respect. He further argues that individuals would adopt 'the difference principle': all social primary goods should be distributed equally unless an unequal distribution is to the advantage of the least favoured in the society.

This proposition is controversial. Phelps Brown (1988, pp. 493-500), for example, offered a critique based on four objections. First, it is artificial to ask people to make a judgement as if they do not know their actual position in society. Second, the emphasis on *rational* judgements assumes that people are motivated solely by self-interest, and does not allow people to desire a degree of equality motivated by compassion or pity. Third, the theory argues that people not knowing where they will end up will focus on the fate of society's poorest people, but this is certainly open to question. Fourth, Phelps Brown suggests that the theory is not really a theory about justice (or equality) but is more a theory about risk aversion. It does not address fundamental questions of justice such as whether it is just for the authorities to tax income legitimately earned from productive work in order to redistribute it to others who have earned less income from their work or not worked at all.

Robert Nozick (1974) presented an influential case against extensive state involvement in redistribution, including a detailed criticism of Rawls (pp. 183-231). Nozick recognises that different individuals are born with different genetic and wealth endowments, that different individuals make better or worse use of their inherited endowments (through education choices, for example), and that these different endowments and choices mean that different people end up earning higher or lower incomes through their productive work. Nozick argues that as long as the initial endowments are the result of legitimate processes (so that their owners are *entitled* to them), then any resulting inequalities should be judged equitable and left free of any interference by the state.

Nozick further points out that all individuals benefit from being at liberty to cooperate in production, whether their endowments are better or worse than average. He argues that it is unreasonable to propose (as Rawls does in his difference principle) that the pre-determined outcome of this voluntary cooperation should be that the individual with the lowest endowment will always get the maximum possible benefit. Instead, Nozick (1974, pp. 225-226) formalises his argument as follows:

1. People are entitled to their natural assets.
2. If people are entitled to something, they are entitled to whatever flows from it (via specified types of processes).
3. People's holdings flow from their natural assets.

Therefore,

4. People are entitled to their holdings.
5. If people are entitled to something, then they ought to have it (and this overrides any presumption of equality there may be about holdings).

This approach emphasises the gains on their endowments that individuals can achieve through their choices, particularly their choices to cooperate with other individuals in a market setting. Sociologists such as Anthony Giddens acknowledge the pervasiveness and significance of individual agency, but argue that this agency is bounded by constraining influences, particularly by the structural properties of the social systems within which real individuals live their day-to-day lives (Giddens, 1984, pp. 282-283).

Social identities, and the position-practice relations associated with them, are 'markers' in the virtual time-space of structure. They are associated with normative rights, obligations and sanctions which, within specific collectivities, form roles. The use of standardized markers, especially to do with the bodily attributes of age and gender, is fundamental in all societies, notwithstanding large cross-cultural variations which can be noted.

In his 'structuration theory', Giddens emphasises that social structures influence but do not *determine* outcomes. Individuals are knowledgeable about the conditions of their lives and they engage in purposeful activities in pursuit of intended goals. Nevertheless, behaviour produces unintended as well as intended consequences, and is also influenced by unconscious motivations and ideologies. As a result social structures can endure (or be reproduced) in different places and for long periods of time.

An important historical example can illustrate. Government policies, employer practices and social norms in Western countries evolved to support a social structure in which male workers were generally in full-time employment and female workers generally left the labour force on marriage. The policies, practices and norms operated together to reproduce that social structure across generations, enabling or constraining opportunities for men and women in gender specific ways. Changing the structure involved an intense power struggle in which political debates about 'equality of opportunity' played a transformative role.

Amartya Sen (1999) has developed an influential theory around the idea of equality of opportunity, known as the capability approach. In this theory, Sen identifies five instrumental freedoms that are valuable not only as ends in themselves, but also as the primary means of development: political freedoms, economic facilities, social opportunities, transparency guarantees, and protective security. Development takes place when people are able to use these freedoms to expand 'their capabilities to lead the kinds of lives they value – and have reason to value' (Sen, 1999, p. 18).

Like others reviewed in this chapter, Sen (1999, p. 11) emphasises individual agency in this process of development, arguing that 'with adequate social opportunities, individuals can effectively shape their own destiny and help each other' (see also Alkire, 2005, and Schischka *et al*, 2008). Note the important proviso – 'with adequate social opportunities'. Unlike Nozick (1974), Sen does not conceptualise the development of capabilities as something that an individual can always achieve without a helping hand from others with greater capabilities.

Sen's views on this point are influenced by research he undertook on poverty and famines (see Sen, 1981 and 1998, p. 1041). In that research, Sen found that even in the worst famines he studied, there was sufficient food to feed the local population. Nevertheless, starvation and death could occur on a massive scale because local farmers had lost their crops and so they and their workers could not earn income to buy the food that was available. Using Nozick's term (repeated in the subtitle of Sen's book), they had lost their entitlement to participate in the market place.

Given these diverse strands in the international trends, it might be thought difficult to draw them together into a general understanding of equity. In fact, Sen (1992) argues that there is more in common with the different approaches than is often recognised; they are all demanding equality of *something*. Some emphasise equality of satisfaction (or 'utility'); some emphasise equality of access to social primary goods; some emphasise equality of libertarian rights; some emphasise equality of opportunity; and some emphasise equality of capabilities.

Dilemmas occur because in concrete, historical cases, promoting equality in one dimension can increase inequality in other dimensions. Thus there are trade-offs to be analysed and choices to be made. Returning to the point made in the economics model that introduced this chapter, there is no simple philosophical answer to the question 'what is equitable', but the choices between trade-offs must be made collectively by the individuals in each society.

Against that background, it is useful to consider a practical approach that has been adopted in many countries, based on recognising 'human rights'. The overarching framework for this approach is now provided by the *Universal Declaration of Human Rights*, adopted by the General Assembly of the United Nations on 10 December 1948. In this approach, human rights legislation seeks to protect basic human rights and fundamental freedoms. The

Office of the High Commissioner for Human Rights (2001, pp. 2-3), for example, has explained the approach in the following terms (emphases in the original):

Human rights are commonly understood as being those rights which are inherent to the human being. The concept of human rights acknowledges that every single human being is entitled to enjoy his or her human rights without distinction as to race, colour, sex, language, religion, political or other opinion, national or social origin, property, birth or other status.

Human rights are legally guaranteed by *human rights law*, protecting individuals and groups against actions which interfere with fundamental freedoms and human dignity. They are expressed in treaties, customary international law, bodies of principles and other sources of law. Human rights law places an obligation on States to act in a particular way and prohibits States from engaging in specified activities. However, the law does not establish human rights. Human rights are inherent entitlements which come to every person as a consequence of being human. Treaties and other sources of law generally serve to *protect* formally the rights of individuals and groups against actions or abandonment of actions by Governments which interfere with the enjoyment of their human rights.

The following are some of the most important characteristics of human rights:

- human rights are founded on ***respect for the dignity and worth of each person***;
- human rights are ***universal***, meaning that they are applied equally and without discrimination to all people;
- human rights are ***inalienable***, in that no one can have his or her human rights taken away other than in specific situations – for example, the right to liberty can be restricted if a person is found guilty of a crime by a court of law;
- human rights are ***indivisible, interrelated*** and ***interdependent***, for the reason that it is insufficient to respect some human rights and not others. In practice, the violation of one right will often affect the respect of several other rights. All human rights should therefore be seen as having equal importance and of being equally essential to respect for the dignity and worth of every person.

The *Universal Declaration of Human Rights* is comprised of a Preamble and 30 Articles (United Nations, 1948). It is supported by several treaties on human rights such as the International Convention on the Elimination of All Forms of Racial Discrimination (1965), the International Covenant on Civil and Political Rights (1966), the International Covenant on Economic, Social and Cultural Rights (1966), and the Convention on the Elimination of All Forms of Discrimination against Women (1979). More recently, the General Assembly adopted the *United Nations Declaration on the Rights of Indigenous Peoples* (on 13 September, 2007).

Article 22 in the *Universal Declaration of Human Rights* recognises that ‘everyone, as a member of society, has the right to social security’. New Zealand is recognised as being one of the first nations to create a strong social security system (see chapter 4 below), which this report will use to suggest an answer to how equity might be included in a sustainable development index framework. But first, chapter 3 begins its New Zealand analysis with the country’s founding document, the Treaty of Waitangi.

### 3 The Treaty of Waitangi

The official New Zealand Government website on the Treaty of Waitangi describes the Treaty as 'New Zealand's founding document' (Ministry for Culture and Heritage, 2008). Written in Māori and English, the Treaty of Waitangi was signed by Lieutenant-Governor William Hobson on behalf of the British Crown and by about 540 Māori chiefs at different places around New Zealand. The first signings took place on 6 February 1840 at Waitangi in the Bay of Islands, which gives the treaty its name.

The agreement between the British Crown and the Māori signatories recorded in the Treaty of Waitangi is comprised of three articles. There are two versions of the Treaty, written in the English language and te reo Māori respectively. A translation of the Māori version by Professor Sir Hugh Kawharu has been widely accepted as authoritative (see, for example, the Waitangi Tribunal's website at [www.waitangi-tribunal.govt.nz/treaty/](http://www.waitangi-tribunal.govt.nz/treaty/)). The articles are sufficiently short, so that the two versions (with the Kawharu translation) can be repeated here verbatim.

#### Article 1

*Māori Version:* Ko nga Rangatira o te Wakaminenga me nga Rangatira katoa hoki ki hai i uru ki taua wakaminenga ka tuku rawa atu ki te Kuini o Ingarani ake tonu atu-te Kawanatanga katoa o o ratou wenua. [*Kawharu translation:* The Chiefs of the Confederation and all the Chiefs who have not joined that Confederation give absolutely to the Queen of England for ever the complete government over their land.]

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

#### Article 2

*Māori Version:* Ko te Kuini o Ingarani ka wakarite ka wakaee ki nga Rangitira ki nga hapu-ki nga tangata katoa o Nu Tirani te tino rangiratanga o o ratou wenua o ratou kainga me o ratou taonga katoa. Otiia ko nga Rangatira o te Wakaminenga me nga Rangatira katoa atu ka tuku ki te Kuini te hokonga o era wahi wenua e pai ai te tangata nona te Wenua-ki te ritenga o te utu e wakaritea ai e ratou ko te kai hoko e meatia nei e te Kuini hei kai hoko mona. [*Kawharu translation:* The Queen of England agrees to protect the chiefs, the subtribes and all the people of New Zealand in the unqualified exercise of their chieftainship over their lands, villages and all their treasures. But on the other hand the Chiefs of the Confederation and all the Chiefs will sell land to the Queen at a price agreed to by the person owning it and by the person buying it (the latter being) appointed by the Queen as her purchase agent.]

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

#### Article 3

*Māori Version:* Hei wakaritenga mai hoki tenei mo te wakaetanga ki te Kawanatanga o te Kuini-Ka tiakina e te Kuini o Ingarani nga tangata maori katoa o Nu Tirani ka tukua ki a ratou nga tikanga katoa rite tahi ki ana mea ki nga tangata o Ingarani. [*Kawharu translation:* For this agreed arrangement therefore concerning the Government of the Queen, the Queen of

England will protect all the ordinary people of New Zealand and will give them the same rights and duties of citizenship as the people of England.]

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

Important differences between the texts of the two versions have generated controversy and led to the convention that both versions should be read together when interpreting the Treaty's meaning (Treaty of Waitangi Act 1975, section 5, and Waitangi Tribunal, 2004b, pp. 17-18; Orange, 2004, provides an accessible account of the Treaty's background, signing and subsequent history). The Waitangi Tribunal (2004a, p. 130; 2005, p. 71) has concluded that the Crown's exercise of *kawanatanga* or sovereignty under Article 1 of the Treaty must be qualified or constrained by respect for Māori exercise of *tino rangatiratanga* under Article 2, an overarching principle that it calls the principle of reciprocity.

Article 3 contains an important statement about equity. In 1989, for example, the Government announced five principles by which it would act when dealing with issues arising from the Treaty of Waitangi. The third of these was called the principle of equality (cited here from Hayward, 1997, p. 494):

*The principle of equality:* Article 3 constitutes a guarantee of legal equality between Māori and other citizens of New Zealand. This means that all New Zealand citizens are equal before the law. Furthermore, the common law system is selected by the Treaty as the basis for that equality, although human rights accepted under international law are also incorporated. Article 3 has an important social significance in the implicit assurance that social rights would be enjoyed equally by Māori with all New Zealand citizens of whatever origin. Special measures to attain that equal enjoyment of social benefits are allowed by international law.

Similarly, the Waitangi Tribunal has interpreted Article 3 as giving rise to what it terms the principle of equity (see, for example, Waitangi Tribunal, 2004a, pp. 133-134, and 2005, pp. 73-74). This is defined as follows (Waitangi Tribunal, 2004a, p. 133):

The principle of equity is that the protections of citizenship apply equally to Māori and non-Māori. Sometimes expressed as the principle of equal treatment, it requires the Crown to treat Māori and non-Māori fairly and equally, and to treat Māori tribes fairly vis-à-vis each other.

In both cases, the interpretations go wider than a statement about Māori. The government's principle of equality and the Waitangi Tribunal's principle of equity both state that the Crown must equally protect the social rights of all New Zealand citizens, of whatever origin, Māori and non-Māori. This principle, drawn from the nation's founding document, is an essential component of New Zealand approaches to equity explored in the remaining chapters of this report.

## 4 Social Security

Reviewing the origins of the social welfare state in New Zealand, economist J. B. Condliffe (1959, p. 279) began with the suggestion that 'if New Zealanders have any dominant theory of social and economic organisation, it is that economic prosperity must rest upon and promote human welfare'. Condliffe suggested this may have been linked with New Zealand being the first country to give votes to women (in 1893) and five years later going some distance towards equality of divorce rights between men and women in the Divorce Act 1898, 'the first clear divergence from English law on an important question' (idem, p. 284). That same year, the Old Age Pensions Act 1898 laid the foundation stone of New Zealand's welfare state, establishing the principle of using general taxation to provide support for those unable to support themselves.

This principle was greatly extended with the passing of the Social Security Act 1938, by New Zealand's first Labour government led by Michael Joseph Savage. Savage's biographer has described that Act as 'the crowning achievement of the first Labour Government and probably the most important single piece of legislation in New Zealand's history' (Gustafson, 1986, p. 221; see also Logan, 2008). It levied a flat tax on wages, salaries and other incomes to create a social security fund to finance unemployment, health and superannuation benefits. It created a universal free health system covering general practitioners, public and mental hospitals, and maternity care, a means-tested old-age pension at age 60 and a universal superannuation payment rising in value each year from age 65 to 75.

According to Savage, the legislation was an attempt 'for the first time to provide, as generously as possible, for all persons who have been deprived of the power to obtain a reasonably livelihood through age, illness, unemployment, widowhood, or other misfortune' (cited from Gustafson, 1986, p. 223). In the election campaign that immediately followed the passing of the Act, Savage put it in these terms (idem, p. 226):

The benefits cover everybody from infants in their cots to old men and women sitting in the chimney corners. Orphans, invalids and those unable to think or work for themselves are safeguarded against want and neglect. No-one can become an economic burden to relatives or friends. ... Every doctor knows that thousands of lives have been sacrificed because of belated attention through fear of expense. There is no more pathetic hindrance to recovery of health than a sick person's cry: 'I can't afford to call or doctor or stop working.' The Social Security Act makes an end to that sad plight.

Income support and free health care became major planks in the social security system. Other important elements to follow were an expansive programme of State housing and a commitment to universal, free and compulsory education (which went back to 1877 for primary education and to 1914 for secondary education for pupils who had passed their proficiency exam). The objective of the latter was captured in a famous statement drafted by Dr C. E. Beeby for Savage's successor as Prime Minister, Peter Fraser, when Fraser was Minister of Education in 1939 (Bassett and King, 2000, p. 145):

The Government's objective, broadly expressed, is that every person, whatever the level of his academic ability, whether he be rich or poor, whether he live in town or country, has a right as a citizen to a free education of a kind for which he is best fitted and to the fullest extent of his powers.

Right from the beginning, the designers of the social security system recognised that it could work only if income-earners were willing and able to fund it. Writing three years after the passing of the Social Security Act, for example, one of New Zealand's most prominent civil servants, Bill Sutch (1941, p. 140), had this to say:

[The Social Security Fund] is now being used for all those miscellaneous payments included under the heading of Social Security. One of these payments is sustenance for those unable to find employment. This fund can only meet sustenance payments while there are

comparatively few in need of it. This means the continuation of full employment by other means. If it is not provided by private enterprise, it must be provided by the State, either out of other taxation or by financing from the government's Reserve Bank or from public borrowing.

Thus the design of New Zealand's welfare state was based on the premise that the government could use other policies to maintain full employment, which Sutch and his contemporaries generally understood to mean the full employment of men. This understanding was reinforced by other legislation. Between 1936 and 1954, for example, the Arbitration Court was obliged by law to determine a basic wage for adult males that 'should be sufficient to maintain a man, his wife and three children in a fair and reasonable standard of comfort.' Employers were permitted to pay women a lower rate of pay for doing the same work, and it was not unusual for women to be dismissed from their employment upon marriage. Consequently, New Zealand's post-war system has been referred to by some authors as 'the male wage-earners welfare state' (see, for example, Castles, 1985, and Du Plessis, 1993).

The 1970s saw some important changes that expanded the scope of New Zealand's welfare state. In 1969, the government established a Royal Commission on Social Security, which published its report in March 1972. The Commission made the following often-quoted statement about the aims of the social security system (RCSS, 1972, p. 65):

... to ensure, within limitations which may be imposed by physical or other disabilities, that everyone is able to enjoy a standard of living much like the rest of the community, and thus is able to feel a sense of participation in and belonging to the community.

A number of changes made during the decade were consistent with the philosophy expressed in that statement. The Equal Pay Act 1972 provided for the removal and prevention of gender-based discrimination in the rates of remuneration and other conditions of work between men and women employed in substantially similar circumstances. An amendment to the Social Security Act in 1973 introduced the Domestic Purposes Benefit for single parents, and increased other benefits (particularly the family benefit).

On 1 April 1974, the Accident Compensation Scheme began, offering no-fault compensation for people who suffer accidental personal injury. After the 1975 general election, the National government set up a universal superannuation scheme indexed at 80 per cent of the average wage for all men and women at age 60, financed out of general taxation. The Human Rights Commission Act 1977 established an agency for promoting the advancement of human rights in New Zealand in general accordance with the United Nations International Covenants on Human Rights.

By the time of the 1984 general election, the economics of the welfare state was under considerable pressure as a result of rising unemployment. In the year ending March 1977, the average level of registered unemployment in New Zealand had still been less than 5,000 people; by 1983/84, the figure was 75,000. The number of citizens receiving other social security benefits had also risen over the previous decade.

After nine years of National Party governments, the 1984 general election resulted in a landslide victory to the Labour Party. With a strong mandate for introducing change, the new government began by convening an Economic Summit Conference of representatives from the government, trade unions, business leaders and community groups. Faced with rising unemployment, speakers at the conference tended to favour one of two main responses (Dalziel, 1986): policies to promote greater social equity; or policies to encourage faster export-led growth.

The government chose to focus initially on the second path, implementing economic reforms to turn around the decline in New Zealand's economic circumstances. In the meantime, it set up a Royal Commission on Social Policy to investigate 'the extent to which New Zealand meets the standards of a fair society and the main reasons why New Zealand falls short of any of these standards' (item (i) in the Warrant to the Royal Commission on

Social Policy). The Warrant further required the Commission to have regard to five specific standards of a fair society:

- dignity and self-determination for individuals, families, and communities;
- maintenance of a standard of living sufficient to ensure that everybody can participate in and have a sense of belonging to the community;
- genuine opportunity for all people, of whatever age, race, gender, social and economic position or abilities to develop their own potential;
- a fair distribution of the wealth and resources of New Zealand including access to the resources which contribute to social wellbeing;
- acceptance of the identity and cultures of different peoples within the community, and understanding and respect for cultural diversity.

The Commission held public meetings attended by 7,000 people, analysed 6,000 submissions, carried out an attitudinal survey of 1,792 New Zealanders and commissioned several position papers from experts in social policy. It published its conclusions and background material in a four volume report published in April 1988. The Commission noted that the second standard in the list above came from the 1972 Royal Commission on Social Security, and drew the following conclusion about how it could best be achieved (RCSP, 1988, pp. 11-12):

The paper concludes that the primary instrument for achieving a fairer society must be economic and social policies designed to provide wide employment opportunities. This is the essential platform on which income maintenance policy integrated with the labour market can build.

This approach was reinforced in the Commission's conclusions on the third standard about genuine opportunity for all people. Recognising that the distribution of work (paid and unpaid), the conditions under which work is performed, and the significance attributed to work, all have an impact on every aspect of social policy, the Commission emphasised that 'all New Zealanders are entitled to jobs which enable them to participate in, and have a sense of belonging to the community, which allow them to support themselves with dignity and to develop their potential: in short, to live lives they find fulfilling' (RCSP, 1988, p. 13).

In the second half of the 1980s, unemployment continued to rise as New Zealand's programme of economic reforms progressed. By 1989/90, average registered unemployment had again doubled to 150,000. After winning the 1990 general election, the new National government made it clear that changes in the welfare state were inevitable, as expressed in this quote from its first budget (Richardson, 1991, p. 7):

The redesign of the welfare state is integral to our strategy for growth. We cannot make economic progress without reforming our social systems, nor can social and economic policy be divorced from one another. The only sustainable welfare state is one that is fair and affordable. Our current system is neither.

On 19 December 1990, the government announced cuts to social security spending of \$1.3 billion in a full fiscal year. This was achieved mainly by reducing the unemployment benefit paid to single people aged 20 to 24 years without children by 25 per cent (to the youth rate) and by reducing other benefits (other than the invalids benefit) by around \$25 dollars a week. The benefit cuts were introduced to begin on 1 April 1991. Work tests were increased and new rules were introduced regarding stand down periods before a benefit could be received. These changes took place against a background of a deepening economic recession; the official unemployment rate peaked at 10.9 per cent of the labour force in the September quarter of 1991. It was a period of sharply rising poverty and social distress.

The December announcement also stated that 'in general, those individuals and families with reasonable means should attend to their own social needs' so that 'as a broad



principle, the top third of all income earners can be expected to meet most of the cost of their social services.’ In line with this principle, the government sought to move away from universal services (including the longstanding family benefit) in favour of offering extra assistance to those with the greatest needs. This resulted in policy changes based on greater targeting in areas such as income support, health, education, housing and accident compensation (Boston *et al*, 1999; Starke, 2009, Chapter 5).

In 1996, the government’s accounts had improved to the extent that income taxes could be lowered. The package included a new Independent Family Tax Credit programme, which provided additional support to low- and middle-income families as long as the families were not receiving social security income support. This principle was carried over when the Working for Families package was introduced a decade later in 2005 and fully implemented in 2007; some of its tax credits are not available to families whose income includes an income-tested benefit.

The combination of benefit cuts in 1991, income tax cuts in 1996 and 1998, and exclusions of social security beneficiaries from tax credits were intended to increase the gap between average incomes received on social security benefits and average incomes received in employment. Individual economic well-being in New Zealand (at least until the entitlement age for superannuation) is now more dependent on access to employment.

This has generated debate about the well-being of children living in families without full-time employment. In 2007, the Children’s Commissioner and Barnardos commissioned a report on child poverty in New Zealand, which emphasised the link with parent employment (Fletcher and Dwyer, 2008, p. 4; see also St John and Wynd, 2008, and Salvation Army, 2009, pp. 7-15):

The poverty rate for children in households where there is no full-time worker is six times higher than for those where at least one adult is in full-time work. The most recent figures show that almost two-thirds of children in poverty are in households without paid employment or with only part-time work; many of them will be in families receiving a work and income benefit. There is clear evidence that the value of the main benefits and supplementary assistance is currently too low to provide an adequate safety net for many children.

Reflecting on the themes in this and contemporaneous reports on child poverty, the Children’s Commission, Dr Cindy Kiro, appealed to values of fairness and equality (*idem*, p. 2):

We must learn the lessons of the past. During the late 1980s and 1990s, New Zealand experienced a doubling in the rate of child poverty. This should never be repeated. Furthermore, we must redouble our efforts to ensure that children really do get the best possible start in life, irrespective of the social status of their parents. We live in a society committed to values of fairness and equality for our citizens, and nowhere should this be clearer than in the way we care for our children.

## 5 Housing, Health and Education

Chapter 3 ended with a principle drawn from the nation's founding document that the Crown must equally protect the social rights of all New Zealand citizens. This chapter examines how concerns about that principle have been expressed in the areas of housing, health and education.

### Housing

Extensive summaries of housing trends and policy in New Zealand until the end of 2003 are contained in DTZ New Zealand (2004) and Murphy (2004). In early 2004, the Housing Corporation of New Zealand released a discussion document, *Building the Future: Towards a New Zealand Housing Strategy*, and invited feedback on its contents. More than 200 individuals and organisations made written submissions, and consultation meetings, hui and fono organised by the Corporation were attended by more than 500 people. The *Housing Strategy* was published in May 2005, presenting the following vision (HCNZ, 2005, p. 7):

All New Zealanders have access to affordable, sustainable, good quality housing appropriate to their needs.

To achieve that vision, [the Housing Corporation of New Zealand] will work with the community, business and local government to:

- reduce unmet housing need
- reduce inequalities in housing
- improve the quality of New Zealand's housing stock
- develop a housing sector that encourages appropriate provision of, and investment in, housing.

The *Housing Strategy* does not provide any details about how 'inequalities in housing' (in the second bullet point) are conceptualised or measured. It reported that 'the New Zealand housing market successfully caters for the housing needs of about 90% of New Zealanders' (HCNZ, 2005, p. 22), suggesting that inequalities are limited to a relatively small group of people. Later in the document, the strategy states that 'housing work programmes will be developed for older people, women, children and youth, disabled people, Māori, Pacific peoples and other ethnic communities, all of which have social, health and support needs not always well met by the housing market' (idem, p. 60). Different parts of the strategy also paid attention to the following examples (see also Salvation Army, 2007):

- people living in some parts of the country where house affordability is recognised as particularly difficult (Auckland City, for example);
- low and modest income families in all areas of the country;
- people on low incomes following a relationship breakdown;
- single people requiring emergency accommodation;
- people moving out of emergency accommodation who require long-term housing;
- people who experience bouts of acute mental or physical illness that require intermittent hospitalisation;
- people in the 20 and 30-year-old age groups, for whom home ownership rates have fallen dramatically;

- people in rental accommodation under short-term agreements who would prefer a more secure tenure option; and
- people living in older and lower quality (perhaps unhealthy) housing.

Morrison (2008, p. 9, emphasis in original) suggests that 'home ownership remains an integral, and possibly *the* central component of New Zealand culture'. Consequently, concerns have been expressed about a falling trend in home ownership rates since 1986 (idem, p. 6; see also Thorns, 2008):

The year 2006 marked the third successive New Zealand census in which rates of home ownership have fallen: 72.4 percent of all private dwellings were owned by their occupants in 1991, 70.7 percent in 1996, 67.8 in 2001 and 66.9 in 2006. In 1936 half of all households owned their own dwellings. Fifty years later in 1986 almost three quarters of households were owners. A further 20 years on and this proportion had dropped back to the fraction prevailing in the mid 1950s.

The Ministry of Social Development's annual *Social Report* includes two indicators related to housing under the category of economic standard of living: housing affordability and household crowding (MSD, 2008, pp. 64-67). The first is defined as 'the proportion of households and the proportion of people within households spending more than 30 percent of their disposable income on housing', reported from the three-yearly Household Economic Survey. The household crowding indicator is defined as 'the proportion of the population living in crowded housing (ie requiring one or more additional bedrooms, as defined by the Canadian Crowding Index)'. This is reported from census data, and so can be updated only every five years. *The Social Report* analyses differences by socio-economic status, age, sex, ethnicity and (for the second indicator only) region.

## Health

An up-to-date history of reforms of New Zealand's primary and secondary health systems since 1983 is provided in a Parliamentary Library Research Paper by Peter Quin (2009); see also Gauld (2006). Many of the reforms were intended to address political concerns about equity of access to health services. Examples include: the implementation of population-based funding for Hospital and Area Health Boards in 1983; the publication of the New Zealand Health Charter in 1989; the introduction of the community services card and the high use health card in 1992; the formation of Community Trusts and Independent Practitioners Associations (IPAs) in the early 1990s; the introduction of free health care services for children under six in 1997; the introduction of clinical priority assessment criteria (CPAC) and booking systems in 1998; the publication of the *New Zealand Health Strategy* in 2000; and the introduction of population-based funding (including allowances for indicators of population deprivation) for Primary Health Organisations (PHOs) in 2002.

*The New Zealand Health Strategy* adopted seven underlying principles which it described as foundational for new strategies and developments (King, 2000, p. 7):

Acknowledging the special relationship between Māori and the Crown under the Treaty of Waitangi.

Good health and wellbeing for all New Zealanders throughout their lives.

An improvement in health status of those currently disadvantaged.

Collaborative health promotion and disease and injury prevention by all sectors.

Timely and equitable access for all New Zealanders to a comprehensive range of health and disability services, regardless of ability to pay.

A high-performing system in which people have confidence.

Active involvement of consumers and communities at all levels.

The fifth principle explicitly mentioned equitable access to services, while the third principle referred to the health status of people who were currently disadvantaged. The strategy elaborated that these disadvantaged included groups with low socioeconomic status, including Māori and Pacific peoples, and people with serious mental illness (idem, p. 8; for further discussions on equity in the New Zealand health sector, see for example Towns *et al*, 2004, Dew and Davis, 2005, Pearce and Dorling, 2006, Pearce *et al*, 2006, Signal *et al*, 2007, and Dew and Matheson, 2008).

Further, the *New Zealand Health Strategy* defined what the government understood to mean by equity (King, 2000, p. 8):

This principle [of timely and equitable access for all New Zealanders] reflects the fact that fairness is a fundamental value for most New Zealanders, and the health sector must ensure that New Zealanders with similar health conditions are able to achieve similar outcomes.

*The New Zealand Health Strategy* led to a number of other strategies such as the Primary Health Care Strategy, the New Zealand Disability Strategy, the Reduced Waiting Times for Public Hospital Elective Services Strategy, the Māori Health Strategy (*He Korowai Oranga*) and the Pacific Health and Disability Action Plan. The Primary Health Strategy defined a two-part vision that was intended to be achieved over five to ten years (King, 2001, p. 6):

People will be part of local primary health care services that improve their health, keep them well, are easy to get to and co-ordinate their ongoing care.

Primary health care services will focus on better health for a population, and actively work to reduce health inequalities between different groups.

Expanding on the last point, the strategy explained (idem, p. 10):

There are significant inequalities in the health of different groups of New Zealanders. Inequalities are related to socioeconomic differences, poor housing, lower educational levels, occupation and so on. Such health gaps are shown in higher mortality rates, in measures of the broad burden of disease and injury, and in higher rates of avoidable hospitalisation (Ministry of Health [1999]).

Primary health care will play a crucial part in reducing health inequalities. Primary Health Organisations will be required to identify and address those groups in their populations that have poor health or are missing out on services. In addition, primary health care organisations that take a community development approach act as advocates for and involve the communities in finding ways to improve health for the most disadvantaged.

Māori and Pacific peoples' health lags behind that of others in the population and the differences are more than can be explained by socioeconomic differences alone. Improvements for these groups will be achieved through Māori and Pacific provider development as well as by improving the delivery of mainstream services for those groups. This Strategy acknowledges, as does the *New Zealand Health Strategy*, the special relationship between Māori and the Crown under the Treaty of Waitangi.

Consistent with this objective, the strategy advised that the government was working on suitable formulae for constructing population-based funding 'that reflects the relative need of their enrolled populations, taking account of factors such as age, sex, deprivation level and ethnicity' (King, 2001, p. 14). In an early examination of the underlying data used to devise a formula, Malcolm (2002, p. 1) concluded that a major redistribution of primary care resources was required geographically, since a dominant feature of the New Zealand system is 'the inverse care law, ie, that those populations in greatest need are those least likely to receive the services they need'.

Hefford *et al.* (2003) documented wide disparities in the health outcomes of New Zealanders that were related to ethnicity and to socio-economic status. Thus, they reported (pp. 10-11) that: life expectancy among Māori New Zealanders is about 9 years less than other New Zealanders; Pacific New Zealanders have an avoidable mortality rate that is 1.9 times that of other New Zealanders; males living in meshblocks (small geographical areas defined by Statistics New Zealand) rated in the most deprived decile live on average 9

years less than those in the least deprived decile; and people in the most deprived areas have twice the probability of being hospitalized for an avoidable cause as people living in the least deprived areas.

Consequently, the health service subsidies paid to a Primary Health Organisation are calculated taking into account demographic variables such as the age group, gender, ethnicity, deprivation quintile and eligibility for a community services card or high use health card of each individual on its register.

A further description of what the government meant by equitable access was contained in the objectives of the Reduced Waiting Times for Public Hospital Elective Services Strategy. This defined four key objectives, the third of which was termed 'national equity of access to electives' (Ministry of Health, 2000, p. 3).

- all patients with a level of need which can be met within the resources (funding) available are provided with surgery within six months of assessment;
- delivery of a level of publicly funded service which is sufficient to ensure access to elective surgery before patients reach a state of unreasonable distress, ill health, and/or incapacity;
- national equity of access to electives – so that patients have similar access to elective services, regardless of where they live;
- a maximum waiting time of six months for first specialist assessment.

Consistent with the definition in the third objective, the previous government in 1998 had introduced a booking system based on national clinical priority assessment criteria (CPAC). Under the previous system, priority was allocated implicitly according to three bands: A (urgent), B (semi-urgent) and C (routine), which gave rise to a concern that patients did not have equitable access (Newdick and Derrett, 2006, p. 164). Under the new system, national guidelines have been prepared for primary care management, patient referral and management, access criteria for first specialist assessment and criteria for clinical priority assessment, covering a range of patient conditions (<http://www.electiveservices.govt.nz/>).

There is some controversy about whether the CPAC system has in fact produced equity. Dew *et al.* (2005, p. 10) concluded from their interviews with health policy advisors and professional in 2001 that 'the surgical prioritisation tools have not provided a transparent or equitable method of prioritising patients, and the concept of equity is understood differently by surgeons [so that] much of the rationing is still implicit in that there is still a reliance on the discretion of clinicians to weight subjective criteria and gaming of scores still occurs'. More recently, Derrett *et al.* (2009, abstract) have concluded from their study of four commonly provided surgical procedures that 'despite the introduction of a prioritization system aimed at increased equity and fairness, the provision of elective surgery remains inequitable geographically'.

In 2001, the government published the New Zealand Disability Strategy after 700 submissions and feedback from 68 meetings around the country. The strategy offered a vision of New Zealand as a fully inclusive society, meaning that 'people with impairments can say they live in: a society that highly values our lives and continually enhances our full participation (Dalziel, 2001, p. 5). This incorporated a number of characteristics, including 'equity' (ibid):

- ... disabled people are treated equitably, regardless of gender, age, cultural background, type of impairment or when and how the impairment was acquired.

The strategy set out fifteen objectives for actions in annual New Zealand Disability Strategy implementation work plans of government departments, including: encourage and educate for a non-disabling society; ensure rights for disabled people; provide the best education for disabled people; and provide opportunities in employment and economic development for disabled people.

## Education

Middleton (1992, p. 319) has commented that 'issues of equity have also been central in New Zealand education, not only in its official policies, but also in everyday discussions and activities of parents, teachers, and school administrators'. This is reflected in *The New Zealand Curriculum* published in 2007 after more than 10,000 submissions on the *Draft for Consultation* released in 2006. The *Curriculum* recognised eight values that 'enjoy widespread support because it is by holding these values and acting on them that we are able to live together and thrive' (Ministry of Education, 2007, p. 10):

Students will be encouraged to value:

- **excellence**, by aiming high and by persevering in the face of difficulties;
- **innovation, inquiry, and curiosity**, by thinking critically, creatively, and reflectively;
- **diversity**, as found in our different cultures, languages, and heritages;
- **equity**, through fairness and social justice;
- **community and participation** for the common good;
- **ecological sustainability**, which includes care for the environment;
- **integrity**, which involves being honest, responsible, and accountable and acting ethically;

and to **respect** themselves, others, and human rights.

The fourth value in the list is 'equity, through fairness and social justice'. The *Curriculum* also set out eight principles (idem, p. 9):

**High expectations:** The curriculum supports and empowers all students to learn and achieve personal excellence, regardless of their individual circumstances.

**Treaty of Waitangi:** The curriculum acknowledges the principles of the Treaty of Waitangi and the bicultural foundations of Aotearoa New Zealand. All students have the opportunity to acquire knowledge of te reo Māori me ōna tikanga.

**Cultural diversity:** The curriculum reflects New Zealand's cultural diversity and values the histories and traditions of all its people.

**Inclusion:** The curriculum is non-sexist, non-racist, and non-discriminatory; it ensures that students' identities, languages, abilities, and talents are recognised and affirmed and that their learning needs are addressed.

**Learning to learn:** The curriculum encourages all students to reflect on their own learning processes and to learn how to learn.

**Community engagement:** The curriculum has meaning for students, connects with their wider lives, and engages the support of their families, whānau, and communities.

**Coherence:** The curriculum offers all students a broad education that makes links within and across learning areas, provides for coherent transitions, and opens up pathways to further learning.

**Future focus:** The curriculum encourages students to look to the future by exploring such significant future-focused issues as sustainability, citizenship, enterprise, and globalisation.

This list does not mention the word 'equity' explicitly; nevertheless, the first four principles all use language that reflects themes in this report: individual circumstances must not inhibit the achievement of personal excellence; the principles of the Treaty of Waitangi must be acknowledged; cultural diversity is reflected in the curriculum; and the curriculum is non-sexist, non-racist, and non-discriminatory.

Three specific programmes within the Ministry of Education address issues of equity in education. After widespread consultation in 1997 and 1998, the first *Māori Education Strategy* was published in 1999 (Ministry of Education, 2005). The strategy was

redeveloped during 2006 and 2007, producing a renewed emphasis on the importance of equity (Ministry of Education, 2008a, p. 2): 'At its heart, *Ka Hikitia – Managing for Success* is about having a high quality education system that is accessible, equitable and responsive to different learning aspirations, ensuring every education option is a quality choice. Its purpose is to transform the education system to ensure Māori are enjoying educational success as Māori.'

In 1996, the Ministry of Education published *Ko e Ako 'a e Kakai Pasifika: Pacific Islands Peoples' Education in Aotearoa New Zealand Towards the Twenty-First Century*. This was followed by the *Pasifika Education Plan 2001-2005* and the *Pasifika Education Plan 2006-2010*, which was accompanied by first *Pasifika Education Plan Monitoring Report, 2006*. In August 2008, a new, stepped-up *Pasifika Education Plan 2008-2012* was launched, along with the *Pasifika Education Plan Monitoring Report, 2007* (see Ministry of Education, 2008b). The Early Childhood Education (ECE) section includes Identifying actions to promote equitable access to free ECE for Pasifika children, while the Compulsory Education section includes a focus on improving achievement, with the objective of Pasifika students achieving at the same rate as other students.

The third programme is the Special Education programme. The Education Act 1989 gave every child the right to attend a state school: 'People who have special educational needs (whether because of disability or otherwise) have the same rights to enrol and receive education in state schools as people who do not' (Section 8). In July 1995, the Ministry of Education published guidelines for people involved with young children and school students with special education needs (Ballard and MacDonald, 1998, pp. 69-70). This adopted as its first principle that 'young children and students with special education needs have the same rights to a high quality education as people of the same age who do not have special education needs' (Ministry of Education, 1995, p. 2).

After two years of consultation, the Ministry of Education in 2006 published *Better Outcomes for Children: An Action Plan for GSE 2006-2011*, followed up in 2008 by the *Special Education Business Plan 2008-2009*. The latter set out a vision for special education – 'that all children enjoy high-quality education that enables them to participate and contribute socially and economically' – which was linked to the third objective of the *New Zealand Disability Strategy*, 'providing the best education for disabled people by improving education, so that all children, youth, and adult learners will have equal opportunities to learn and develop in their local, regular educational centres' (Ministry of Education, 2008c, p. 2). Under the heading 'addressing diversity and disparity', the programme identified the importance of improving its responsiveness of its work with Māori children, with Pasifika children, and with refugee and new migrant groups (idem, p. 5).

The government's expectations for equity in the compulsory education sector are mirrored in its tertiary education strategy, originally published in 2002 and expanded in 2007. The second strategy identifies five specific areas of focus, the first of which is ensuring maximum educational opportunity for all New Zealanders (Cullen, 2007, p. 21):

Educational opportunity is about both equity of access and achievement. Currently, we know that there are areas of disparity in both access and achievement for some groups of New Zealanders. Tertiary education organisations need to identify, understand and respond to the diverse needs of their local communities. This will take a more sophisticated approach to ensuring an equitable, responsive tertiary education system.

Ensuring maximum education opportunities for all New Zealanders is not just about lifting the participation rates of underrepresented groups. It is also about ensuring that the spread of achievement across levels of study and discipline areas supports all New Zealanders to fully participate in economic, social and cultural life.

Over the period of this Strategy tertiary education organisations need to address the disparities that exist for populations such as Māori; Pasifika peoples; people with disabilities;

migrants and refugees; students from lower socio-economic backgrounds; and people needing to upskill in order to re-enter the workforce.

Consistent with part of this focus area, the government offers tertiary education institutions 'equity funding' for Māori and Pacific students and for students with disabilities. This extra funding is described as a top-up, 'in recognition of the higher costs that can be associated with supporting these students' (see [www.tec.govt.nz/templates/standard.aspx?id=2906](http://www.tec.govt.nz/templates/standard.aspx?id=2906)).

## Summary

This chapter has reviewed national strategies in the key policy areas of housing, health and education. In all three areas, concerns about equitable access have been essential parts of those strategies. The common theme is that all New Zealanders should have equitable access to housing, health and education, which means that government policies must recognise and address disparities associated in particular with gender, ethnicity, socio-economic status, disabilities, geographical location and recent migration (including refugees). This is consistent with New Zealand's longstanding recognition of the fundamental right of its citizens to social security.

Chapter 7 will return to this theme to argue that sustainability requires that the fundamental right to social security be respected and monitored, but first chapter 6 reviews a recent policy debate that focused explicitly on a particular application of equity – pay and employment equity. That debate provides a valuable tool that will be used in chapter 7 to propose how a 'social security' understanding of equity might be added to the country's national system of sustainable development indicators



## 6 Pay and Employment Equity

Chapter 4 noted that the Equal Pay Act 1972 provided for the removal and prevention of gender-based discrimination in the rates of remuneration and other conditions of work between men and women employed in substantially similar circumstances. The Human Rights Commission Act 1977 and the Human Rights Act 1993 have made it unlawful to discriminate in employment on the basis of specified factors that currently include age, colour, disability, employment status, ethical belief, ethnic or national origins, family status, marital status, political opinion, race, religious belief, sex and sexual orientation.

Nevertheless, there have been longstanding concerns in New Zealand about a persistent statistical gap between the average wages received by men and the average wages received by women. It has been argued (but not universally accepted; see, for example, Brook, 1990, pp. 39-41) that a cause of this gap is that men and women do not receive 'equal pay for work of equal value', so that female-dominated occupations (such as nursing) tend to have lower rates of remuneration than male-dominated occupations (such as policing); see, for example, Hyman (1994, Part II).

In March 1988, the government established a Working Group on Equal Pay and Equal Employment Opportunities, whose report *Towards Employment Equity* was released in July that year. Based on that report, the government passed the Employment Equity Act 1990, which set up an Employment Equity Commission that could receive requests from unions representing women in a female-dominated occupation for a pay equity assessment. Before any submissions could be processed, however, a new government repealed the Act. Instead, the government created the Equal Employment Opportunities (EEO) Trust in 1992, tasked with providing EEO information and tools to employers and raising awareness of diversity issues in New Zealand workplaces (see [www.eeotrust.org.nz/](http://www.eeotrust.org.nz/)).

Another change of government in 1999 saw pay equity return to active consideration by policymakers. In December 2001, an amendment to the Human Rights Act established a new full-time Human Rights Commissioner with responsibility for 'Equal Employment Opportunity (Including Pay Equity)'. In 2002, the Ministry of Women's Affairs issued a discussion document and background paper on *Next Steps Towards Pay Equity* (Ministry of Women's Affairs, 2002a and 2002b). Eighty-three submissions were received on the former, summarised and published in Ministry of Women's Affairs (2003).

The *Background Paper* set out the statistical basis for the policy concern (Ministry of Women's Affairs, 2002b, p. 3).

In June 2001 New Zealand women were earning 84 percent of the average hourly wage and salary earnings of men. Māori women earned 74 percent of average male hourly earnings, while Pacific women earned 70 percent. Progress on closing this gender pay gap has been slow. While the gap narrowed fairly quickly following the Equal Pay Act, it has improved by just five percentage points over the last 17 years.

Differences in education, years of experience and childcare responsibilities are factors in this gender pay gap. These are being addressed by a range of government policies. But these factors do not explain all of the gap. A portion that cannot be explained may partly indicate direct discrimination. Another portion is attributable to occupational differences. Women are typically employed in quite different jobs from men's, but women's work is, on average, lower paid.

An influential study was Sylvia Dixon's (2000) analysis for the Department of Labour on 'Pay Inequality between Men and Women in New Zealand' (see also Dixon, 2001 and 2004). Dixon's research looked at the nature and sources of change in the gender earnings gap in New Zealand between 1984 and 1998, a period in which the gender pay gap closed. Her study concluded (Dixon, 2000, pp. 9-10):

A gender pay differential representing about 14 percent of average male earnings remained in place at the end of the 1990s. We estimated that between 40 and 80 percent of that gender wage differential could be explained in a straight-forward manner, with reference to the wage effects of male-female differences in four variables: education, past work experience, and occupation and industry of employment. Although a large portion of the contemporary male-female gap in average hourly earnings can be attributed to these differences in measured skills and job characteristics, that should not be taken to imply that the 'explained' portion of the gender pay gap is fair, efficient, or justified. The processes whereby men and women come to have different levels of educational qualifications and different labour force participation patterns, and enter different jobs, may have discriminatory or gender-biased elements. What is important about the finding is that it suggests there is still considerable potential for further reductions in gender pay inequality, if these measured skill and employment pattern disparities are further reduced.

The Ministry of Women's Affairs (2002b, p. 8) *Background Paper* commented on these conclusions (see also Dwyer, 2006, pp. 5-6) that:

These estimates still leave 10-50 percent of the gender pay gap unexplained. Moreover, according to many international studies, occupational and industry differences by sex and ethnicity are not 'explanatory', but are a key part of the low pay problem.

In particular, it argued that the persistence of the gap warranted pay equity policies (idem, p. 4):

It is often argued that, as well as skills and qualifications, wage rates reflect supply and demand in the labour market. This argument carries most weight in regard to short term wage rate fluctuations due, for example, to skill shortages. It is less explanatory of wage differentials by gender or ethnicity that persist over decades. Pay equity policies are based on the perception that market rates also reflect historic social constraints and prejudices. Pay inequalities by gender or ethnicity may indicate misallocation of human potential in the labour market.

This analysis is not universally accepted. LaRocque (2002, pp. 1-2), for example, offered on behalf of the New Zealand Business Roundtable the following criticism (these criticisms are also made in a NZBR policy backgrounder by Coutts, 2004):

The NZBR supports markets as the best mechanism for determining the relative pay rates of New Zealand workers. In our view, a deregulated and flexible labour market is most likely to lead to better labour market outcomes for all New Zealanders. Further regulation of the labour market in the form of pay equity is unlikely to serve the interests of New Zealanders generally or 'target' groups such as women, Māori and Pacific Peoples. We would recommend against any proposals to introduce bureaucratic programmes such as pay equity. Rather, flexible labour markets, sound antidiscrimination laws and well-designed education policies that promote efficient investment in human capital offer a better and fairer mechanism for protecting workers generally and workers in 'target' groups in particular.

Similarly, a media release by Knowles (2003) on behalf of Business New Zealand argued against pay equity legislation in favour of using existing equal pay, human rights and employment relations legislation to redress claims of workplace sex discrimination:

Business NZ Executive Director Anne Knowles says the shrinking gap [between men's and women's pay] is good news and indicates a healthy employment environment. But she says it's important not to draw unrealistic inferences from the data.

"We can reasonably expect the gap to keep reducing, but it would be a mistake to assume that a zero gap is inevitable, as many women will continue to have breaks from the paid workforce to have children, and the job market naturally pays a premium for continuity. Choices made by women to study certain subjects and work in certain occupations also affect income levels."

Ms Knowles says it's a fact of life that many women will choose to have breaks in employment to care for their children, and also to choose certain occupations and areas of study, which are largely responsible for the earnings gap. She says 'pay equity' undertakings aimed at achieving complete parity between men's and women's earnings fail to take account of this.

In 2003, the government established a Taskforce on Pay and Employment Equity, chaired by Diana Crossan. Its Terms of Reference instructed the Taskforce to focus on three parts of the state sector: the public service, the public health sector, and the public education sector. Consequently, its report published in 2004 was entitled *Pay and Employment Equity in the Public Service and the Public Health and Public Education Sectors* (available at [www.dol.govt.nz/services/PayAndEmploymentEquity/resources/taskforce-report.asp](http://www.dol.govt.nz/services/PayAndEmploymentEquity/resources/taskforce-report.asp)). The major themes of the report are captured by the following extract from the chairperson's preface:

New Zealand has a persistent and troubling gender pay gap and has employment inequity issues which should not be part of a modern competitive economy.

The scale and persistence of the gender pay gap in New Zealand reflects a failure in the "market" which is not good for the economy nor in the interests of the majority of employees or employers. There are considerable rewards for organisations that find ways to overcome barriers and constraints that currently limit the role and contribution of women. These issues affect women at all levels.

The Taskforce has developed an Action Plan for the public service and the public education and public health sectors to deal with the factors that lead to the inequity. The issue is more than a matter of equal treatment and social justice. Without action, the education and skills of women will be wasted. Moreover, closing the gender pay gap makes an important contribution towards improving income levels and raising living standards of other persistently disadvantaged groups.

Following the release of the Taskforce's report, the government prepared a five-year Pay and Employment Equity Plan of Action overseen by an appointed Steering Group. The State Services Commissioner, the Director General of Health and the Secretary of Education were given specific responsibilities to ensure that pay and employment equity was promoted, embedded and monitored within their sectors by 2008 (PEEU, 2007).

The government also established the Pay and Employment Equity Unit (PEEU) in the Department of Labour to support the implementation of the Plan of Action. The PEEU developed a range of resources and assisted a number of review processes (see, for example, PEEU, 2008) before a new government announced on 13 May 2009 that the unit would be disestablished.

It is not a role of this report to evaluate pay equity or its application in New Zealand, but an important feature of the approach adopted by PEEU is that it began with definitions of what is meant by pay equity and employment equity, as described in the overview page on its dedicated website ([www.dol.govt.nz/services/PayAndEmploymentEquity/peeu/index.asp](http://www.dol.govt.nz/services/PayAndEmploymentEquity/peeu/index.asp)):

**Pay equity** means that women and men receive the same pay not only for doing the same work but for doing work that is different but of equal value. The value of work is assessed in terms of skill, knowledge, responsibility, effort and working conditions. **Employment equity** is about fairness in recruitment, in opportunities and in promotion at work.

Pay and employment equity combines pay equity and employment equity. It:

- reflects the outcome of a systematic approach to identifying and eliminating unjustifiable causes of inequity
- provides fair and productive workplaces that enable people to enter into and fully participate in the workforce without gender bias
- is about recognising and valuing differences, and ensuring that pay, conditions, access to the full range of jobs, access to all levels of the workplace, and experiences in the workplace, are not negatively affected by gender.

This approach of attempting to define relevant aspects of equity, and then aiming to measure indicators of the defined concept, is the basis for the proposals towards an equity indicator made in the following chapter.

## 7 Towards an Equity Indicator

After this report's introductory chapter 1, chapter 2 surveyed approaches to equity found in the international literature. Chapter 3 then reported the generally accepted interpretation of Article 3 of New Zealand's founding document, the Treaty of Waitangi, that the Crown has a duty to protect equally the social rights of all the country's citizens. Similar statements can be found in the founding documents or written constitutions of many countries; it is a solid basis for attempting to define one measure of equity within a national framework of sustainable development indicators.

Chapter 4 provided a brief discussion of New Zealand's system of social security, which began with the introduction of the old age pensions in 1898 and was extended and solidified by the first Labour Government, notably in the Social Security Act 1938. Ten years after that Act was passed, the importance of social security was recognised as a fundamental human right in the *Universal Declaration of Human Rights* states (United Nations, 1948):

**Article 22:** Everyone, as a member of society, has the right to social security and is entitled to realization, through national effort and international co-operation and in accordance with the organization and resources of each State, of the economic, social and cultural rights indispensable for his dignity and the free development of his personality.

Chapters 4 and 5 address five core elements of New Zealand's social security: employment; income; housing; health and education. These core elements are also reflected in the *Universal Declaration of Human Rights*.

**Article 23:** 1. Everyone has the right to work, to free choice of employment, to just and favourable conditions of work and to protection against unemployment. ...

**Article 25:** 1. Everyone has the right to a standard of living adequate for the health and well-being of himself and of his family, including food, clothing, housing and medical care and necessary social services, and the right to security in the event of unemployment, sickness, disability, widowhood, old age or other lack of livelihood in circumstances beyond his control.

**Article 26:** 1. Everyone has the right to education. Education shall be free, at least in the elementary and fundamental stages. Elementary education shall be compulsory. Technical and professional education shall be made generally available and higher education shall be equally accessible to all on the basis of merit. ...

Recall from chapter 2 that 'human rights are commonly understood as being those rights which are *inherent* to the human being'. Consequently, they are to be applied equally and without discrimination to all people. This suggests a particular approach for including equity in the measurement of sustainable development: let development be defined as *sustainable* only if identifiable groups in society all have *equal access to social security* measured by minimum standards of employment, income, housing, health and education.

Drawing on this definition, this chapter proposes a framework for developing an equity indicator that combines these five core elements of social security. Following the example of the approach taken to pay and employment equity in New Zealand discussed in the previous chapter, the indicator is generally based on defining minimum standards for each element, and then describing statistical series for measuring departures from those standards. In keeping with the focus on long-term sustainable development, the indicators are calculated every five years (coinciding with the New Zealand *Census of Population and Dwellings*).

The standards and statistical series are described for each element in the following sections.

## Employment

*Standard:* **Employment equity** means that all New Zealand citizens who want to participate in the labour force are able to find employment.

New Zealand records good data on employment in its Household Labour Force Survey. The country's official unemployment rate is calculated from these data, for example, on a quarterly basis. For the purposes of this report, however, the unemployment rate is too restrictive a measure of equity, since it excludes people who are seeking to find employment but do not satisfy the criteria to be counted as unemployed (the non-unemployed jobless) or who are seeking to increase their hours of employment (the underemployed). Statistics New Zealand publishes figures classified by gender and by ethnicity on the jobless (including the unemployed) and by gender on the underemployed. This section therefore adopts the following definition for its employment equity indicator.

*Indicator:* **The employment equity indicator** proposed in this chapter is the number of employed minus the number underemployed in the Household Labour Force Survey, divided by the number of employed plus the number of jobless, expressed as a percentage.

## Income

*Standard:* **Income equity** means that all New Zealand citizens have enough income for their household to be able to avoid exclusion from the New Zealand minimum acceptable way of life because of inadequate resources.

The standard data source for low income calculations in New Zealand is the Household Economic Survey, which now takes place every three years. The Ministry of Social Development analyses results from the survey to calculate indicators of inequality and hardship (see Perry, 2007 and 2008). A number of different indicators are presented, each of which provides information that is relevant for understanding trends. All the indicators also have weaknesses that should be kept in mind when interpreting the data for any particular year, although the trends do not appear to be sensitive to chosen thresholds (Perry, 2008, p. 81).

The main choice is whether to use constant value thresholds updated from time to time as the economy grows, or to update the thresholds every time the statistic is calculated to maintain a constant relative measure. For a time series calculated every five years, it is proposed here that the latter approach is more useful.

*Indicator:* **The income equity indicator** proposed in this chapter is the percentage of the population living in households whose equivalised disposable income after housing costs in the Household Economic Survey is below 60 per cent of the median.

## Housing

*Standard:* **Housing equity** means that all New Zealand citizens live in healthy accommodation.

At the time of writing, Statistics New Zealand is undertaking a major review of housing statistics (*The Source*, May 2009, at [www.statisphere.govt.nz/](http://www.statisphere.govt.nz/)). Two variables associated with unhealthy housing in New Zealand are poor insulation (Howden-Chapman *et al*, 2007) and overcrowding (Maani *et al*, 2006). Data are not available on poor insulation, but *The Social Report* publishes data on household crowding, using Census data and the Canadian Crowding Index, which is a proxy measure based on comparing the number of bedrooms with the number of occupants.

*Indicator:* **The housing equity indicator** proposed in this chapter is the percentage of the Census population living in crowded housing.

## Health

**Standard:** **Health equity** means that all New Zealand citizens are able to maintain good health.

The Ministry of Health and Statistics New Zealand (2009) has recently completed a joint project examining health indicators in New Zealand. The resulting report makes the important point that a good indicator needs to integrate both fatal (quantity of life) and non-fatal (quality of life) outcomes for the population. It recommends Independent Life Expectancy (ILE) as the health expectancy indicator of choice for most policy purposes. It provides data for males and females for this indicator for 1996, 2001 and 2006, and also provides a Māori and non-Māori comparison for 2006.<sup>1</sup>

It should be noted that this indicator differs from the others in this section, since it is based on a measure of life expectancy rather than a measure of the proportion of the population not meeting a standard.

**Indicator:** **The health equity indicator** proposed in this chapter is the Independent Life Expectancy calculated by the Ministry of Health and Statistics New Zealand.

## Education

**Standard:** **Education equity** means that all New Zealand citizens are able to access education that develops their potential.

The Ministry of Education collects and publishes a wide range of data on education at its dedicated website [www.educationcounts.govt.nz/](http://www.educationcounts.govt.nz/). These data include indicators grouped together under several headings such as student participation and effective learning, many of which could serve as an indicator for education equity.

The first major set of public exams in a student's learning career take place in the third year of secondary school. These exams were formerly known as School Certificate, before a major reform produced the National Certificate of Educational Achievement implemented in all New Zealand schools in 2002. The *educationcounts* website provides a time series of data recording the percentage of school leavers with NCEA Level 1 or above from 1993 to 2007, but omits data for 2003 and 2004 as the old system was transformed into the new.

**Indicator:** **The education equity indicator** proposed in this chapter is the percentage of students recorded by the Ministry of Education as leaving secondary schools having attained an NCEA Level 1 qualification or higher.

Table 1 presents data on the five component indicators. The table also calculates the average of the five values, which is proposed as an equity index within the framework adopted for this chapter. The proposed equity index shows no change between 1996 and 2001, but then a marked improvement in 2006 as a result of an improvement in the employment equity indicator and a sharp increase in the education equity indicator (due in part to the move to the NCEA system of qualifications after 2002). The data of Table 1 are also presented in the bar chart of Figure 1.

A strength of the proposed equity index is that it can be used for groups within the general population to measure *inequality* of equity in any policy relevant dimension. Table 2 illustrates this possibility for a comparison by gender in 2006. The table shows that females have poorer employment and income equity scores, but this is balanced by a higher independent life expectancy and that a greater proportion of female school leavers attaining an NCEA Level 1 qualification or higher. Consequently, the overall equity index for females is almost identical to that for males.

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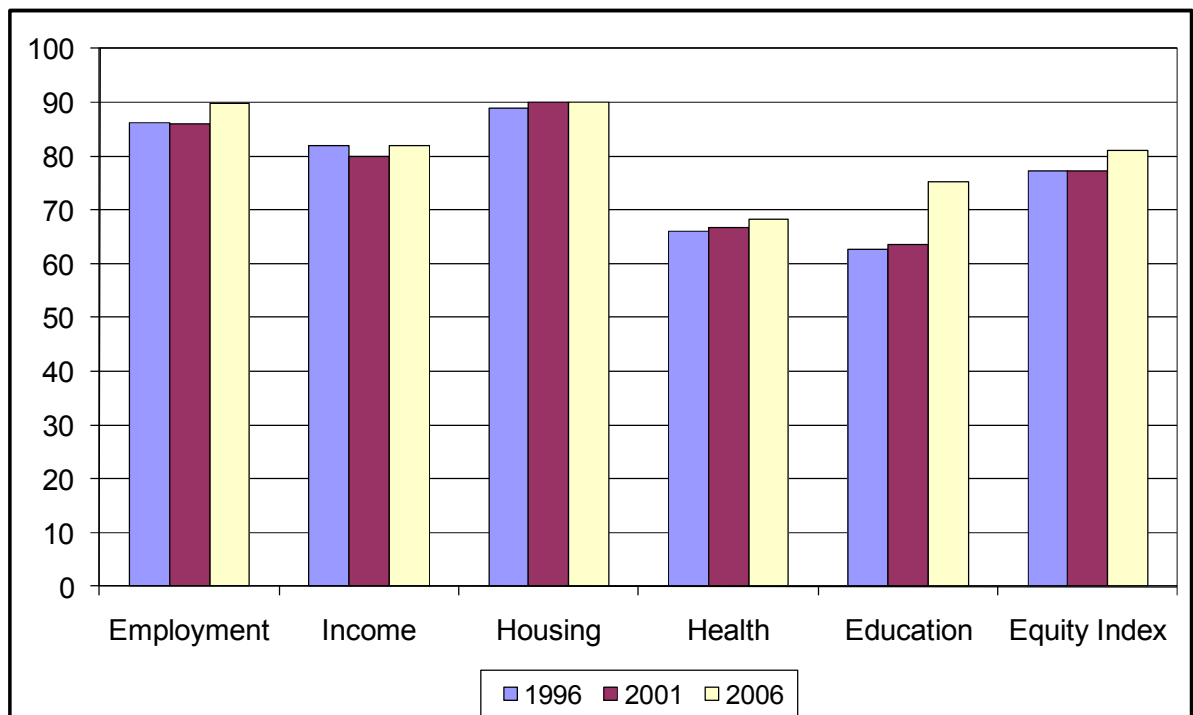
<sup>1</sup> The authors are very pleased to acknowledge the very generous assistance of Martin Tobias at the Ministry of Health in helping us to understand this indicator.

**Table 1**  
**The Proposed Equity Index, 1996, 2001 and 2006**

	<b>1996</b>	<b>2001</b>	<b>2006</b>
Employment Equity	86.2	86.0	89.9
Income Equity	82.0	80.0	82.0
Housing Equity	89.0	90.0	90.0
Health Equity	66.1	66.6	68.3
Education Equity	62.7	63.6	75.3
<b>Equity Index</b>	<b>77.2</b>	<b>77.2</b>	<b>81.1</b>

Notes: Employment equity data are for the March quarter of each year. Income equity data are for 1996, 2001 and 2007. Housing equity data are from the Census in March each year. Health equity data are for 1996, 2001 and 2006, calculated as a weighted average of the ILE data for males and females. Education equity data are for school years.

**Figure 1**  
**The Proposed Equity Index, 1996, 2001 and 2006**



Source: Table 1.

**Table 2**  
**The Equity Index, Male and Female, 2006**

	<b>Male</b>	<b>Female</b>	<b>Total</b>
Employment Equity	91.9	87.5	89.9
Income Equity	83.5	80.5	82.0
Housing Equity	90.0	90.0	90.0
Health Equity	67.4	69.2	68.3
Education Equity	72.7	77.9	75.3
<b>Equity Index</b>	<b>81.1</b>	<b>81.0</b>	<b>81.1</b>

*Notes:* Employment equity data are for the March quarter of each year. Income equity data are for 1996, 2001 and 2007. Housing equity data are from the Census in March each year. Health equity data are for 1996, 2001 and 2006. Education equity data are for school years.

Table 3 provides estimates of the equity index for the European/Pākehā and the Māori populations. These data are less precise than in Table 2 for the reasons explained in the Table 3 notes.

**Table 3**  
**The Equity Index, European/Pākehā and Māori, 2006**

	<b>European/ Pākehā</b>	<b>Māori</b>
Employment Equity	92.2	86.4
Income Equity	88.0	78.0
Housing Equity	96.0	77.0
Health Equity	73.1	65.9
Education Equity	79.9	56.1
<b>Equity Index</b>	<b>85.8</b>	<b>72.7</b>

*Notes:* Data sources are as for Table 2 with the following points to note. Employment equity data does not include underemployment data, and assumes no ethnicity difference in the percentage of the population not in the workforce who are jobless but not officially unemployed. Income equity data are for 2004, as reported in Perry (2007, p. 73); see MSD (2008, p. 158) for a discussion of why publication of this series was not continued in 2007. Health equity data are the simple averages of male and female rates; the comparison is between Non-Maori (rather than European/Pākehā) and Māori.



The differences between Māori and European/Pākehā in Table 3 can only be described as distressing. The basis for the construction of the equity index is the fundamental human right to social security. Nevertheless, the value of every component of the equity index is considerably lower for the Māori population than for the European/Pākehā population. These data do not provide explanations for the causes of these differences, but the equity index indicates that the level of social security being experienced by the indigenous population of New Zealand is materially below that being experienced by the European/Pākehā population. Because a basic human right is not equally available to all its citizens, as measured by this indicator, this suggests that New Zealand's current development path is not sustainable.

## 8 Conclusion

At least since the World Commission on the Environment and Development defined sustainable development as that which ‘meets the needs of the present without compromising the ability of future generations to meet their own needs’ (WCED, 1987, par. 27), there has been general acceptance that equity is an important element in sustainable development. In this context, equity has been understood to mean *inter-generational* equity, meaning that development is not sustainable if future generations do not have at least the same opportunities to meet their needs as the current generation. Some unresolved controversies remain about what inter-generational equity means in practice. Some argue, for example, that it means policy can allow depletion of natural resources as long as society is increasing its stock of physical capital to pass on to the next generation in compensation (an idea first introduced by Solow, 1974). Others argue that there are limits to which physical capital can substitute for environmental services provided by nature, and so the stock of natural capital should be preserved for future generations (see especially Daly, 1996, pp. 76-80). In New Zealand, the Parliamentary Commissioner for the Environment has indicated support for the later position – known as strong sustainability – rather than the weak sustainability of the former position (PCE, 2002, p. 38).

Another controversy is focused on whether concern for inter-generational equity should be extended to concern for intra-generational equity when creating a framework of sustainable development indicators. As explained in chapter 1, one view is that intra-generational equity is essentially a short-term social policy issue, and so is not required in a framework evaluating long-term sustainable development. An alternative view is that social equity is an essential element of sustainability, and so a framework of indicators that excludes intra-generational equity is necessarily incomplete.

Chapter 1 also explained that the motivation for this report comes from this second controversy, which has been the subject of recent reflection by the Joint UNECE/OECD/Eurostat Working Group on Statistics for Sustainable Development. The chairperson of that Working Group, Robert Smith (2007), posed four questions to stimulate debate on the topic of intra-generational equity and its relation to sustainable development. This final chapter draws on the insights from the report’s development of its equity index to offer some suggested answers to Smith’s four questions:

1. When we refer to equity, what is it that we speak of?
2. If equity is essential to sustainable development, how do we know ‘how much’ equity we need?
3. Can development be sustainable in the face of small declines in equity, or is any decline a definite indicator of unsustainability?
4. If equity is accepted as a determinant of sustainable development, on what grounds could other social variables be accepted (or rejected) as determinants?

The approach taken in this report to the first question is based on the statement in the *Universal Declaration of Human Rights* that ‘everyone, as a member of society, has the right to social security’ (Article 22). This is a conservative approach to measuring equity: it does not, for example, reflect the view found in some parts of the international literature that equity should be defined in terms of equality of outcomes or opportunities (see chapter 2). Nevertheless, precisely because it is based on the *Universal Declaration of Human Rights*, the authors argue that this approach lays solid foundations upon which other approaches could be built. Further, the data in Table 3 suggest that, even using this conservative measure, New Zealand’s current development path is not sustainable.

The answer offered to Smith's second question is that increases in the proposed equity index indicate an improvement in the population's human right to social security. This would be considered a positive contribution to sustainable development in the approach adopted by this report, *as long as* it is not accompanied by increasing gaps in the values of the index for subgroups in the population. The caveat is important. Because the equity index is based on a fundamental human right, there is no reason why any subpopulations should experience a substantially lower value of the equity index than the national population.

This does not mean that the framework is advocating equality of outcomes. The components of the equity index measure departures from a *minimum* standard in each of the five areas of employment, income, housing, health and education. Even if these minimum standards are met equally for all subpopulations, there may still be considerable inequality above those minimum standards. As explained in chapter 2, different authors have advocated different responses to such inequality, none of which can be addressed in the framework advocated here.

The third question is a matter of further research, to which the development of the equity index can make an important contribution. It is not difficult to think of episodes in recent history where civil disorder has resulted from perceived inequities in social security. The development of time series data for equity indices categorised by different groups of the wider population would allow an empirical investigation of whether these episodes are associated with gaps between equity indices reaching critical values, or the value of a particular group's equity index falling to an unusually low value.

Finally, it is certainly possible that other social variables could be accepted as important determinants of sustainable development, or indeed as important determinants of equity. The equity index proposed here has drawn on a fundamental right expressed in the *Universal Declaration of Human Rights*, but the right to social security is only one such right in the *Declaration*. In different contexts it may be desirable to incorporate indices based on other fundamental human rights, especially where they are not fully respected for different groups in a country's national population. It might also be desirable in some contexts to construct equity indicators in terms of inequality in outcomes or opportunities.

Robert Smith explained that his four questions were to stimulate debate on the topic of equity and its relation to sustainable development. The equity index proposed in this report is offered in the same spirit, as a stimulant for further discussion of why equity is important for sustainable development and how it can be measured.

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