



**Massey University**

**Building a Good Society:  
Partnerships, inclusion and the  
New Zealand Experience**

**Partnerships for Social Inclusion Conference  
Telstra Dome, Melbourne  
15-16 October 2008**

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*I runga I te ki  
He aha I te ma nui  
He tangata, he tangata, he tanagata  
Na konei to wero*

*Kaua e hangai he ture  
Ipere I te kupenga iha  
He here hopo*

*I pere me te nekenke tai he araha*

*What is most important?*

*It is the people, the people, the people*

*We should not create policies that are like the fishing net that snares  
and strangles  
But like the surging tide that uplifts and carries forward*

## **Introduction**

Thank you for the invitation.

I am delighted to join academics, practitioners and public servants from across Australia, New Zealand and the region to discuss current partnership practice and future directions.

I have been a regular visitor to Australia over the past two decades, sometimes for a holiday, but more usually to explore new social policy ideas. We have much in common.

Our countries have a similar social policy history. In the area of welfare, war and depression led to both countries putting in place what Francis Castles calls “domestic protection”; by which he means

“interlocking components of a system of shock absorbers designed to defend and stabilise the existing structure of economic opportunities and rewards against any rapid or excessive disturbance from exogenous forces” (1).

Our common history has made it very useful to maintain an ongoing exchange of new ideas and policies. This conference is another chance to do just that.

My task is to talk about the New Zealand experience of partnerships and inclusion so let me turn to that now.

## **The History of Partnership**

In the case of New Zealand, the relationship between the state and non-government agencies has passed through four distinct phases and has been in the midst of a debate about the future over the past nine years (2).

In the ninetieth century, as both government and non-government agencies were gathering their resources, assistance was basic by modern standards but very progressive by world standards. The Government put in place programmes to assist the most vulnerable while various non-government agencies set about trying to reform the bad habits of people, families and communities.

During the first part of the twentieth century, until around 1938, both the state and non-state commitment to welfare grew; although each sector tended to see themselves not as partners but as having their own role to play.

From 1938 until the early 1980s, the welfare state consolidated and grew in size, forcing non-government agencies to position themselves as complementary to or as an adjunct to the activities of the state. Indeed, many people questioned the need for community based agencies given the extent of state support.

In the 1980s, following deregulation of the New Zealand economy, the role of the welfare state was brought into question. Reformers wanted to see the welfare state dramatically downsized because they saw it as a cost that was holding back the development of an export-oriented market economy. The Prime Minister at the time, David Lange, tried to hold back reform by appointing a Royal Commission on Social Policy (3).

This delaying tactic worked for a while but the dam broke in 1990 with the election of a new government that embarked on massive cuts to welfare benefits, attacks on trade unions and many related changes designed to create a residual welfare state offering help only to the most in need while deregulating the labour market.

Non-government agencies were not so much partners in this process as replacements for the state. As the state reshaped its role people turned to community agencies and local government. A good example of this was the rapid growth in the number of food banks following benefit cuts in 1991. Unable to access any supplementary support, beneficiaries and very low income workers had to turn to the community for food leading to an explosion in the number of foodbanks.

As a Member of Parliament for the city of Palmerston North, I worked with the City Council and local service clubs to mount a food drive to supply local foodbanks because they could not cope with demand.

Social exclusion became the focus of debate. New Zealand is a nation that has long prided itself on ensuring that all of its citizens can participate in the mainstream of society. In the 1980s and at an accelerated pace in the 1990s, an increasing number of people clearly were not able to participate.

In the mid-1990s, when the proportion of the population with low incomes reached a peak, 23 percent were living in what was defined as poverty – that is, an income less than 60 percent of household disposable income median (4).

The Government responded not by extending its own services, but by offering contracts to agencies willing to do the job.

In 1999 another shift began to take place and, as I noted earlier, is still underway.

The policy focus shifted to inclusion. After some fifteen years of policy that had marginalised many New Zealanders, the question became how to, as Treasury put it, ensure “people’s broad-based participation in society and the economy” (5).

A vision of society as simply a market-place where all relationships could be reduced to contracts with citizens being turned into buyers and sellers was found to be lacking.

An argument was mounted that the focus on protection seen prior to the 1980s was no longer adequate, but it was essential.

Downsizing of protection as seen in the 80s and 90s when the economy was opened up to the global economy resulting in massive job losses, insecurity for families and communities, the growth of social problems and a sense of personal isolation among vulnerable groups like the elderly was clearly not the way forward. Quality public services needed to be rebuilt to avoid excluding increasing numbers of people from the mainstream of society.

Some argued for a return to the welfare state of old but the stronger voices were for a system that provided protection while investing in the kind social policy that would provide New Zealanders with opportunities to succeed in an open, dynamic and changing society. Protection was not enough because this would just result in increasing numbers of people relying on the state as their circumstances forced them to seek assistance.

This new argument was captured by the Commission on Social Justice set up by Tony Blair prior to becoming the British Prime Minister. It proposed that social investment be understood as combining “the

ethics of community with the dynamics of a market economy...the extension of economic opportunity (as) not only the source of economic prosperity but also the basis of social justice...This demands strong social institutions, strong families and strong communities...Investment in people is the top priority...security, not fear (is) the basis for renewal” (6).

Social investment seeks to both protect and make resilient people, families, businesses and communities so they can grow adapt and succeed in the face of change.

It leads to a policy agenda that privileges early intervention, life long learning (early childhood education is a top priority), real jobs with living incomes, an intelligent welfare state that can help people negotiate unpredictable changes arising from the family and the workplace and partnerships with the social capital that resides in the community.

Like a familiar popular song, you will all be able to repeat the argument from here.

## **Working with the Community**

We began to talk of social capital – the networks, norms and trust that facilitate coordination and cooperation for mutual benefit; the value of working with the institutions and relationships of a thriving civil society – from networks and neighbourhoods to extended families, community groups to religious organisations, local businesses to local public services, youth clubs to parent-teacher organisations, playgroups to police on the beat – as the way forward.

Drawing on the work of people like American sociologist Robert Putnam who argued “Communities do not become strong because they are rich they become rich because they are strong”, government set about inviting the community to be its partner.

There was, however, a problem. Following the 80s and 90s the attitude of the community, including local government, toward central government could be called septic.

As I noted earlier, through the period 1987 to 1999, the community had been asked to pick up what the state no longer wanted to do.

Most of the community did not accept the rationale for this shift in responsibility - namely that in the era of globalisation the welfare state was a drag on the nation's ability to adjust. They did not like seeing benefits slashed, unemployment peak at 11.4% (up to 24% for Maori and Pacific Islanders), the food bank industry grow and all of the other negative effects of reshaping the state.

To make matter worse they were being asked to deal with these problems under contracts that said exactly what they could do, gave them too little money to do it and barred them from complaining.

By 1999 they were, as the saying goes, mad as hell and they were not going to take it any more. At the time I had the good fortune to be the newly minted Minister Responsible for the Community and Voluntary Sector. I was the one asking them to form a partnership with the Government.

To be their credit, the community was prepared to listen. They agreed with social investment and liked hearing that the Government was committed to building an accountable, responsive public service working alongside a respected community.

But they had no reason to trust the state after more than a decade of being, as they put it, dumped on.

So we established the Community Sector Working Party led by a former Deputy Mayor of Waitakere city Dorothy Wilson. The Working Party had its own money and could do whatever it liked to gather together the initiatives that had be taken to make the partnership work.

Their report presented in 2001 requested:

- more funding and simple systems of accountability;
- more input from the community to policy;
- a Crown/Iwi relationship (7);
- support for umbrella organisations to manage the community sector;
- improvement in the way state agencies deal with the community;
- involvement of business;
- an Agreement or Compact between the state and the community (8).

Changes in the way the state worked with the community had begun prior to report being published. Significantly, a Ministry of Social Development (MSD) had been formed indicating the Government's intention to implement policies consistent with the social investment approach. The focus was on finding solutions to social issues rather than on income transfers to those in need.

MSD had considerable policy capacity, access to decentralised service delivery throughout New Zealand and provided a home for a new office serving the needs of the community and voluntary sector.

A Statement of Intent was launched by the Prime Minister setting out the way that state agencies would work with the community.

A Social Report was published for the first time outlining what the state was spending its social investment on and showing the results. The 2008 edition has just been published.

Agencies like Child Youth and Family began local area mapping to establish what services were needed and who would provide them in consultation with community groups.

The Treasury released material on a new approach to contracts that allowed for longer more flexible arrangements and simpler forms of accountability.

Larger community agencies with multiple funders were able to negotiate one contract with a lead funder, improving accountability.

Local government and central government began to work more closely together. The Local Government Act was changed to allow for a “general power of competence” extending the role of local government to the social domain. They were required to produce a community plan showing what services they would provide.

The community became increasingly involved in the delivery of services related to early interventions, family support, parenting, domestic violence, housing, community regeneration, justice, health, youth development, community safety and many other activities.

New initiatives such as social entrepreneurs, the granting of funds to local trusts to drive social programmes under local control, use of older New Zealanders to teach young parents basic skills and partnerships with Maori and Pacific Island communities were trialled.

Tax changes allowed for more philanthropic giving to assist community organisations.

All of this activity was and is productive.

But it has not been easy and it has not all worked. Failure, no matter how small, has been a major stumbling block.

## **Problems with Partnering**

Partnering with the community means public funds being spent on initiatives that may, or may not, show a return.

We found that the smallest of problems led to massive media coverage and an equal amount of political discomfort.

I will take one example. In line with the social investment approach the Government wanted to put funding into solutions to social issues. One initiative involved the Community Employment Group, an agency that worked with marginalised communities, identifying individuals who had a strong record of success within their community. They were social entrepreneurs, gaining good results in innovative ways with little funding.

In a programme involving forty eight social entrepreneurs, one person famously decided to stop off in Hawaii on their way home from a study trip to the United States. They spent around \$6000 dollars on this stop over, the media found out and the resulting publicity led eventually to the closure of the programme.

Indeed, it led to the closure of the Community Employment Group!

This is just one example. There were others, usually small, but huge in their impact.

As each one hit the news the Government's stomach for the political fallout lessened. Enthusiasm for community led innovation waned. The public sector was preferred because control could more easily be exercised.

In very recent months, there has been a reinvigoration of Government interest in the community sector driven by the realisation that waning enthusiasm had resulted in less funding and rising annoyance among the community sector. More funds have been made available and there have been further improvements in accountability procedures.

But I doubt that the community sector would report that it sees itself in a true partnership with the government or state agencies.

I would like to think this can still be achieved because the way forward still relies on a social investment approach that requires the state and community working together for success.

If this is to happen the ideas put forward by the Working Party mentioned earlier need to be fully implemented.

The partnership does have to be more equal. This means putting in place a formal Compact setting out the rights and responsibilities of each party.

Resources have to be made available to community groups so they can undertake their own policy development and represent their own interests.

There has to be an acceptance that the state and the community operate in different, but valuable, ways. The whole point of the partnership is to draw on the strengths of each sector.

Accountability has to be made simple and not require community agencies to report to large number of state agencies. The Community Organisation Grants Scheme(COGS) has developed software that allows a community group to simply update its information each year and push a button.

There has to be an acceptance of failure. Social issues are difficult to resolve. Failure is the only way to learn what to do next.

Community organisations have to accept that they must have professional management and rely less on volunteers. Volunteering is still vital but the core of a community group of any size needs to be paid and accountable.

There are too many community groups. While new groups will always appear in response to a need, if real progress is to be made rationalisation of numbers is essential.

Local communities need volunteer centres where induction and training can be provided.

There has to be full funding of the work community groups are asked to do.

These are issues to be addressed and I am pleased to say that is beginning to happen.

Last year, the Government announced a Pathway to Partnership process that has resulted in more money being made available, CPI indexes funding and further simplifies the contracting process.

The Partnership being discussed covers much of what I have listed as the next step forward. The Sector, as reported in the most recent newsletter from the New Zealand Federation of Voluntary Welfare addition to partnership

Having been around this process for the past nine years, I have concluded that the size of the change will take time. The magnitude of the changes required by the public sector and community organisations cannot be underestimated.

My hope is that the state/ community partnership will grow. A social investment approach is the best way forward in the context of unpredictable change at home and at work. Quality public services that are responsive and accountable are essential; but so too are organisations that grow out of the community.

It is a partnership that will give meaning to the quote you will have in your conference abstract for this session.

*What is most important?*

*It is the people, the people, the people*

*We should not create policies that are like the fishing net that snares and strangles*

*But like the surging tide that uplifts and carries forward*

Thank you again for the invitation.

## Notes

1. Castles, F.G. (1985) The Working Class and Welfare Wellington: Allen and Unwin.
2. I am relying here on the work of M.Tennant (2008) The Fabric of Welfare: Voluntary organisations, government and welfare in New Zealand 1840-2005. Wellington: Bridgette Williams Books.
3. The Royal Commission on Social Policy produced five volumes of papers and reported its findings in 1988.
4. Ministry of Social Development (2008) The Social Report.
5. Treasury (2001) “Towards an Inclusive Economy” Inclusive Economy Working Group.
6. The report of the Commission on Social Justice (1994) Social Justice: Strategies for renewal London: Vintage.
7. The Crown/Iwi relationship refers to a request that a particular relationship be established that would see resources go directly to Maori rather than pass through state agencies.
8. Ministry of Social Policy (2001) Communities and Government: Potential for partnership Wellington

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## **Building a Good Society: Partnerships, inclusion and the New Zealand Experience**

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### **Partnership**

The Nineteenth Century

War and Depression

The Welfare State 1940-1980

Contracting

Social Investment

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**Community Sector Working Party**

- more funding and simple systems of accountability;
- more input from the community to policy;
- a Crown/Iwi relationship;
- support for umbrella organisations to manage the community sector;
- improvement in the way state agencies deal with the community;
- involvement of business;
- an Agreement or Compact between the state and the community.

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**Changes**

Ministry of Social Development (MSD)

Statement of Intent

Social Report

Local Area Mapping

Flexible contracts/Single contract

General Power of Competence

Wider role for the community

New initiatives like social entrepreneurs

Tax change for philanthropy

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**Forward**

Equality

Compact

Resources

Acceptance of public service and community roles

Simple accountability

Acceptance of failure

Professionalisation

Volunteer centres

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