



THE TREASURY

Kaitohutohu Kaupapa Rawa

The New Zealand Living Standards Framework and Wellbeing Budget

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Where we are with wellbeing policy ...



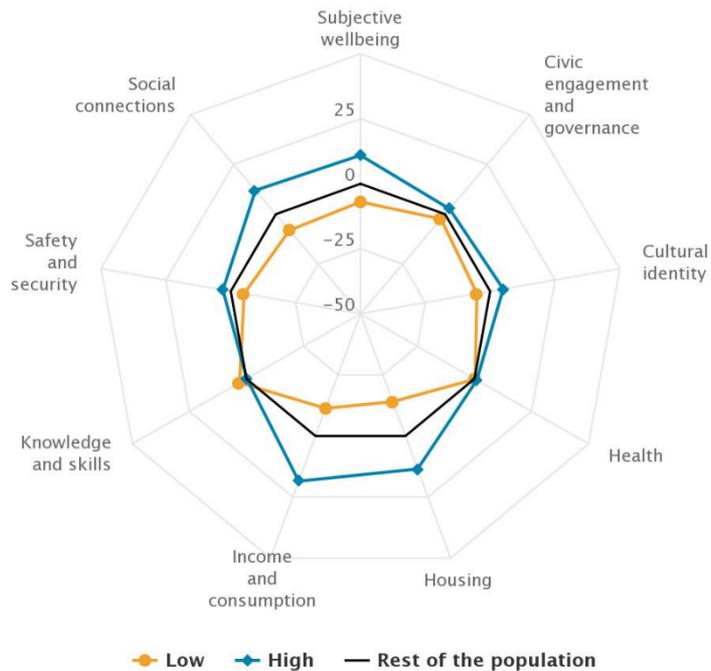
What we are trying to achieve

“[We are] using a Living Standards Framework **built off real data with concrete indicators** across the range of measures ... I am producing a [Wellbeing Budget] that will have indicators across all of those areas and we are actually **using the evidence base to decide what to invest in for our long term intergenerational benefit.**”

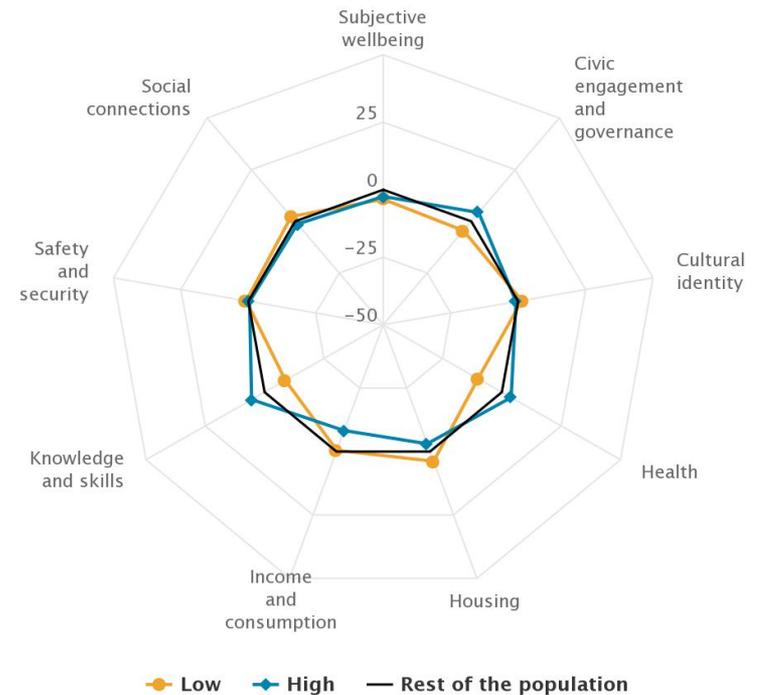
Hon. Grant Robertson New Zealand Minister of Finance

Living Standards: The LSF dashboard

Couple without children



Couple with children



The LSF: What is it?

- A framework, aimed at improving the quality of the Treasury's policy advice
- The LSF draws on OECD analysis and amends it for NZ (cultural identity)
- The starting point is three questions:
 - What are **current** outcomes?
 - Will these outcomes be **sustained or improved**?
 - How **resilient** is the system?

Living Standards: Capitals

The Four Capitals

Intergenerational wellbeing relies on the growth, distribution, and sustainability of the Four Capitals. The Capitals are interdependent and work together to support wellbeing. The Crown-Māori relationship is integral to all four capitals. The LSF is being continually developed and the next iteration of the framework will consider the role of culture, including Māori culture, as part of the capitals approach in more detail.



Natural Capital



This refers to all aspects of the natural environment needed to support life and human activity. It includes land, soil, water, plants and animals, as well as minerals and energy resources.



Social Capital



This describes the norms and values that underpin society. It includes things like trust, the rule of law, cultural identity, and the connections between people and communities.



Human Capital



This encompasses people's skills, knowledge and physical and mental health. These are the things which enable people to participate fully in work, study, recreation and in society more broadly.



Financial / Physical Capital

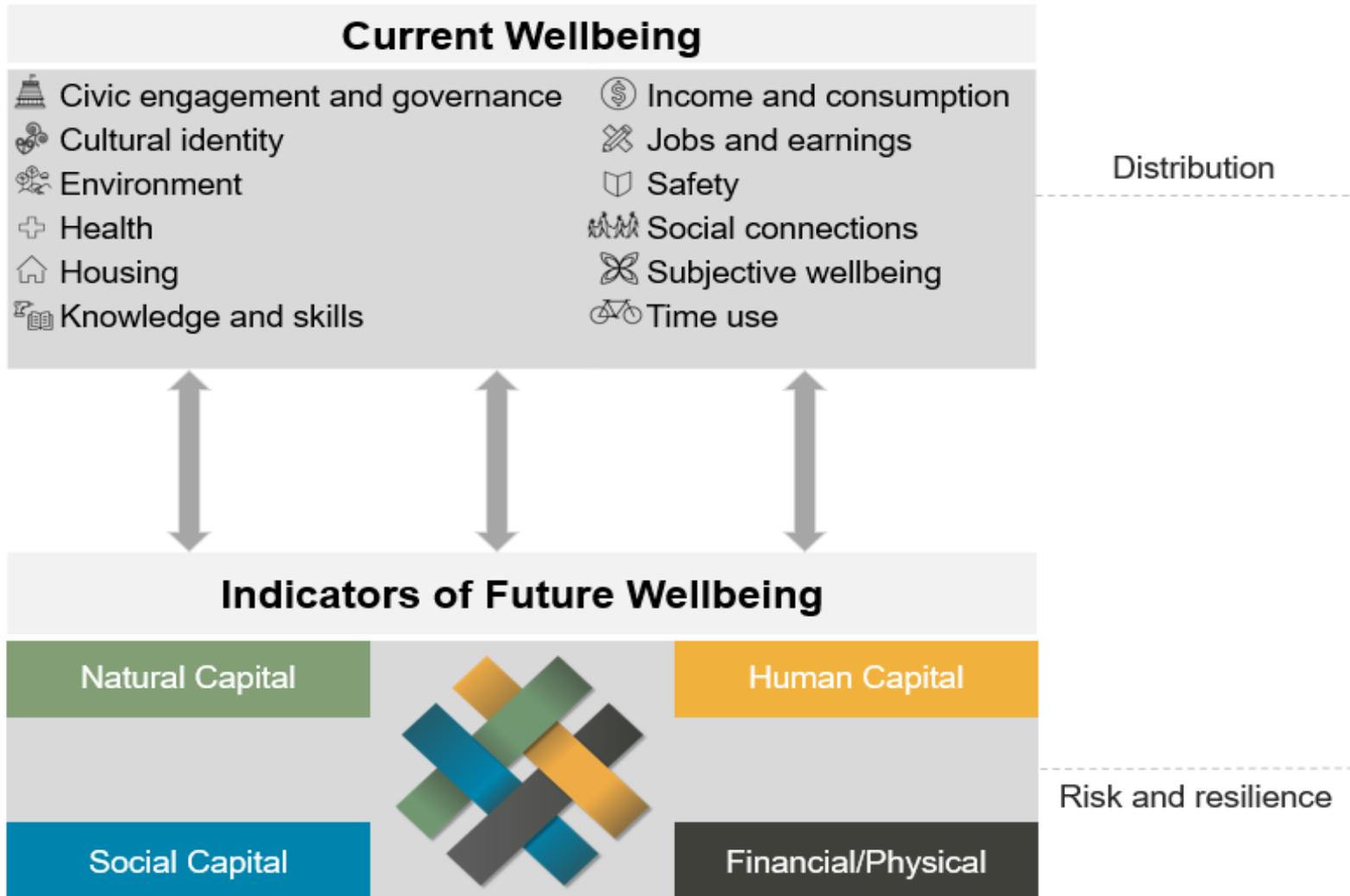


This includes things like houses, roads, buildings, hospitals, factories, equipment and vehicles. These are the things which make up the country's physical and financial assets which have a direct role in supporting incomes and material living conditions.

Living Standards: Current wellbeing

Civic engagement and governance <ul style="list-style-type: none">• Voter turnout• Proportion of the population reporting discrimination	Housing <ul style="list-style-type: none">• Rooms per person• Housing cost overburden• Housing quality	Safety <ul style="list-style-type: none">• Intentional homicide rate per 100,000• Self-reported victimisation• Feelings of safety
Cultural identity <p>Having a strong sense of identity, belonging, and ability to be oneself, and the existence value of cultural tāonga</p>	Knowledge and skills <ul style="list-style-type: none">• Educational attainment of the adult population (upper secondary)• Educational attainment of the adult population (tertiary)• Cognitive skills at age 15	Social connections <ul style="list-style-type: none">• Social network support• Loneliness• Time spent in positive social activities
Environment <ul style="list-style-type: none">• Air quality (PM10)• Air quality (PM2.5)• Satisfaction with water quality• Natural space footprint within a 1km radius of dwelling	Income and consumption <p>People's disposable income from all sources, how much people spend and the material possessions they have</p>	Subjective wellbeing <p>Overall life satisfaction and sense of meaning and self</p>
Health <ul style="list-style-type: none">• Life expectancy at birth• Self-reported health status• Limitations in daily activities• Proportion of the population with poor mental health	Jobs and earnings <ul style="list-style-type: none">• Unemployment rate• Employment rate• Median hourly earnings• Work accidents rate• Job strain	Time use <p>The quality and quantity of people's leisure and recreation time (i.e. people's free time where they are not working or doing chores)</p>

The Framework: Bringing it together



Wellbeing in government

Measurement

Macro

e.g. The Living Standards Framework, SDGs

Meso

e.g. Child poverty measures

Micro

e.g. Hospital waiting times, school achievement

Policy instruments controlled by a **Treasury** are **only one component** of the macro policy layer.

Policy

Macro

Overarching rules, funding, national targets, reporting requirements.

Examples: Budget strategy, legislation, national targets and priorities.

Meso

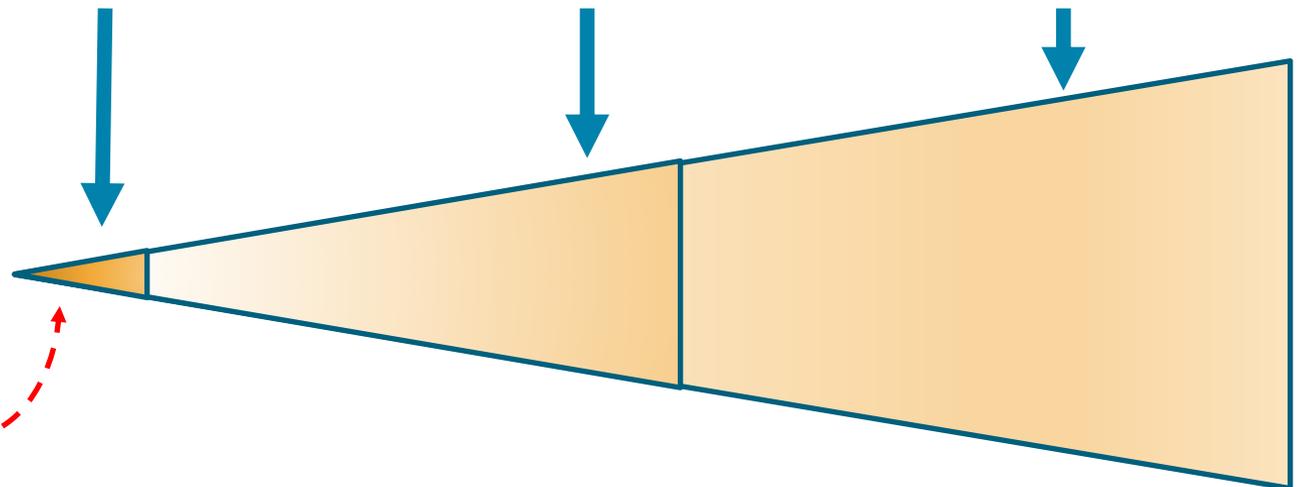
Sector approaches, operational strategy, agency policy, CBA assessments.

Examples: School curriculum policy, benefit rates, hospital priorities

Micro

Service delivery, evidence based interventions, local managers.

Examples: Individual school policies, training of case managers.



Informing Government priorities

MEASUREMENT

DATA

Indicators
Aotearoa
New
Zealand
(IANZ)

Stats NZ

*IANZ will
be a key
data source
but agencies
will also use
other data
sources*

AGENCY FRAMEWORKS AND REPORTING

INFORMATION, ANALYSIS, ADVICE

Child Poverty measures
Child Poverty Unit, DPMC

Child and Youth Wellbeing
Outcomes Framework
Child Wellbeing Unit, DPMC

Environmental Report
Ministry for Environment & Stats NZ

Social Report
Ministry of Social Development

LSF
The Treasury

Other agency frameworks

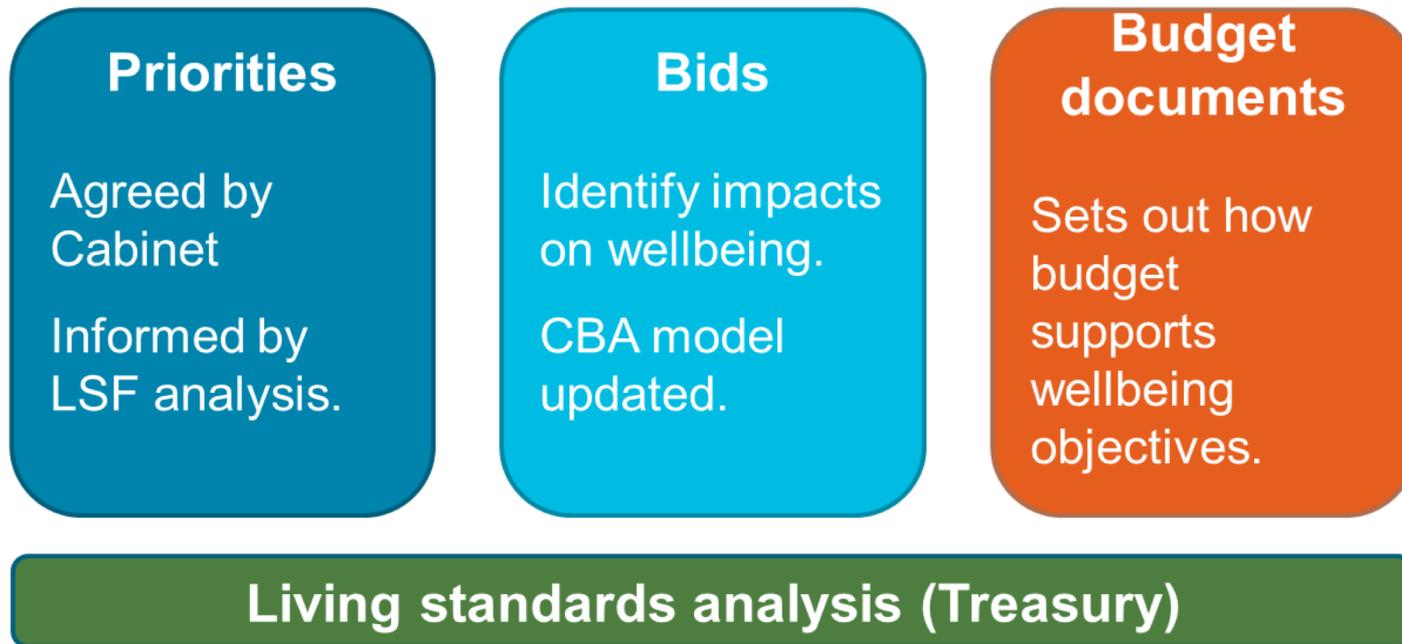
MINISTERIAL DECISIONS AND PRIORITIES

Cabinet and
Cabinet
Committees

Government
priority setting
and value
judgements

- **Budget Strategy**
- Strategic Policy
- Regulation

The Wellbeing Budget 2019



- Five priorities for 2019:
 - a sustainable and low-emissions economy
 - supporting digital participation
 - lifting Māori and Pacific incomes, skills, opportunities
 - reducing child poverty and family violence, improving child wellbeing,
 - supporting mental wellbeing

LSF v Wellbeing Budget

Living Standards Framework	Wellbeing Budget
Tool developed by the Treasury	Policy decisions made by Ministers
<i>The Treasury aims to provide broadly-focused advice to help governments make decisions that improve wellbeing</i>	<i>The Government allocates resources in its Budget using evidence from the Treasury's LSF and other sources</i>
<p>The LSF:</p> <ul style="list-style-type: none">• is an enduring framework• feeds into the Treasury's advice• illustrates trade-offs between policy options• helps the Government decide its policy priorities	<p>The Wellbeing Budget:</p> <ul style="list-style-type: none">• Sets out the Government's spending priorities• Uses indicators to make decisions (and, over time, measure their impact)• Requires departments/agencies to work together to deliver wellbeing objectives