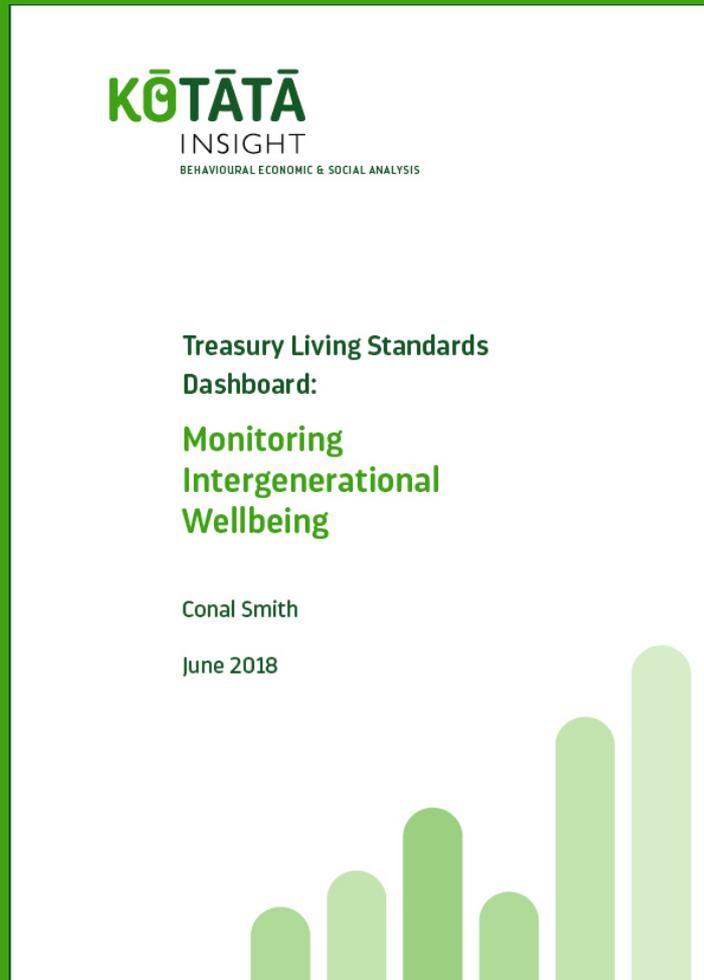


Treasury Living Standards Dashboard:  
Monitoring  
Intergenerational  
Wellbeing

Conal Smith

June 2018

# The Treasury Living Standards Dashboard

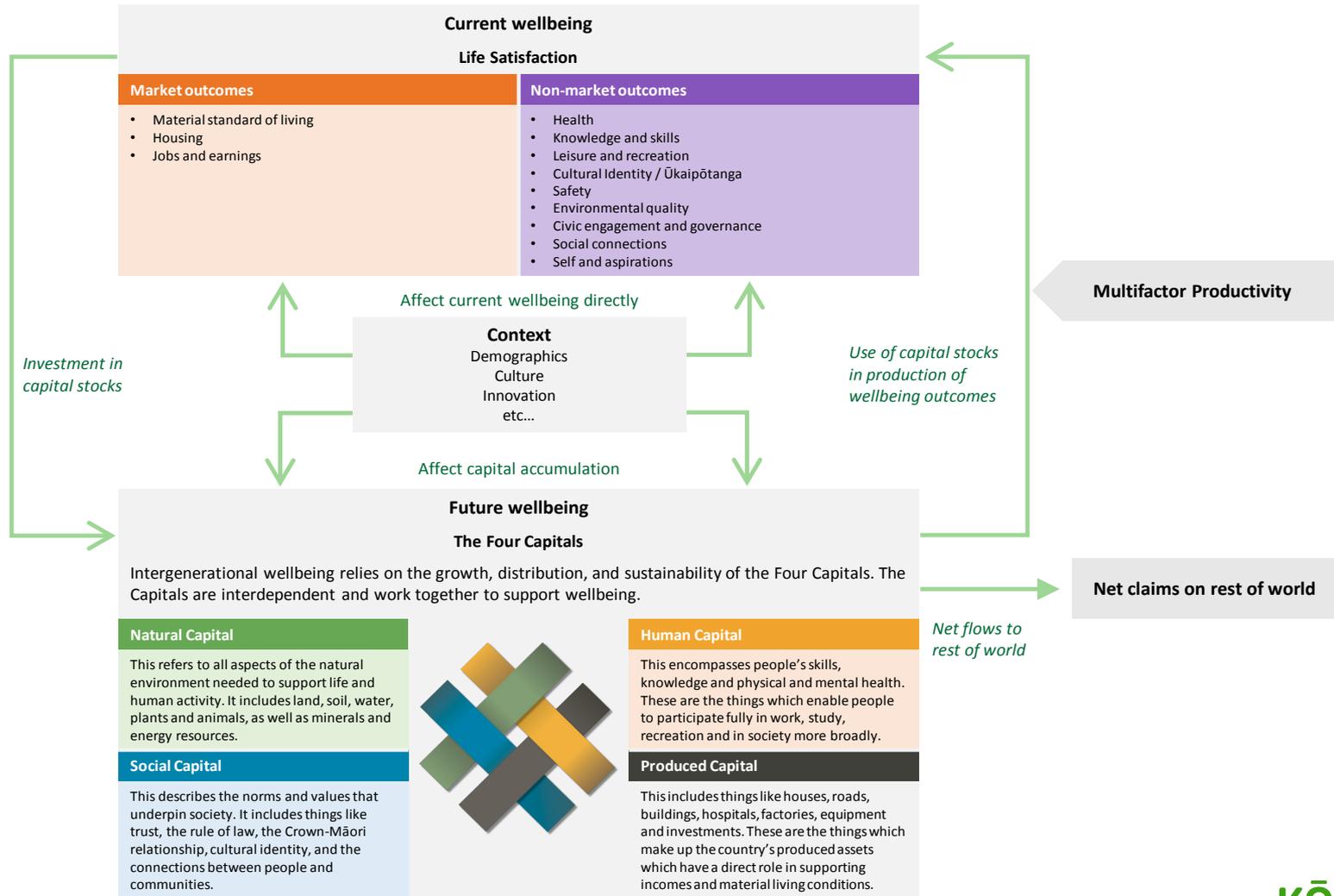


- A framework for measuring the wellbeing of New Zealanders
- A list of proposed indicators
- A proposal for reporting
- Recommendations on data and next steps

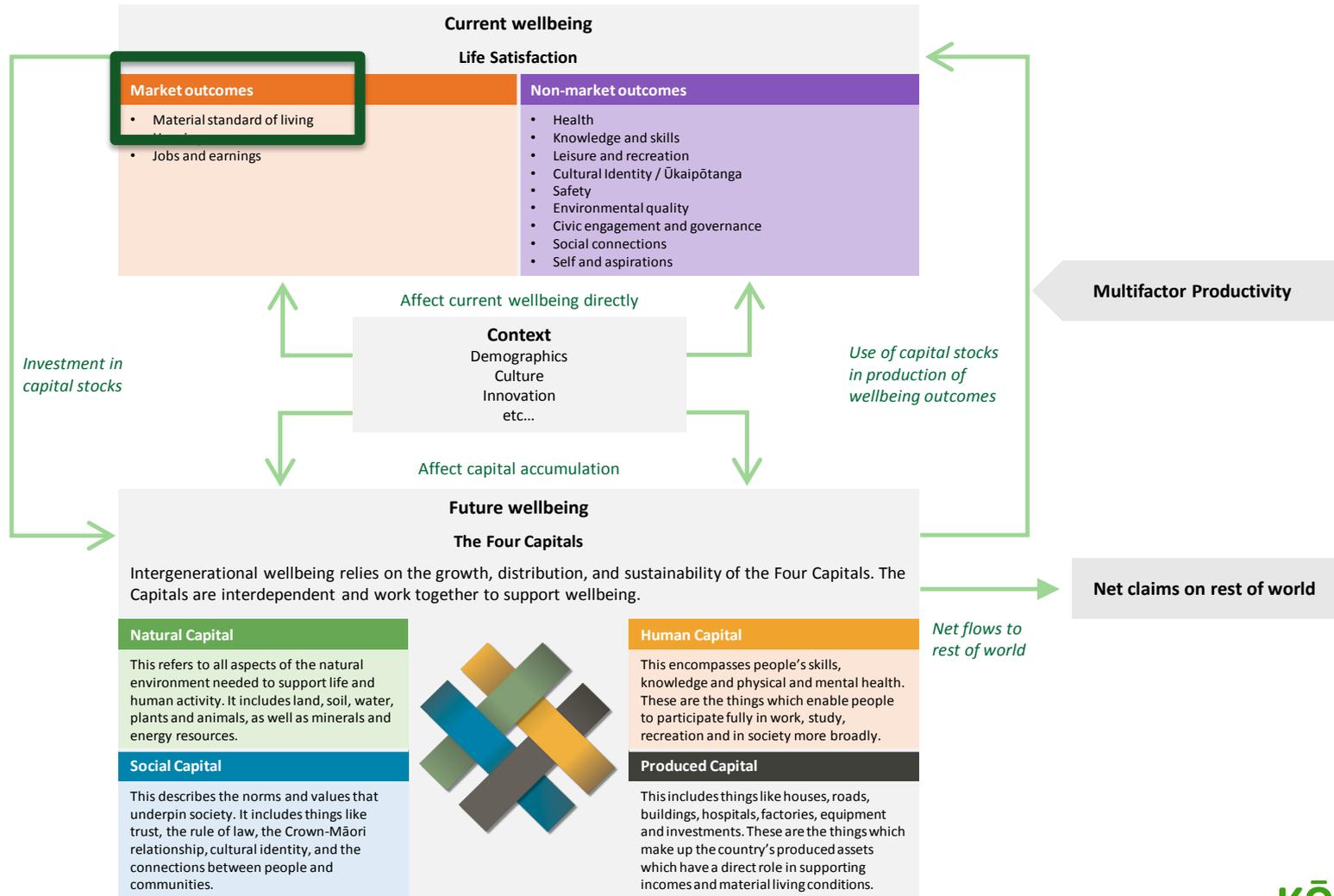
# Framework

- Tells us what to measure and shows how things fit together
- Consistent with standard economic frameworks
- Grounded in international standards (OECD, UNECE, Sen/Stiglitz/Fitoussi)
- Supported by good evidence from a range of different sources

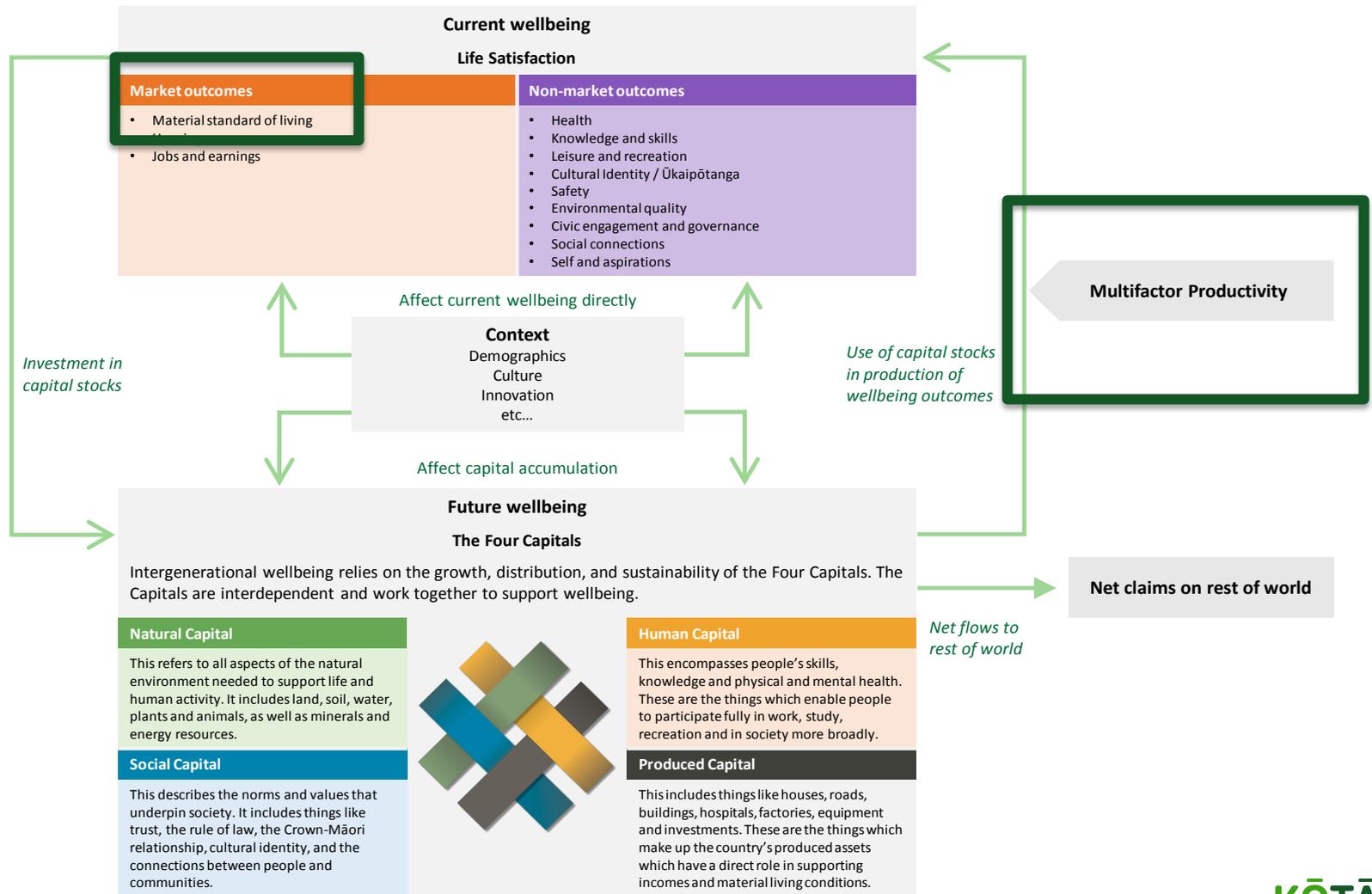
# Framework



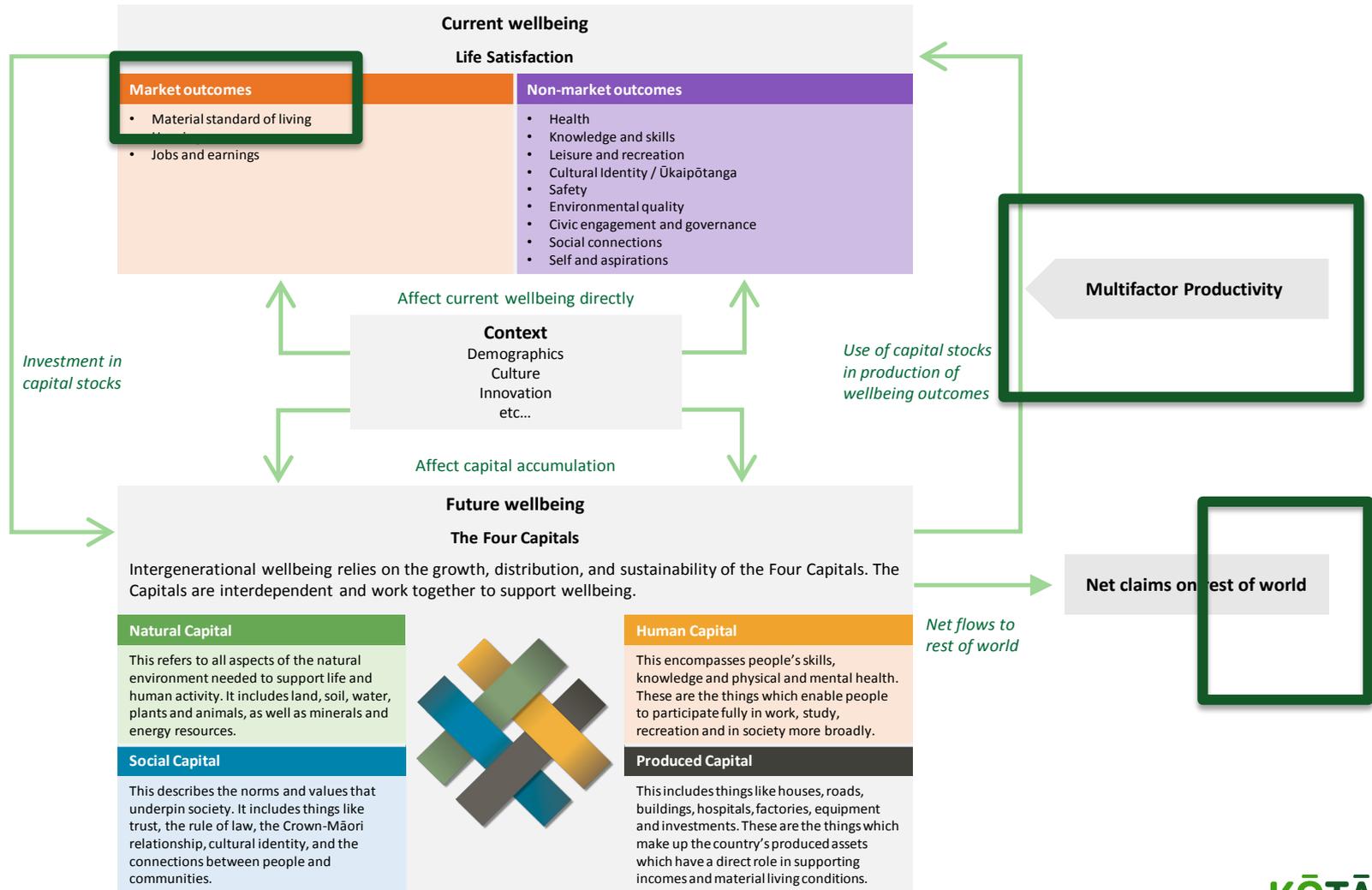
# Framework



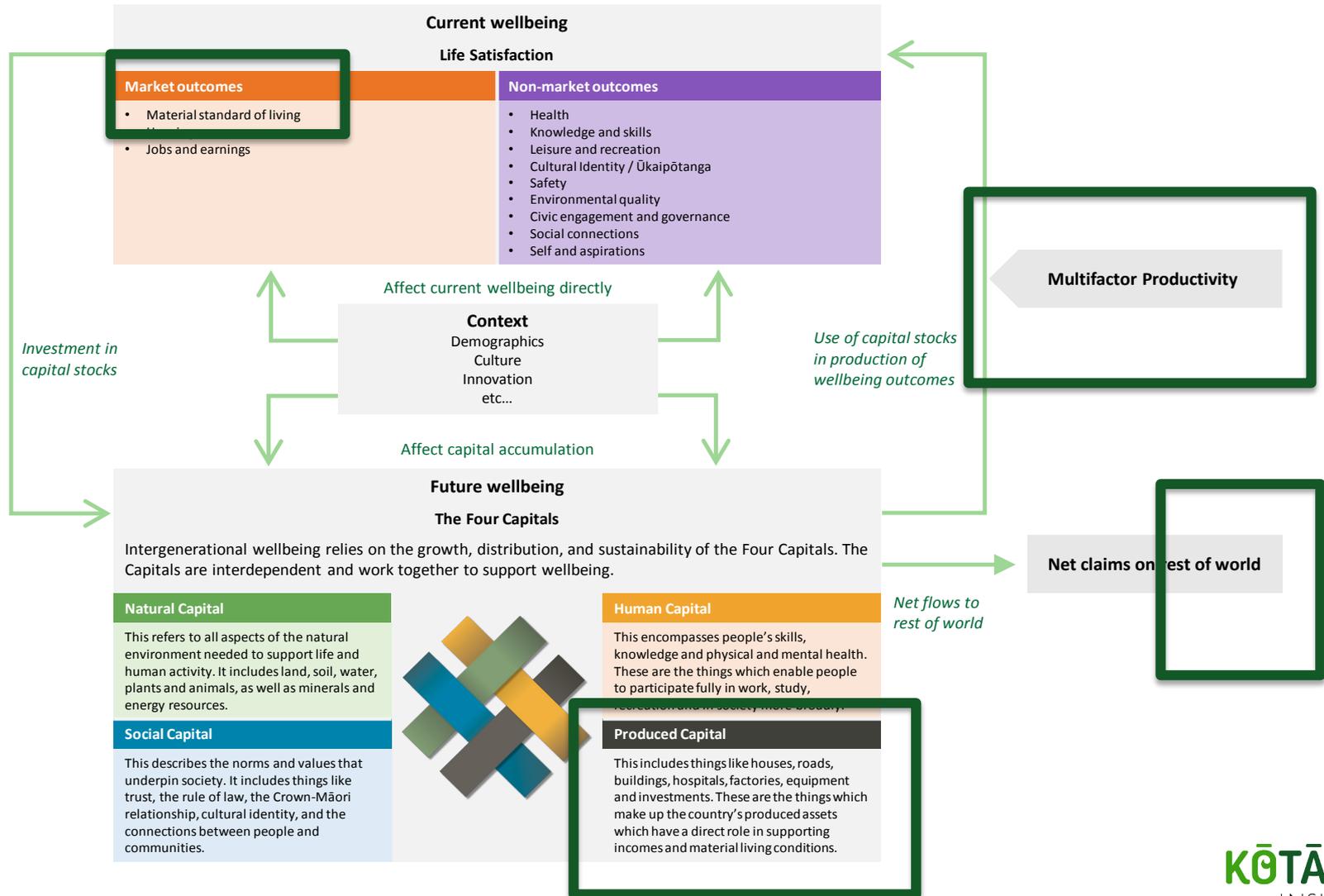
# Framework



# Framework



# Framework



# Current wellbeing

## Current wellbeing

### Life Satisfaction

#### Market outcomes

- Material standard of living
- Housing
- Jobs and earnings

#### Non-market outcomes

- Health
- Knowledge and skills
- Leisure and recreation
- Cultural Identity / Ūkaipōtanga
- Safety
- Environmental quality
- Civic engagement and governance
- Social connections
- Self and aspirations

# Current wellbeing

Current wellbeing	
Life Satisfaction	
Market outcomes	Non-market outcomes
<ul style="list-style-type: none"><li>• Material standard of living</li><li>• Housing</li><li>• Jobs and earnings</li></ul>	<ul style="list-style-type: none"><li>• Health</li><li>• Knowledge and skills</li><li>• Leisure and recreation</li><li>• Cultural Identity / Ūkaipōtanga</li><li>• Safety</li><li>• Environmental quality</li><li>• Civic engagement and governance</li><li>• Social connections</li><li>• Self and aspirations</li></ul>

The things that enable people to live the kinds of lives they have reason to value

# The capital stocks

## Future wellbeing

### 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.

#### 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, the Crown-Māori relationship, 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.

#### Produced Capital

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

# The capital stocks

## Future wellbeing

### 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.

#### 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, the Crown-Māori relationship, 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.

#### Produced Capital

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

The resources that together are used to produce wellbeing

# Productivity and trans-boundary issues

**Multifactor Productivity**

**Net claims on rest of world**

# Productivity and trans-boundary issues

**Multifactor Productivity**

How efficiently we are able to use the capital stocks

**Net claims on rest of world**

# Productivity and trans-boundary issues

## Multifactor Productivity

How efficiently we are able to use the capital stocks

## Net claims on rest of world

Trans-boundary impacts – we have claims on capital stocks held elsewhere and other countries have claims on New Zealand

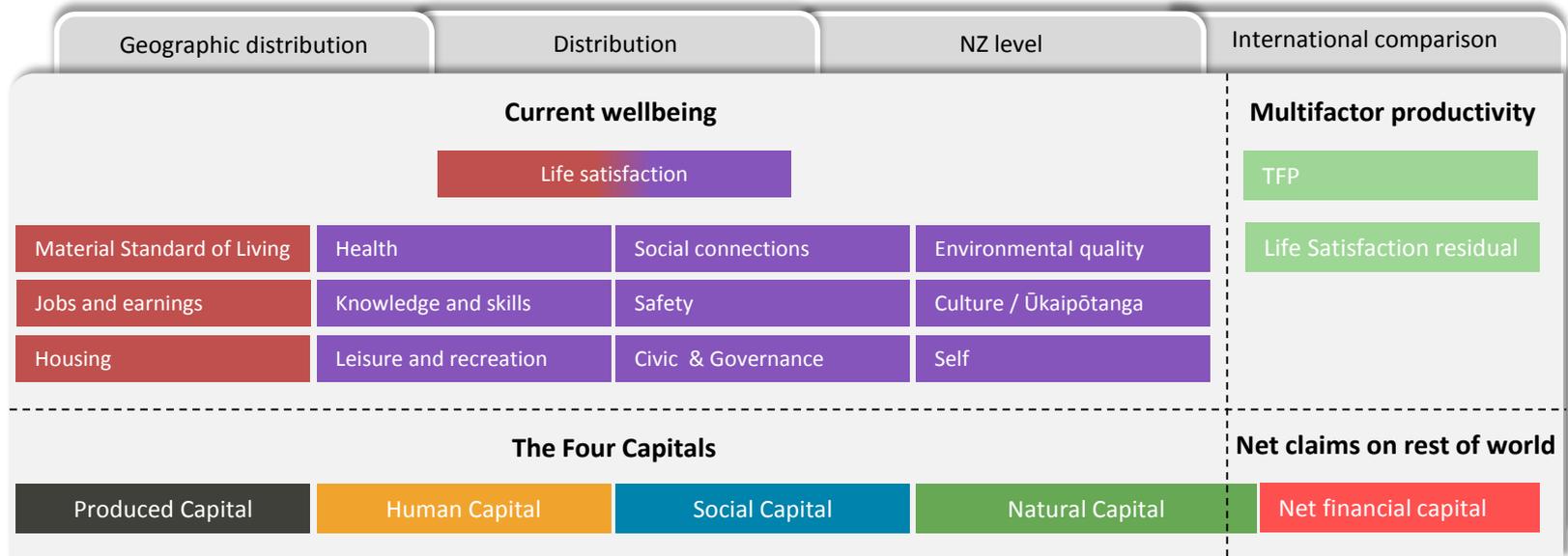
# Indicators

- Not a wellbeing index
  - There is no one number
  - The report recommends against a single dollar value
- A dashboard approach is recommended
  - Current wellbeing: 40 indicators
  - Capital stocks: 14 indicators (excluding natural capital)
  - Productivity: 2 indicators
  - Net claims on the rest of the world: 2 indicators

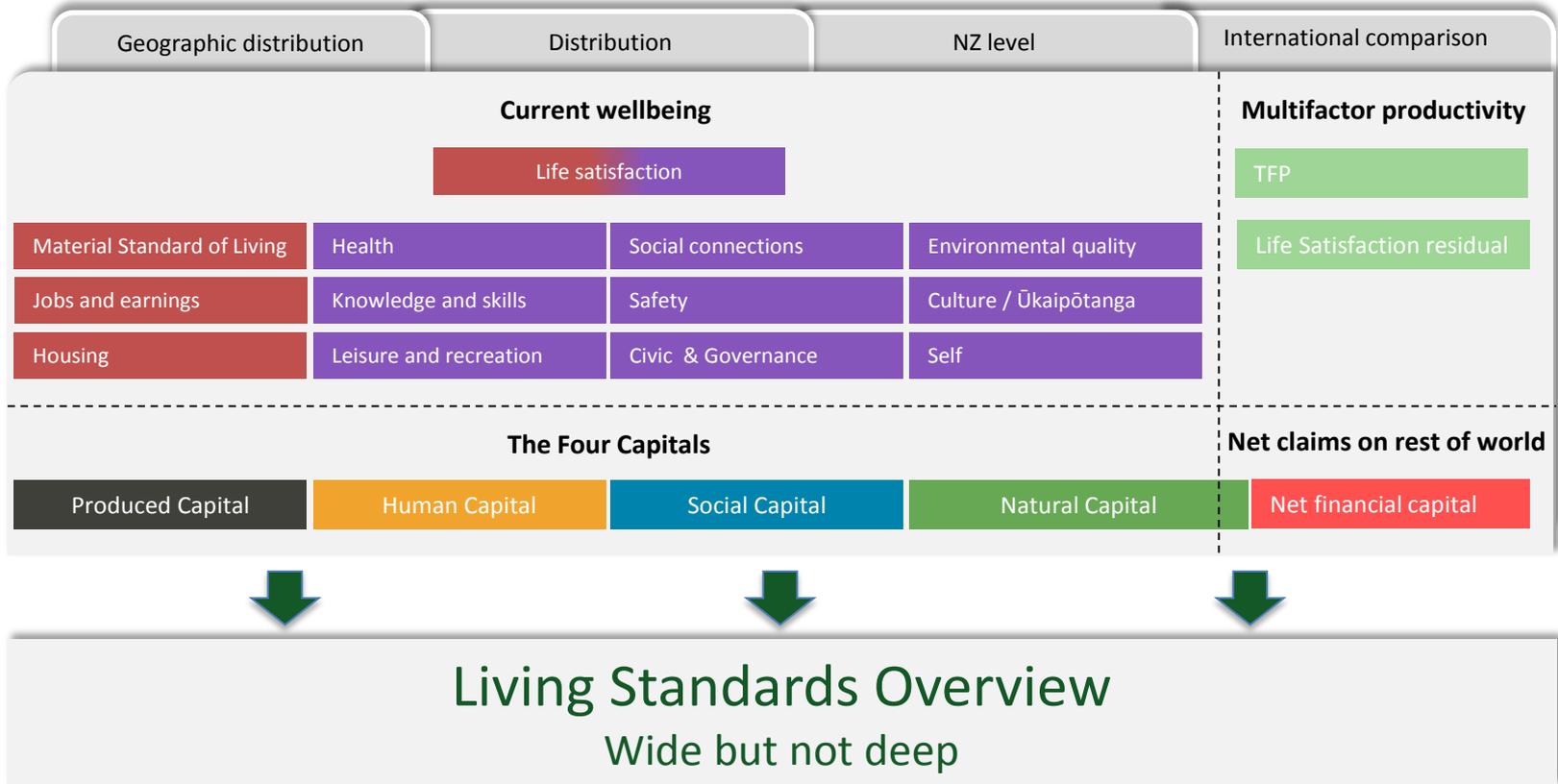
# Indicators

- For each indicator:
  - Level
  - Change over time
  - Distribution
- Distribution of outcomes includes:
  - Overall inequality of distribution
  - By population group
  - Deprivation and poor outcomes

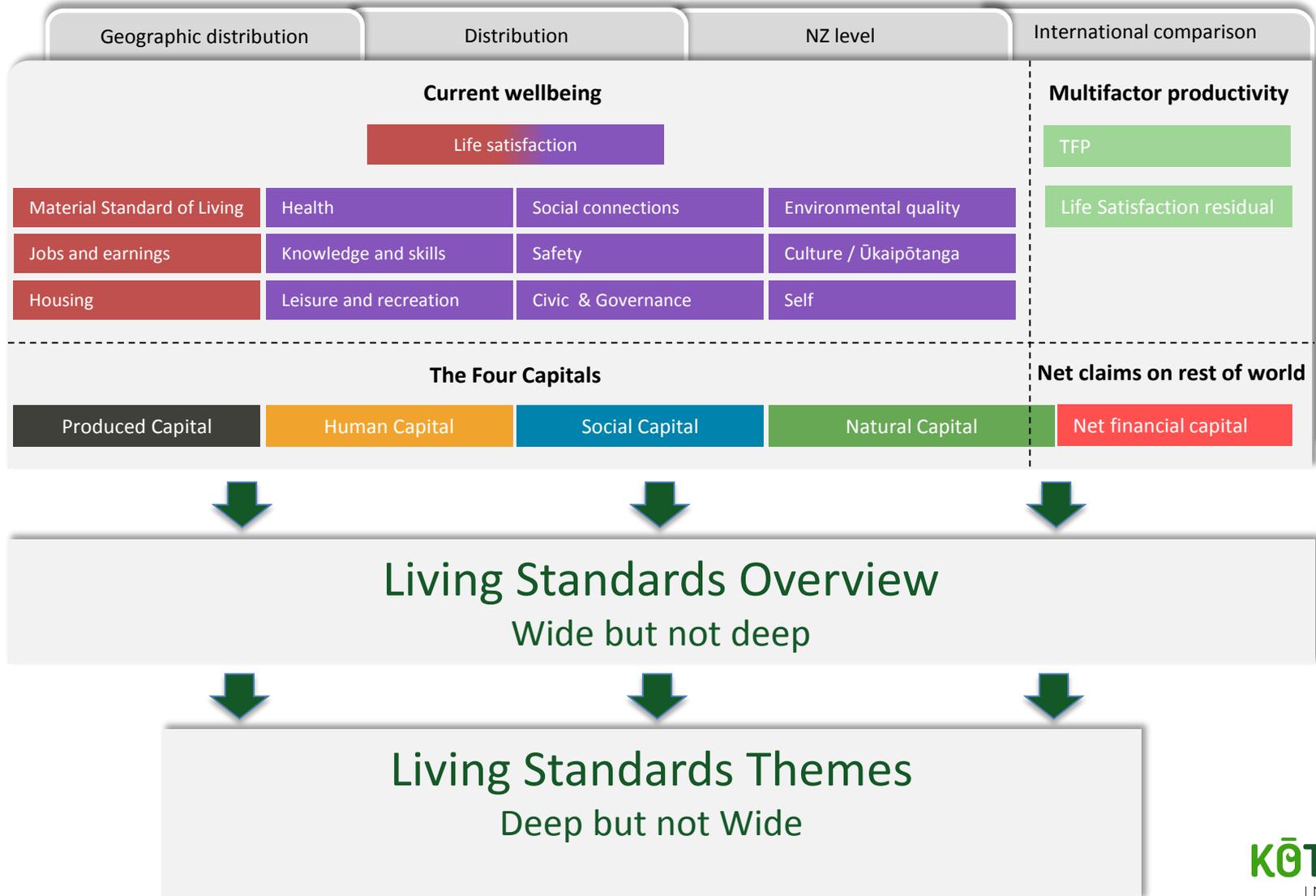
# The Living Standards Database



# The Living Standards Overview



# The Living Standards Themes



# Recommendations

- Treasury
  - A formal response
  - Support the development of an evidence base on the impacts of policy programmes on wellbeing
  - Update cost-benefit analysis advice to reflect recent developments in valuing non-market outcomes
- Statistics New Zealand
  - The paper supports reporting on New Zealand's progress
  - Consider the size and frequency of the New Zealand General Social Survey

# Recommendations

- Further work
  - Natural capital: both definition and measures
  - Productivity: going beyond income to measure New Zealand's productivity with respect to other domains of wellbeing
  - Incremental improvements to the wellbeing framework and indicators...

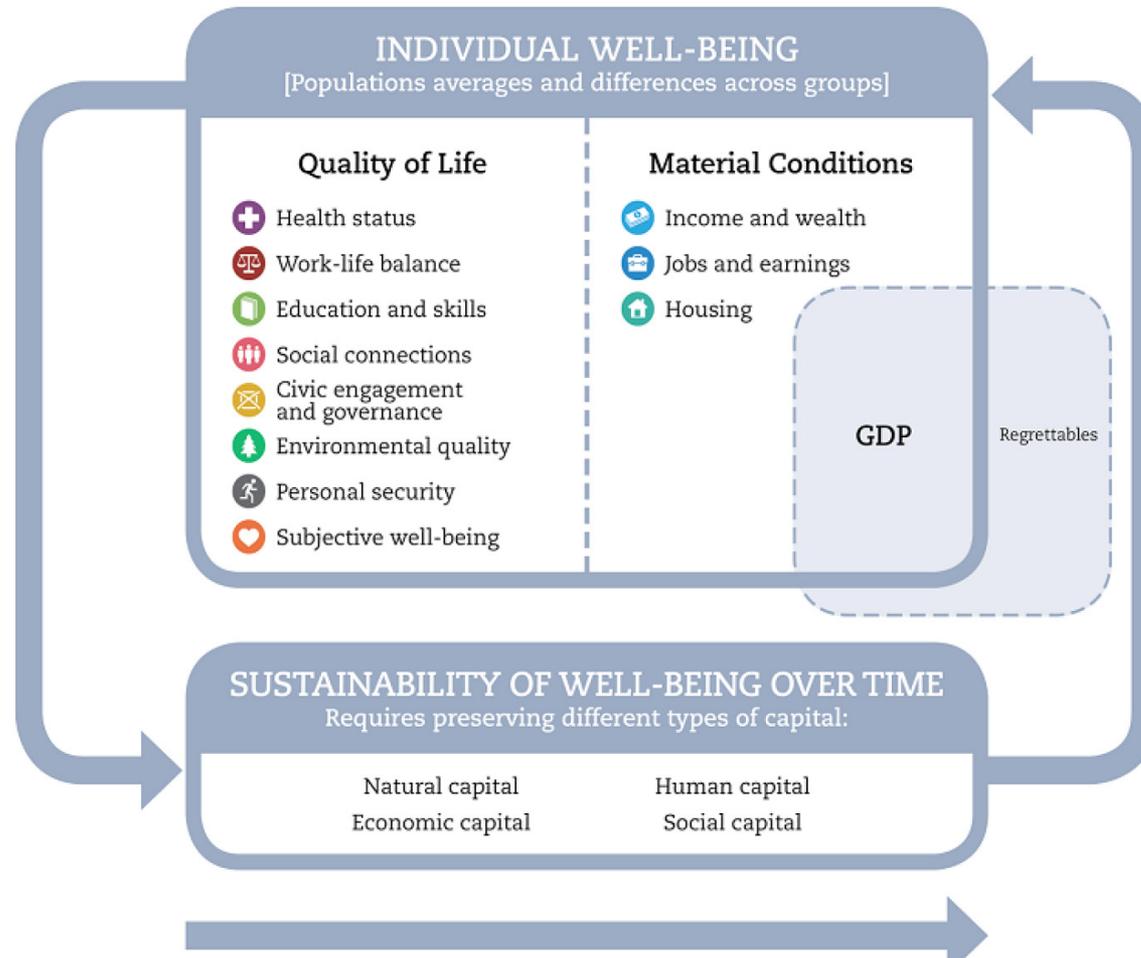
# Treasury Living Standards Dashboard



- The full report is available on the Treasury website (full URL below)
- Treasury will be seeking feedback before deciding how many of the report's proposals to adopt
- Consultation will take place from 7 June to 31 July
- Submissions: [cea@treasury.govt.nz](mailto:cea@treasury.govt.nz)

Url: <https://treasury.govt.nz/publications/commissioned-report/treasury-living-standards-dashboard-monitoring-intergenerational-wellbeing>

# Framework



Source: OECD, 2013