



TE TAI ŌHANGA  
THE TREASURY

# Te Tai Waiora:

## Wellbeing in Aotearoa New Zealand 2022

WORK TOWARDS THE TREASURY'S WELLBEING REPORT

12 April 2022  
Caralee McLiesh – Secretary to the Treasury

**Te Kāwanatanga o Aotearoa**  
New Zealand Government

# Acknowledgments

- Thank you for the support we have had in this process from many leading academics, members of civil society and colleagues in the wider public service. In particular our thanks:
  - To members of our LSF challenge group, Ganesh Nana, Arthur Grimes, Marilyn Waring, Linda Meade, and Kiwi Tamasese
  - To our wellbeing economists, Conal Smith, Paul Dalziel, Caroline Saunders, and Girol Karacaoglu
  - To Ngā Pūkenga – Sacha McMeeking, Rangimarie Hunia, Kura Moeahu, Temuera Hall, Naida Glavish, Rikirangi Gage and the late Piri Sciascia and Manuka Henare
  - To everyone in Stats NZ, other government agencies, and other organisations who have provided us with data and expert advice
  - And to our think tanks, the Parliamentary Commissioner for the Environment, Office of the Auditor General and everyone else who has engaged with us on the LSF over the past decade
- **Thank you, your contributions have been essential for our work.**

# Overview

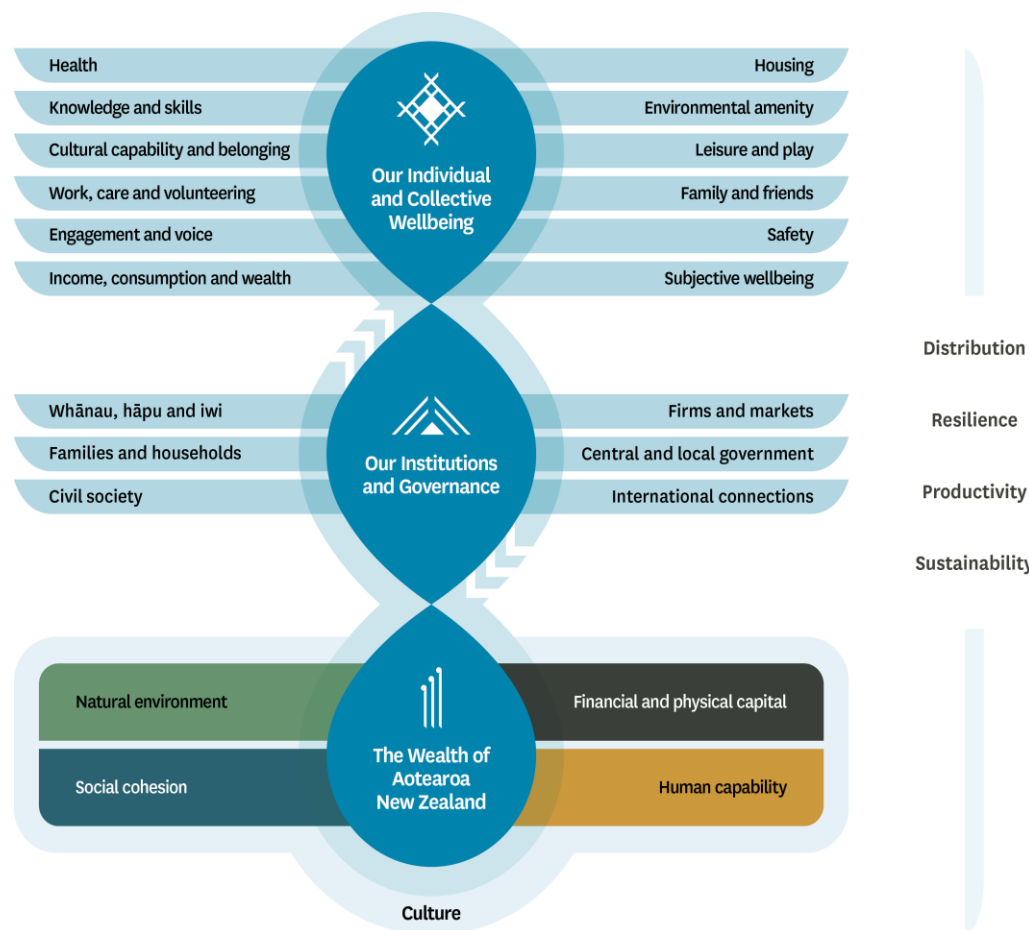
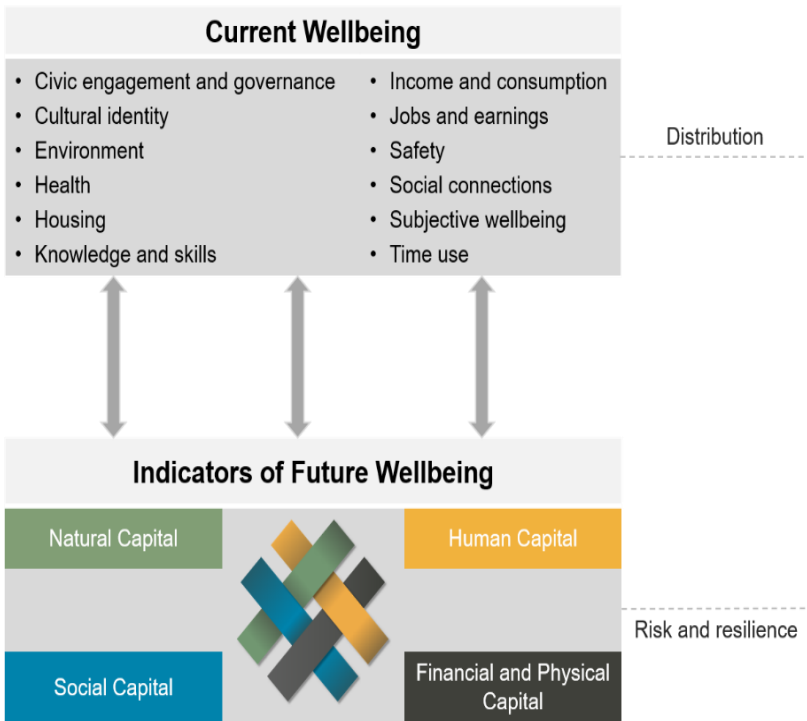
- **Today we launch a Wellbeing seminar series, as part of our approach to *Te Tai Waiora*, the Treasury's first Wellbeing Report—underpinned by:**
  - Our new, updated Living Standards Framework (LSF)
  - A new LSF Dashboard, released today
  - He Ara Waiora – Māori wellbeing framework
- ***Te Tai Waiora* will analyse the state of and trends in wellbeing in New Zealand**
  - Today we have published the first in a series of background reports in the lead up to *Te Tai Waiora* – looking at long-term trends across the wellbeing domains
  - We will also explore the impacts of COVID-19 on wellbeing
- ***Te Tai Waiora* will also explore sustainability and risks to wellbeing**
  - Resilience of institutions
  - Measures of wealth—natural environment, human capability, social cohesion
  - Distribution of wellbeing
- ***Te Tai Waiora* helps take us toward a long-term, intergenerational focus on wellbeing in policy and investment decisions**

# The 2021 Living Standards Framework

LSF2018



LSF2021



# A new level to the LSF—our institutions and governance



# Living Standards Framework – Dashboard Indicators



## Our Individual and Collective Wellbeing



## Our Institutions and Governance



## The Wealth of Aotearoa New Zealand

### Cultural capability and belonging

- Ability to express identity
- Arts participation
- Māori connection to marae
- Multilingualism
- Sense of belonging – adults
- Sense of belonging – youth
- Te reo Māori speakers

### Engagement and voice

- Having a say in government
- Perception of public influence
- Voter turnout in general elections
- Voter turnout in local elections

### Environmental amenity

- Access to the natural environment
- Drinking water management
- Droughts
- Health impacts of air quality
- Perceived environmental quality
- Swimmability (rivers)

### Family and friends

- A place to stay
- Face-to-face contact
- Feeling loved
- Loneliness
- Social network support
- Someone to turn to

### Health

- Health status
- Life expectancy at birth
- Mental health
- Suicide rate
- Unmet health needs

### Housing

- Household crowding
- Housing cost – deposit affordability
- Housing cost – mortgage affordability
- Housing cost – rent affordability
- Housing cost – share of income
- Housing quality

### Income, consumption and wealth

- Child poverty – material hardship
- Consumption
- Disposable income
- Financial wellbeing
- Food insecurity
- Household net worth

### Knowledge and skills

- Cognitive skills at age 15
- Educational attainment of the adult population (tertiary)
- Educational attainment of the adult population (upper secondary)
- Regular school attendance

### Leisure and play

- Leisure and personal care
- Participation in sport and recreation
- Satisfaction with work-life balance

### Safety

- Childhood injuries
- Family violence
- Feeling safe
- Intentional homicide rate
- Road toll
- Workplace accident rate

### Subjective wellbeing

- General life satisfaction
- Sense of purpose in one's life

### Work, care and volunteering

- Employment rate
- Hourly earnings
- Involvement in the community
- Unemployment rate
- Unpaid work
- Volunteering
- Youth NEET rate

### Central and local government

- Net core Crown debt
- Perceived corruption
- Trust in government institutions

### Civil society

- Non-profit operating surplus
- Volunteering

### Families and households

- Family wellbeing
- Household indebtedness

### Firms and markets

- Activity outlook
- Banking system capital
- Business turnover
- Multifactor productivity growth
- R&D expenditure

### International connections

- Inward foreign direct investment
- Outward foreign direct investment
- Terms of trade
- Total trade to GDP ratio

### Whānau, hapū and iwi

- Māori connection to marae
- Whānau wellbeing

### Financial and physical capital

- Gross fixed capital formation
- Net intangible fixed assets
- Net international investment position
- Total net fixed assets

### Human capability

- Cognitive skills at age 15
- Educational attainment of the adult population (upper secondary)
- Healthy life expectancy
- Non-communicable diseases
- Te reo Māori speakers

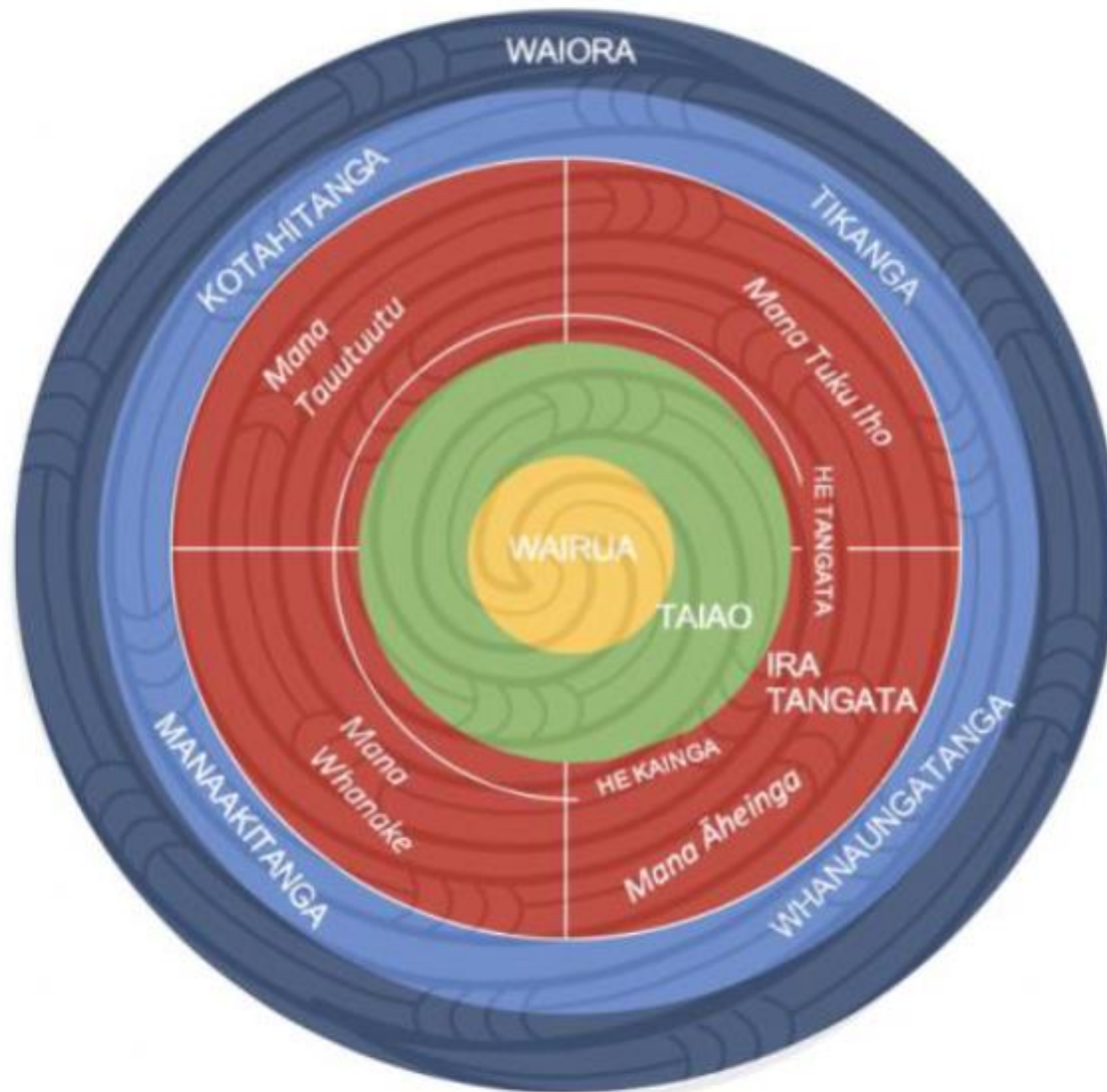
### Natural environment

- Average temperature
- Biodiversity and genetic resources
- Coastal sea-level rise
- Net greenhouse gas emissions
- Renewable energy
- River health
- Soil quality
- Fish stocks
- Groundwater stocks
- Timber stocks

### Social cohesion

- Ability to express identity
- Discrimination
- Sense of belonging
- Trust held in others

# He Ara Waiora will also underpin *Te Tai Waiora*



# Te Tai Waiora - our first Wellbeing Report

## Wellbeing Report

- A new requirement for Treasury under the Public Finance Act.
- Published at least every 4 years
- Using its 'best professional judgement', the Treasury must describe using indicators:
  - a. the state of wellbeing in New Zealand
  - b. how the state of wellbeing has changed over time
  - c. the sustainability of, and any risk to, the state of wellbeing

## Treasury's Stewardship Reports

	Current state of play, risks and how we got here	Future challenges and opportunities
Government (fiscal)	Investment Statement	Long Term Fiscal Statement Long Term Insights Briefing
New Zealand (broad economy)	Wellbeing Report	Economic Narrative



*A broader, longer term view of policy and investment*



# Our 'Wellbeing trends report' shows mixed results

	Worsening	Steady	Improving
Strengths	<ul style="list-style-type: none"><li>• Life satisfaction</li><li>• Self-reported health</li><li>• Loneliness</li></ul>	<ul style="list-style-type: none"><li>• Adult skills</li><li>• Engagement and voice</li><li>• Social support</li></ul>	<ul style="list-style-type: none"><li>• Employment</li><li>• Air quality</li></ul>
Weaknesses	<ul style="list-style-type: none"><li>• Psychological distress</li><li>• School achievement and attendance</li></ul>	<ul style="list-style-type: none"><li>• Rental affordability</li><li>• NEET rates</li><li>• Suicide rates</li></ul>	<ul style="list-style-type: none"><li>• Safety</li><li>• Incomes</li><li>• Riverine E.coli</li><li>• Long hours of work</li></ul>

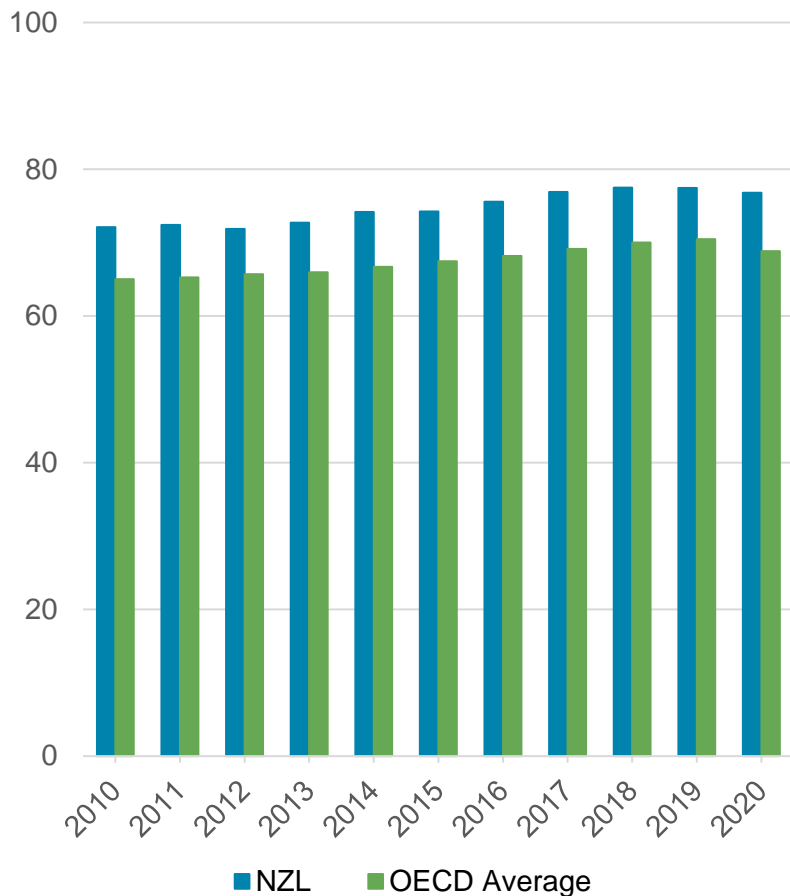
# Different New Zealanders have very different experiences of wellbeing

- **Māori and Pacific people** have high wellbeing in some domains but have experienced persistent gaps in some key wellbeing domains over time
- **Gender equity** is complex with many women doing well - and many men not so well - depending on other characteristics. For example, sole parents (80% of whom are women) have much lower levels of wellbeing
- **People with disability** experience low wellbeing on a range of measures
- **Older New Zealanders** tend to do better than younger Kiwis across many dimensions of wellbeing

# We have high employment rates but only average NEET rates

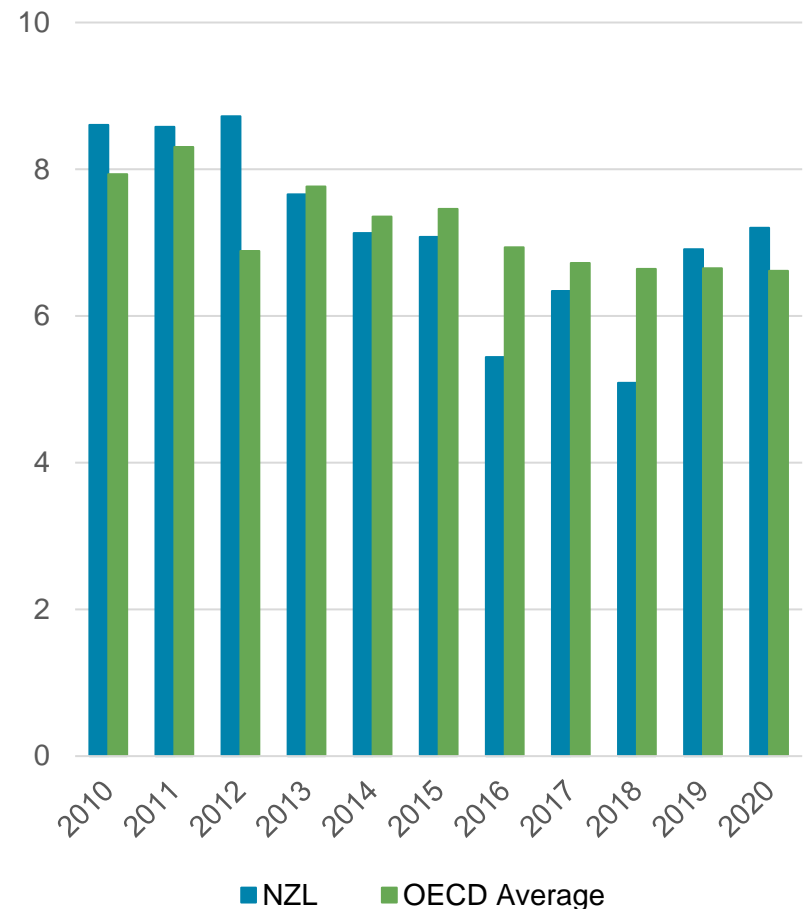
## Employment rate total

% of working age population



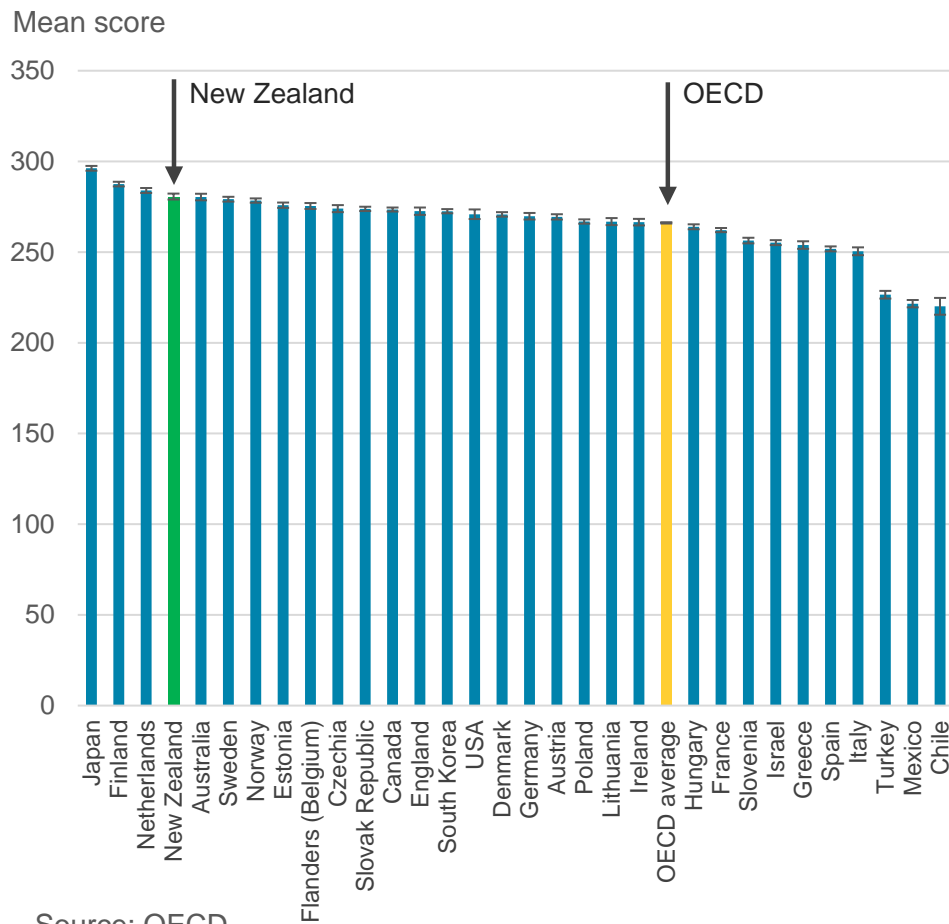
## NEET rate 15-19 year-olds

% in same age group

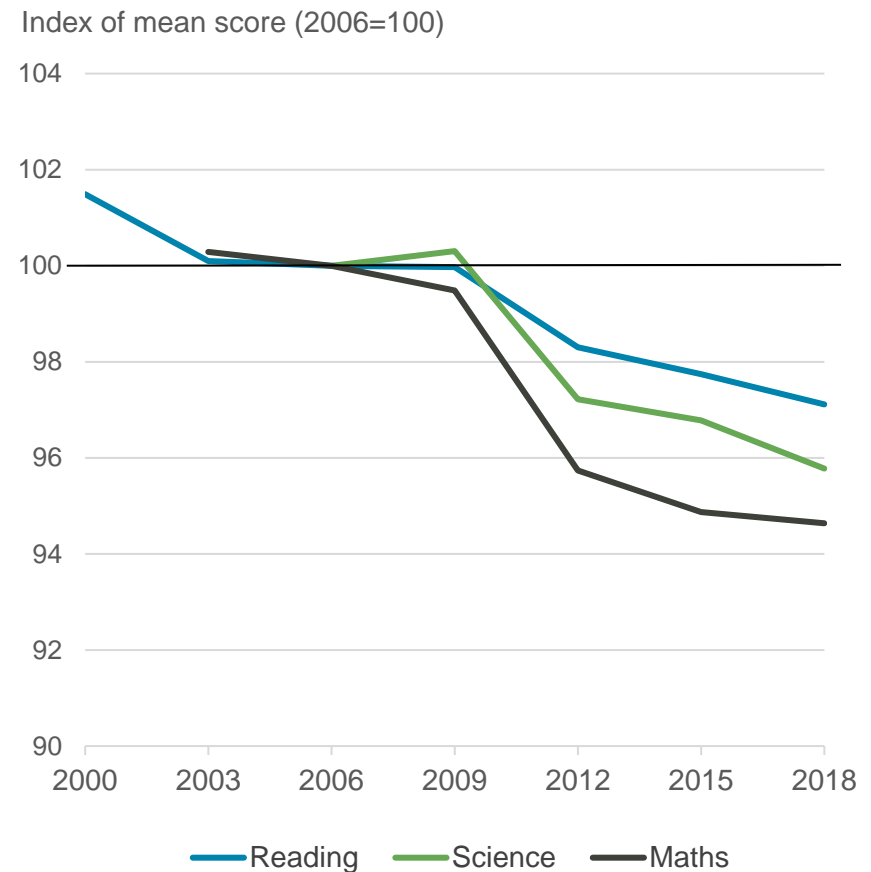


# While adult skills are relatively high, school achievement is declining

## Average scores for adult literacy across OECD, 2018

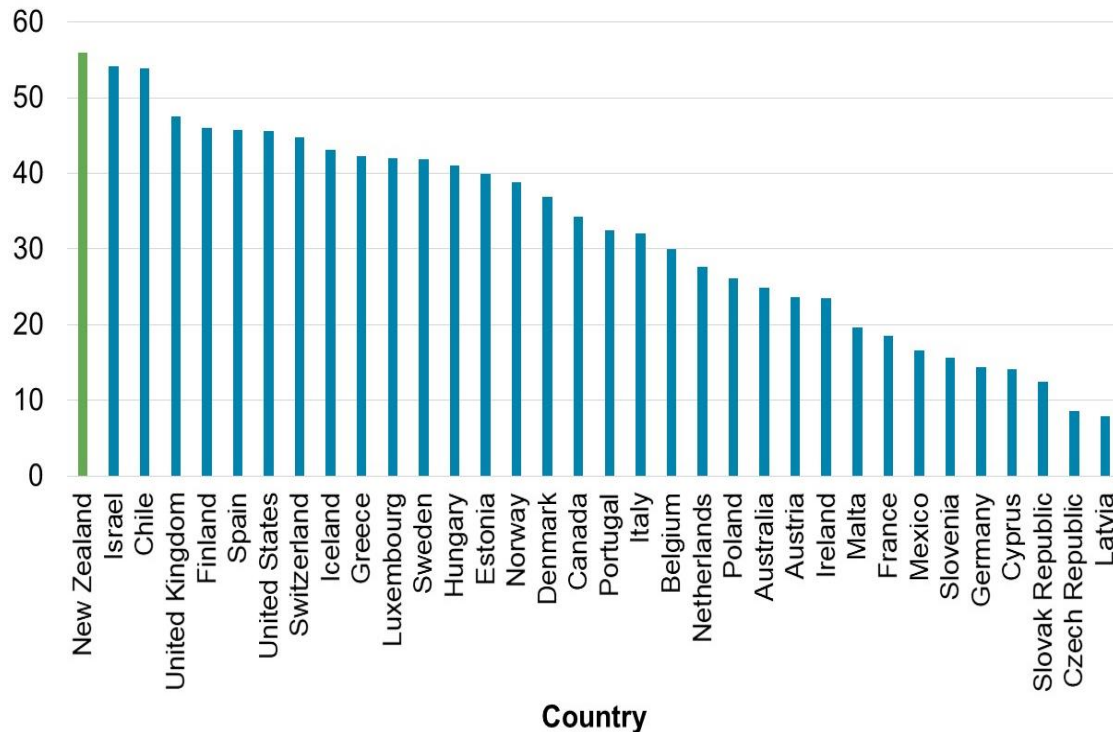


## Trends in average PISA scores for New Zealand over time



# As renters, young people are experiencing worse housing outcomes

% of renting households in the lowest income quintile spending more than 40% of their income on housing costs



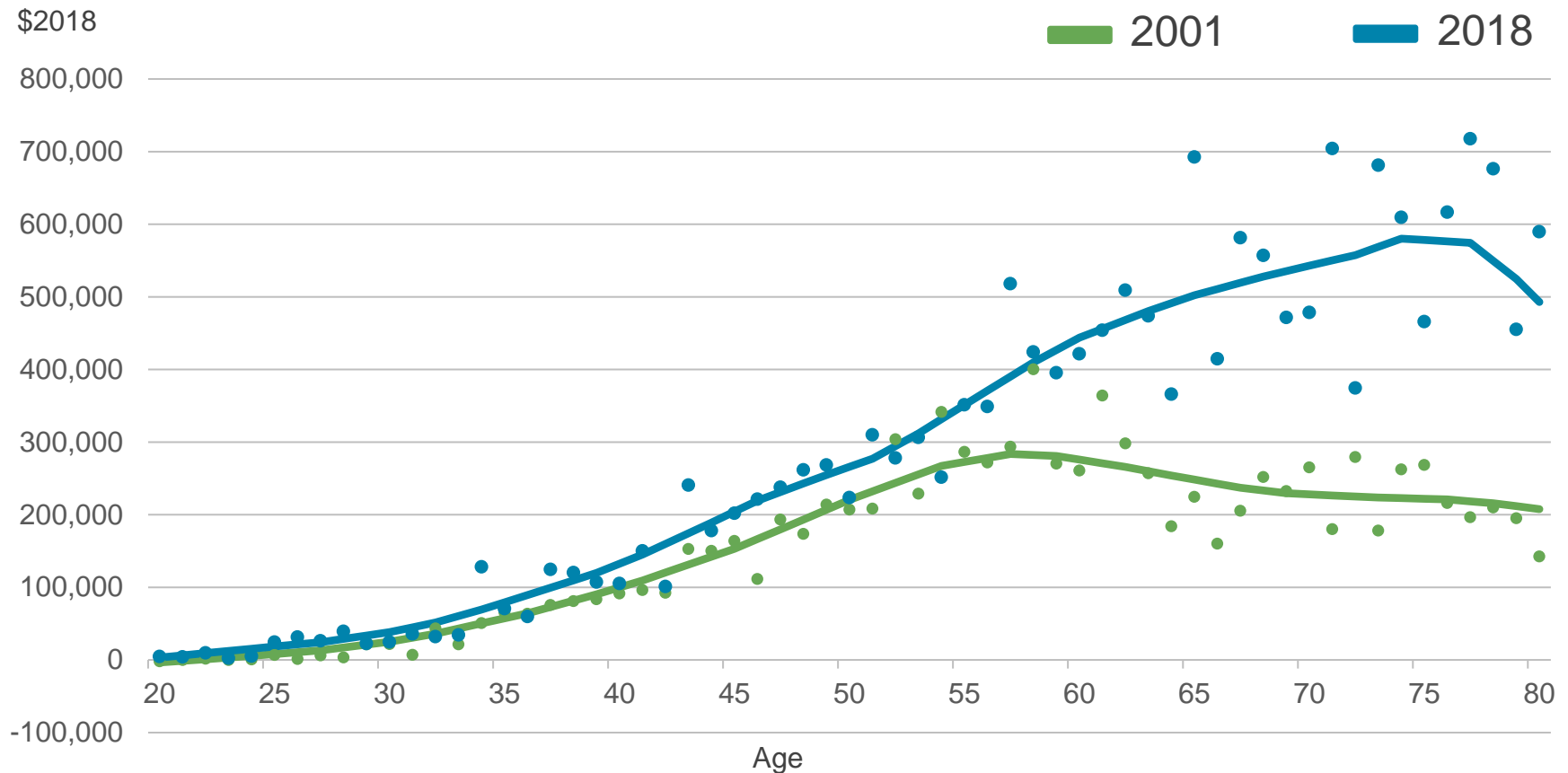
Source: OECD

**Young people are less likely to own their home than in the past. This matters because:**

- Renters pay a greater proportion of their income on housing on average (e.g. over half of renters in the bottom income quintile spent more than 40% of their income on rent in 2019, the highest in the OECD)
- Rentals are also more likely to be crowded, less healthy and less stable (e.g. over a third of children living in rentals live in a mouldy dwelling)

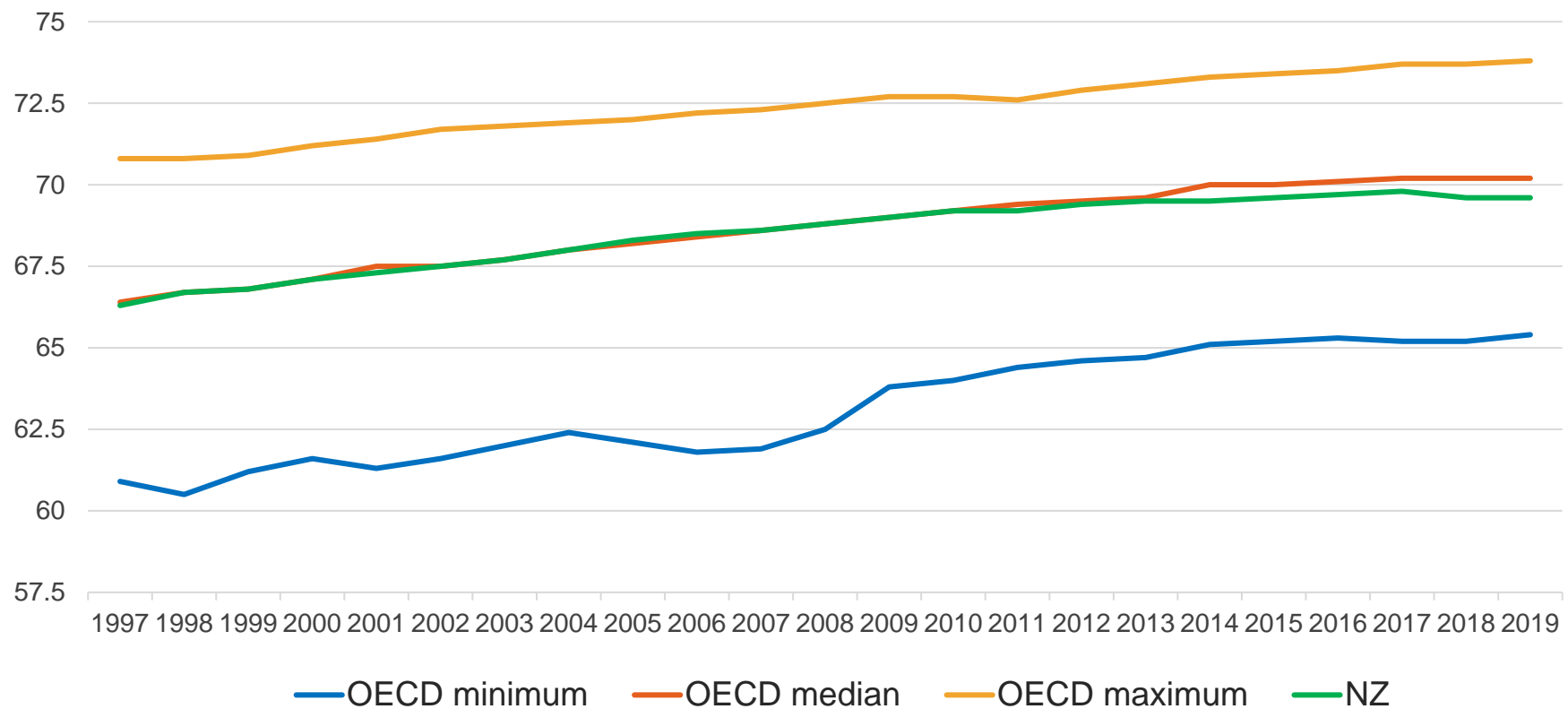
# Growing intergenerational wealth inequality

## Median wealth by age in 2001 and 2018



# Increases in healthy life expectancy seem to be flattening out

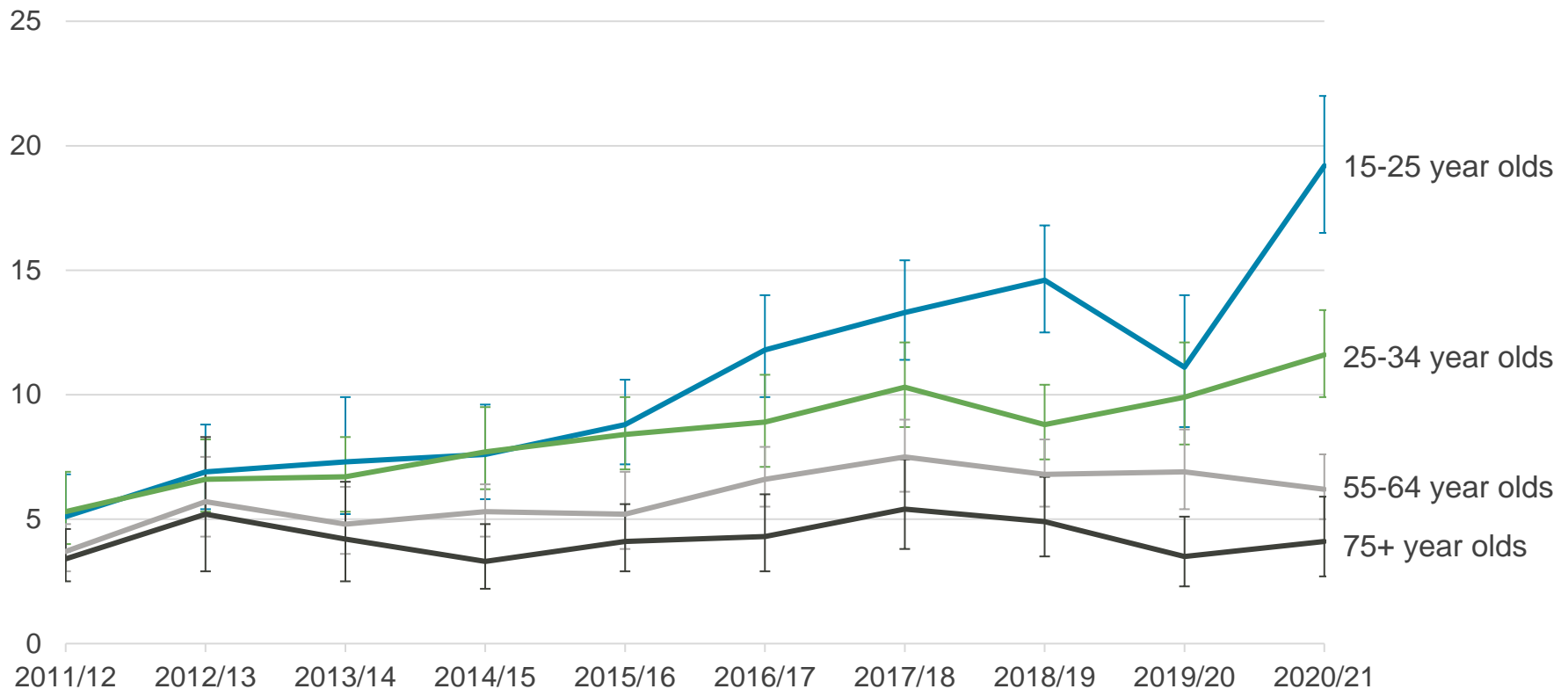
Healthy life expectancy for people aged under 1  
across the OECD over time



# We see increasing levels of psychological distress

## Psychological distress by selected age groups

% of New Zealanders experiencing high or very high levels of psychological distress



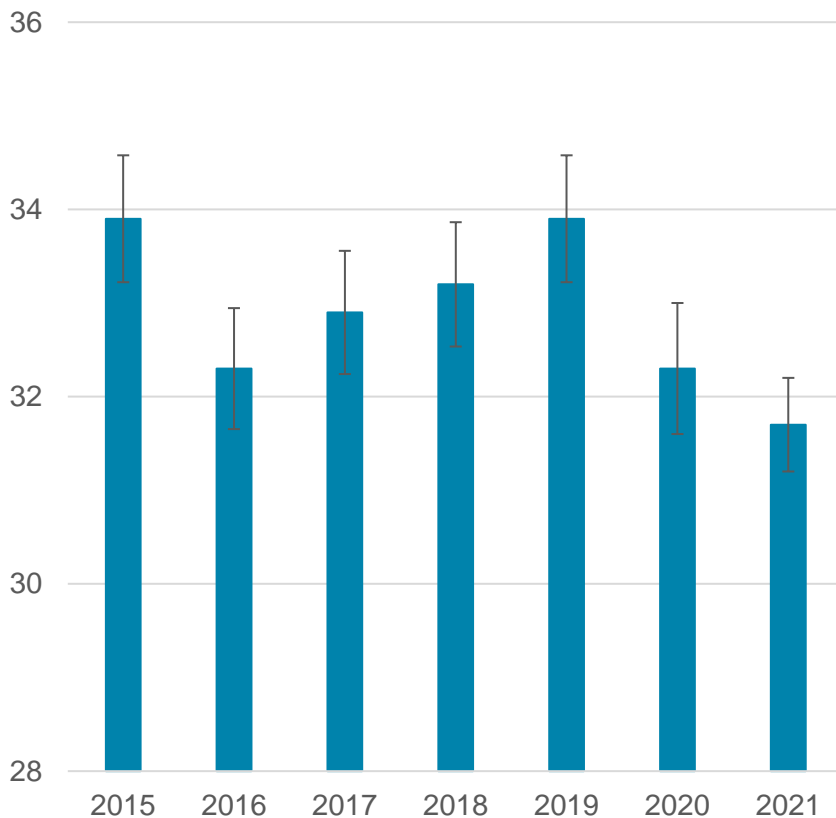


# Wellbeing in the pandemic

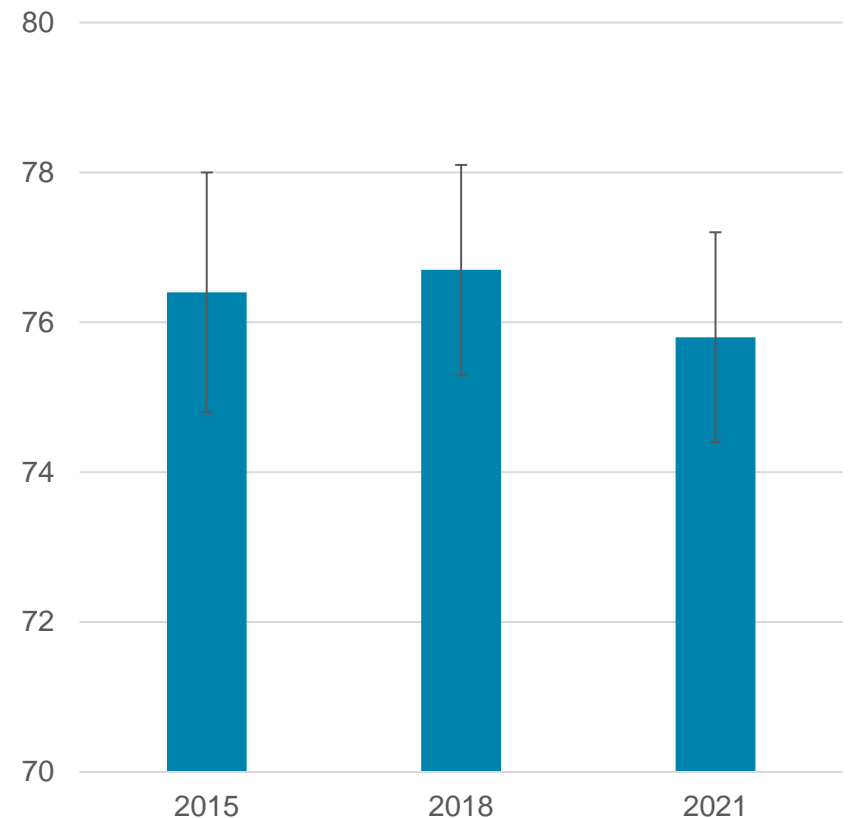
- COVID-19 reinforced the importance of a wellbeing approach
- We will update *He Kāhui Waiora*—our July 2020 rapid review of wellbeing evidence in the pandemic—to better understand how COVID-19 has impacted living standards.
- To date, New Zealand’s experience of the pandemic has been good in relative terms, but:
  - There are economic challenges and constraints to adapt to
  - Experiences have differed across sectors and across New Zealanders
  - There may be potential longer-term wellbeing impacts to manage

# Inequality appears relatively stable or declining over the pandemic

## Gini Coefficient Income (index)



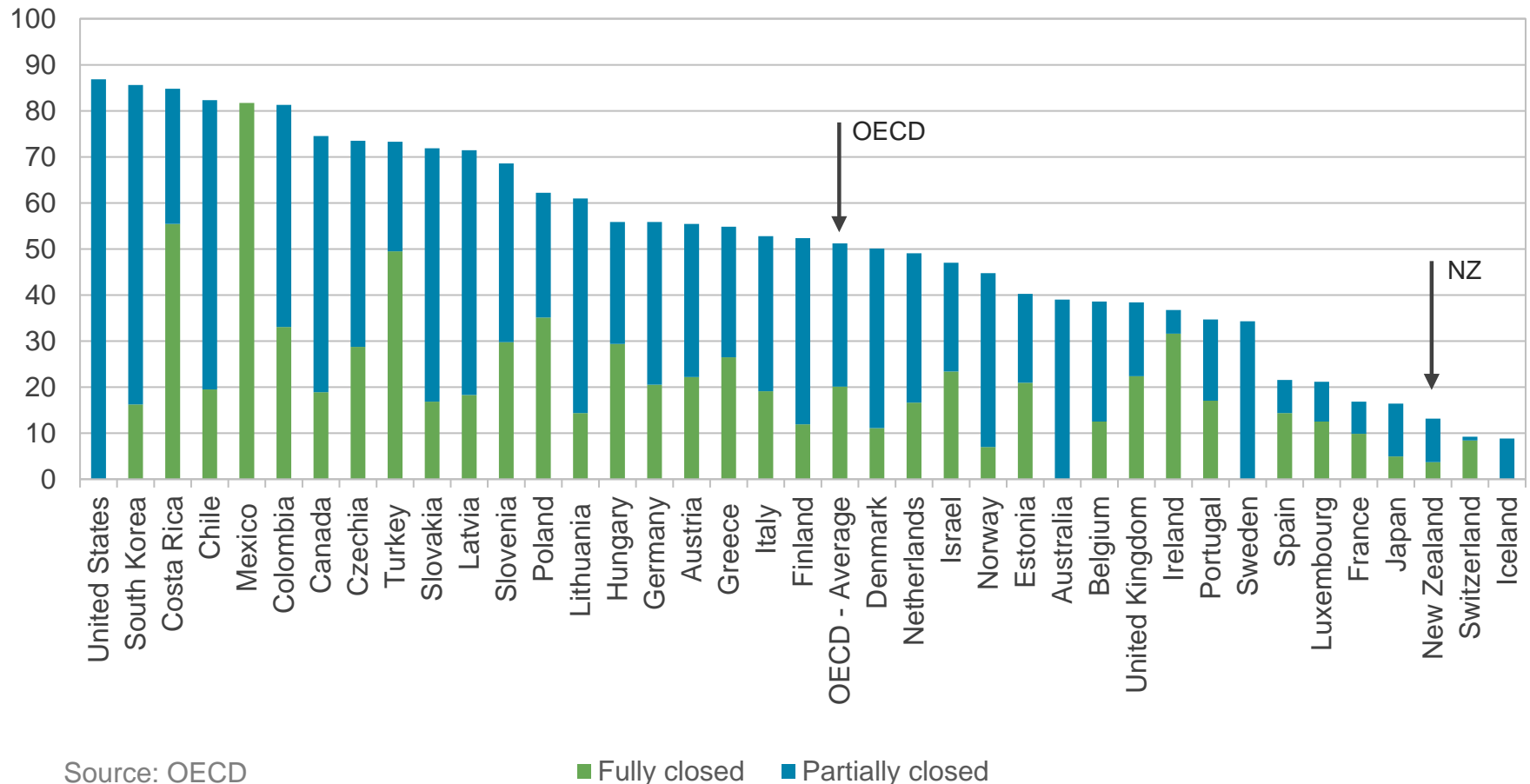
## Gini Coefficient Individuals' net worth (index)



# There may be longer-term impacts on wellbeing from COVID through education disruptions

## School closures during the pandemic

% of days schools were closed due to COVID, March 2020 to June 2021

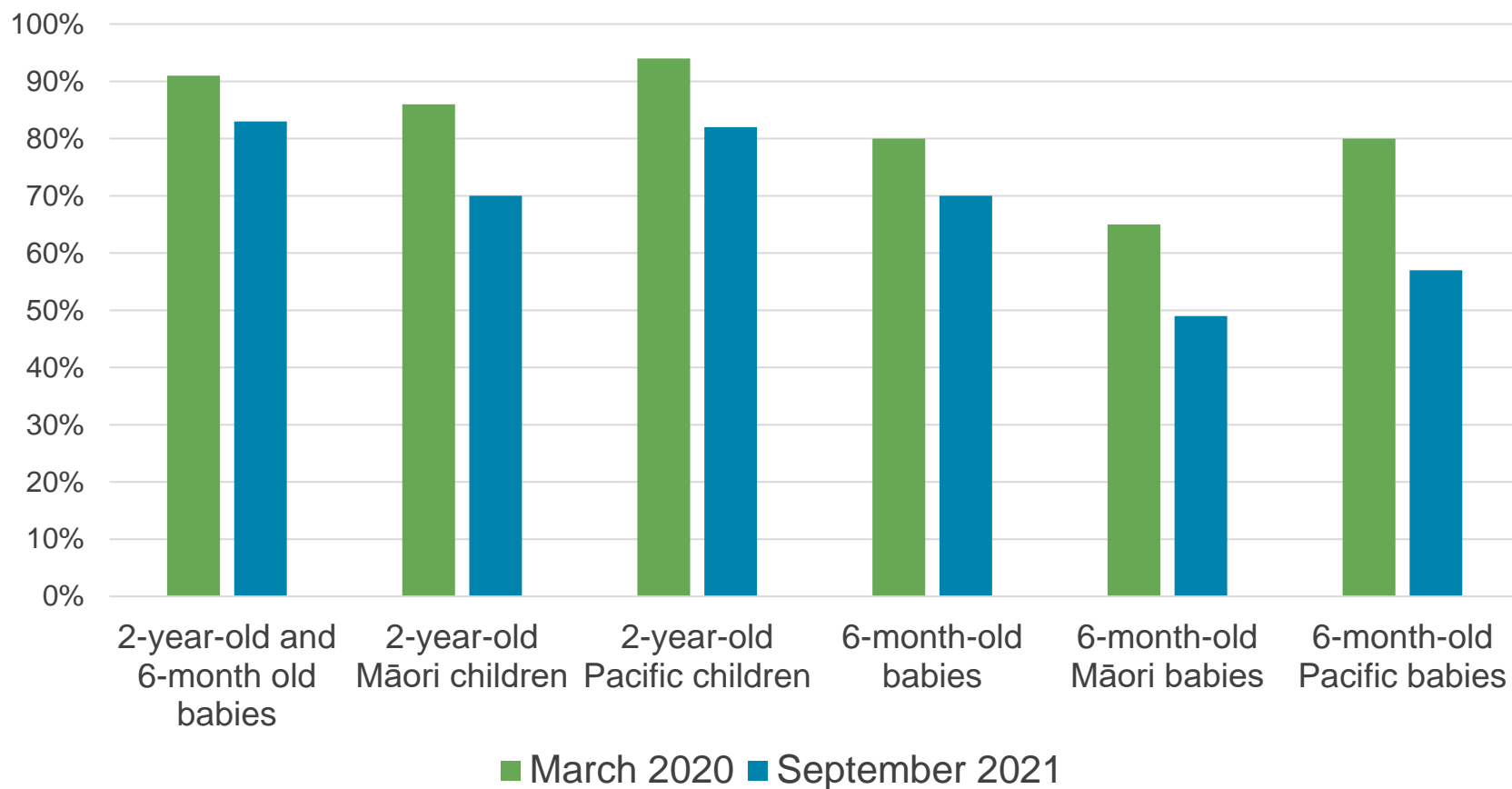


Source: OECD

■ Fully closed ■ Partially closed

# And there have been disruptions to health services

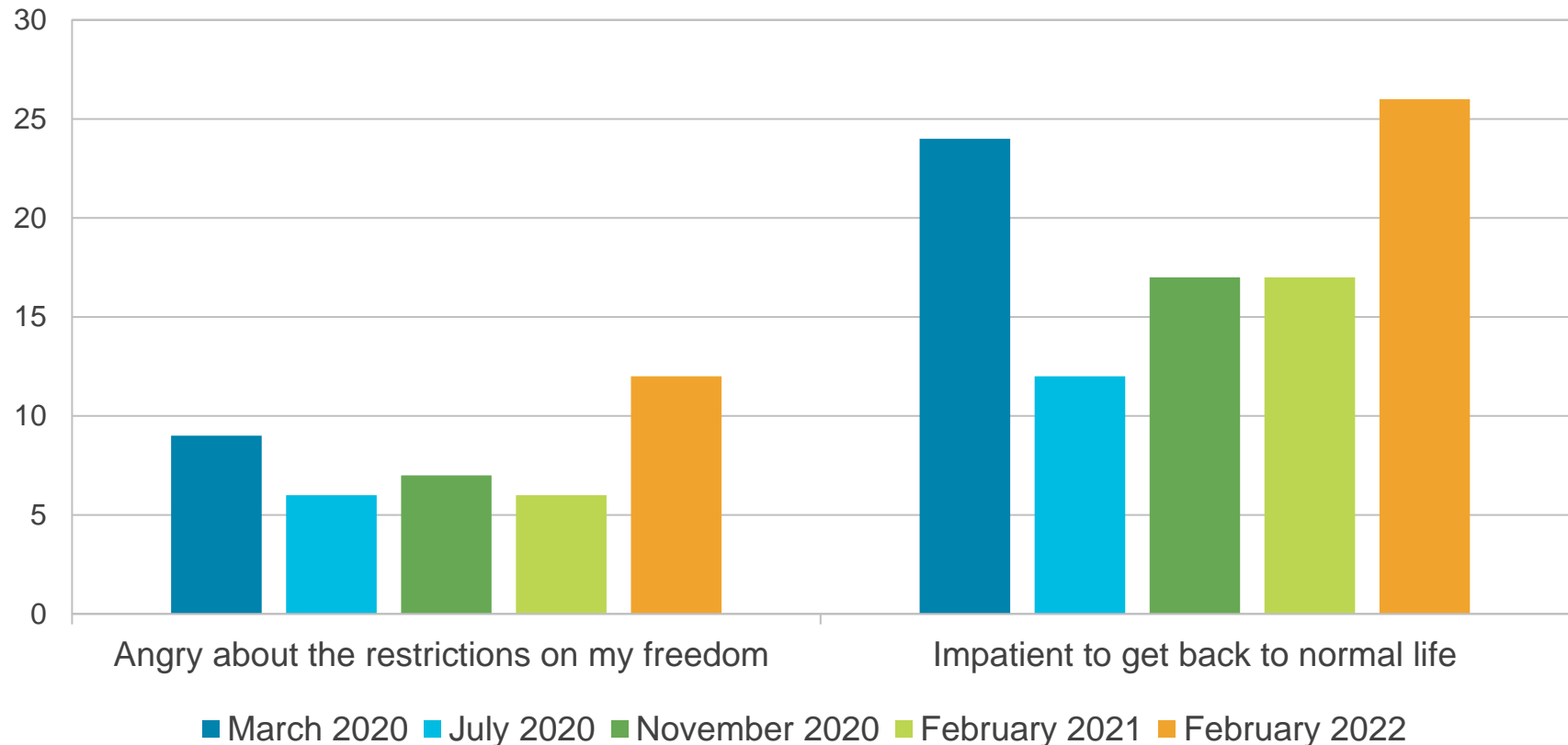
Child immunisation rates  
% of children immunised



# Social cohesion continues to be a strength but is ebbing

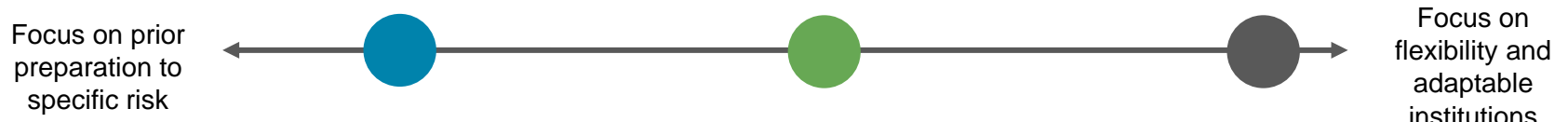
## New Zealanders' Feelings about COVID-19 disruptions

% of people

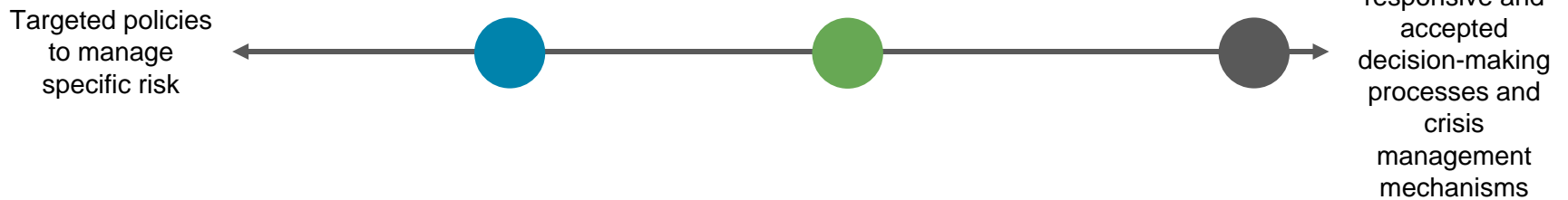


# The strength of our institutions will be important for resilience to future shocks

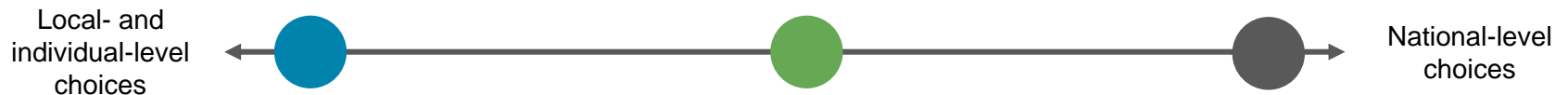
## Preparation



## Policies and Frameworks



## Level of Decision-making



KEY



Known risks



Uncertain, High-impact, Inevitable but rare risks



Unknown risks – 'black swans'

# We are exploring how we can better measure and value the aspects of our wealth

Better measures of the aspects of our wealth and their trends will support a longer-term perspective on the sustainability of wellbeing:



Broadening our understanding of approaches to measuring the ***natural environment***:

- Assess sustainability of (and risks to) the natural environment
- Explore different approaches to valuing natural capital



Presenting measures and analysis of ***human capability***:

- Update estimates of New Zealand human capital
- Explore ethnic breakdowns



Explore and present different approaches to measuring ***social cohesion***:

- Building on our analysis of wellbeing trends
- Drawing on methods being considered internationally

# Further work underway

- We are also commencing analysis on:
  - Income, wealth distribution and mobility with the Productivity Commission
  - Population segmentation techniques to understand what factors are most associated with life satisfaction and how these factor interact
  - How government spending maps against wellbeing outcomes (fiscal incidence analysis)



# *Te Tai Waiora* is a step towards orienting policy and investment more towards long term, intergenerational wellbeing outcomes

- Reforming the public finance system to better support wellbeing means a shift towards:
  - Understanding and managing for wellbeing outcomes not just dollars
  - Long-term funding arrangements, not just annual budgets
  - Cross-agency collaboration, not just narrow agency appropriations
  - Improving the value for money of the base, not just incremental activity
  - Systems to use wellbeing information – from planning to proposals, decisions and evaluation
- Living Standards Framework, He Ara Waiora and Te Tai Waiora (Wellbeing Report) work to inform what matters for improving wellbeing

**Thank you!**

**Join us in the next seminar in the series**

**Share your views and research on wellbeing at  
CEAoffice@treasury.govt.nz**