

Conversations about things that matter

Reflections from the Treasury's Long-Term
Fiscal Statement external engagement process

November 2016

What this document is about



Conversations about things that matter is a reflection piece on the things we heard from our engagement on New Zealand’s long-term future. This document has some fascinating insights into what people value and the challenges and opportunities we face, but we are not pretending that it is a comprehensive compendium of all conversations, or that it is representative of the entire country’s views.



Our engagement process began with a national survey of representative New Zealanders. Then we facilitated a series of workshops and discussions with New Zealanders from various cultures, occupations, ages, and regions. We went through this process because, as the Government’s lead advisor on economic, financial and regulatory policy, we believe the Treasury has a critical role to play in improving living standards for all New Zealanders. It is therefore vital that we understand what changes are required to bring about the greatest improvement in living standards so that we can identify how we can most effectively use our position of influence.



The Treasury also wanted to take this opportunity to improve how we work, and strengthen our approach to community involvement and policy development. We have used these insights to inform the content of the He Tirohanga Mokopuna, the Treasury’s future work agenda, and the processes for how we engage the community in the future.

The name of this document reflects the feedback we got during the engagement workshops, where we discovered that New Zealanders want to have “meaningful conversations” about “things that matter” with the Treasury. We hope that this document reflects a progression from this start, and that connections between the Treasury and the community continue to grow.

Our engagement process

We sought out diverse perspectives to get a better understanding of the issues and potential solutions to the challenges and opportunities facing New Zealand. The process was open and collaborative and we encouraged communities to tell us what was most important to them.

“Actually, out of all government workshops, this for me was the best engagement.”

Christchurch, 16 May



1. We commissioned Colmar Brunton to conduct a survey based on values outlined in the OECD's Better Life Index and the Treasury's Living Standards Framework.

We asked 1,016 representative New Zealanders what aspects of life were more important to them.

2. In order to hear from some New Zealanders directly, we engaged the help of a customer-centred design agency (ThinkPlace) to help design and facilitate six regional workshops with representatives from the social and business sectors, regional and local councils, academics and iwi.

This included some targeted discussions on the Māori economy, regional economy, social inclusion, the environment, the labour market, productivity, and the agriculture and business sectors.

3. We facilitated a three day, future-focused McGuinness Institute workshop called ForesightNZ, involving a number of prominent New Zealanders and Treasury officials working with a talented and diverse collection of **18-25 year olds.**

4. We led discussions around the key challenges and opportunities for New Zealand with the finalists from the Treasury's **Schools Challenge.**

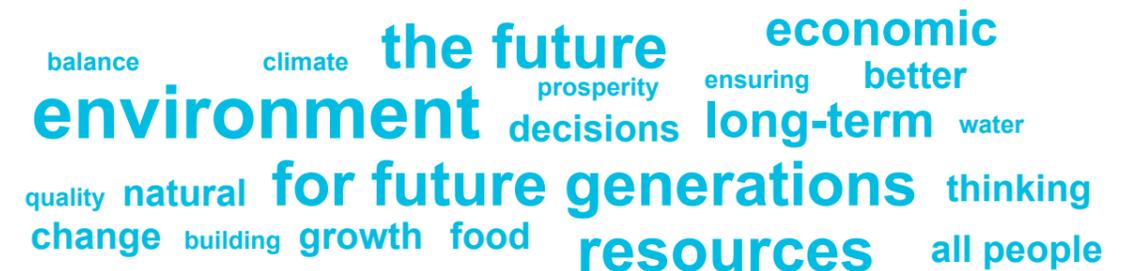
What do the terms Prosperity, Sustainability and Inclusiveness mean to you?

He Tirohanga Mokopuna discusses how the dimensions of the Treasury's Living Standards Framework provide policy advisors with a broad range of factors, distributional perspectives, and dynamic considerations. These dimensions are often summarised by Treasury as "Prosperity", "Sustainability" and "Inclusiveness". However, while these terms mean certain things to us, we wanted to know how they resonated with the community. During the engagement workshops we asked you what these terms mean to you. The following visuals represent your written responses, weighted by frequency.

Prosperity



Sustainability



Inclusiveness



Biggest challenges and opportunities facing New Zealand's long-term future

The Treasury asked over 300 New Zealanders what they believed to be the biggest challenges and opportunities facing New Zealand's long-term future. The following section summarises the common themes we heard.

Some of our observations about what you wanted for New Zealand include:

- greater attention to be paid on the natural environment
- national discussions about what growing up and being Kiwi means
- a desire for a more inclusive and supportive society
- evolution in the link between education and employment
- more collaboration between businesses nationally and internationally

Natural environment

Many people wanted greater emphasis on environmental stewardship/long-term sustainability. Notably, this was the key concern raised by the Schools Challenge and Foresight NZ participants. People generally felt there needed to be a greater recognition and respect of the true value of nature. It was mentioned that this could partly be achieved through pricing in the true cost of natural resources used by businesses and individuals; particularly for water, national parks and tourism.

There was a general feeling of uncertainty around New Zealand's ability to prepare, respond, and manage some of the major environmental risks facing the country. Examples included climate change, rising sea levels and food security.

People also saw opportunities to increase leverage from New Zealand's natural environment for growth opportunities. Through investment in the environment, trade benefits could be achieved through leveraging off New Zealand's 'clean, green' image. More adoption of new technologies (e.g. wind and geothermal technology) could increase productivity whilst protecting the environment.

In most discussions, it was noted that there was a requirement for environmental central leadership to encourage private sector investment and build public confidence.

🗣️ You said...

Natural resources aren't free, even though everyone thinks they are.

Auckland, 20 May 2016

The environment is not being looked after, despite it being our key asset.

Schools Challenge, Wellington, 17 June 2016

The environment supports the economy and what we do.

Hamilton, 15 June 2016

We need to consider externalities and whole-of-life costs.

Auckland, 20 May 2016

There is no sense of a goal for the environment.

Auckland, 20 May 2016

If something happened overseas, impacting our ability to import food, we would run out of enough food within three days.

Rotorua, 11 May 2016

We should be linking those in research with incentives to do things to improve environmental quality like agriculture or geothermal.

Auckland, 20 May 2016

We need to look forward and be pioneers.

Auckland, 20 May 2016

Central government should provide environmental assurances so exporters can capture more value.

Christchurch, 16 May 2016

The Treasury asked, what are your concerns around the less publicised environmental challenges facing New Zealand?

Common concerns included biodiversity, food sustainability, tourism, migration, transport and marine degradation (e.g. overfishing). It was noted that improvements would require leadership, foresight and planning, primarily at a central level e.g. a New Zealand environmental strategy including protection and pricing in our environmental costs.

Marine degradation is happening now, overfishing, marine farm waste.

Christchurch, 16 May 2016

Our forests and biodiversity are declining.

Wellington, 9 May 2016

We can't continue to pay for national parks; tourists need to be funding them.

Wellington, 9 May 2016

Society

Throughout the various workshops, people often expressed a desire for national discussions around cultural identity: What does it mean to be a Kiwi? What are our values? What are the things we can't let go of? This was seen as an important step for us to be able to effectively address some of the key questions facing our society, including:

- How do we respect, value and learn from our unique Māori heritage while also embracing cultural diversity?
- Is housing in New Zealand a human right (like access to healthcare and education) or is it an investment (like the share market)?
- How do we enable an ageing population, interested in engaging and contributing to society, to live the lives they want to live?
- How can we better value those in society who are at a greater disadvantage, and provide them with opportunities to contribute to society and the economy?

Many people challenged the economic models and frameworks on which our society is structured. Criticisms suggested they place too much emphasis on individual competition and success at the expense of long-term, collective, and even individual, wellbeing. Given the conversation often revolved around those in society who are struggling to reach a certain quality standard of living, there was a lot of support for greater transfers from the wealthier people in society to those who are disadvantaged through mechanisms such as increasing the minimum wage or implementing a universal basic income.

Some regions expressed a desire for a devolution of economic and political power from Auckland and Wellington. Participants often referenced a lack of understanding by government and public servants of the real challenges being faced and the impacts of government policy on the people and institutions in the community. Smaller regions were also concerned by the drain of talent from their areas to Auckland, affecting the capacity for their own regions to prosper.

“ You said...

We need a national conversation on what it means to have a good life.

Dunedin, 18 May 2016

We need to embrace diversity, particularly our biculturalism, this is our uniqueness. We need this to give us an advantage to grow businesses and enter unique markets.

Rotorua, 11 May 2016

Housing is a foundation for social inclusion.

Auckland, 20 May 2016

We need a shift in mindset about how we see older people; how do we embrace what's happening in their world?

Christchurch, 16 May 2016

Social inclusion is about everyone having rights and a role.

Rotorua, 11 May 2016

Neoliberal economics has failed.

Hamilton, 15 June 2016

There is a lack of equality of opportunity.

Wellington, 9 June 2016

Problems around job insecurity and needing to be more flexible with hours are straining families.

Auckland, 20 May 2016

Success is largely due to support and circumstances, we have exaggerated the individual.

Dunedin, 18 May 2016

You can't have national cohesion without community cohesion.

Rotorua, 11 May 2016

“ You said...

Communities and regions invest and support individual development, yet the benefits are reaped in Auckland. Where is the transfer back?

Dunedin, 18 May 2016

Housing used to mean a place to live. Now it's an investment.

Auckland, 20 May 2016

We need joined-up action to deliver infrastructure to meet demand.

Auckland, 20 May 2016

A lot of policy makers don't come from poverty.

Schools Challenge, 17 June 2016

People, particularly in Auckland and the participants in the Schools Challenge, raised issues around housing affordability and homelessness. Solutions often revolved around a requirement for a fundamental rethink of New Zealand's housing system. This included managing investment demand through reducing relative taxation incentives to invest in property, overlaying a more holistic and collaborative approach to planning for population growth, and reducing barriers to housing supply.

The Treasury asked, what can we learn from those who have come from poor starts in life to achieve good outcomes later in life?

Discussions often noted that stability and security in quality housing, social networks and employment, as well as access to key services and opportunities were vital ingredients for individual success in life.

Many people asked for greater trust to be placed in social sector NGOs as they have a greater practical understanding of the individuals and issues involved and the appropriate interventions required. However, they would also like to see a reduction in 'red tape' such as burdens of reporting and meeting funding targets.

Creating hope for people is about seeing a path out

Auckland, 20 May 2016

People don't just need to be able to connect, they need to be able to belong.

Dunedin, 18 May 2016

Government should back us to do the things we do really well.

Wellington, 9 May 2016

We spend a day a week doing report backs on agency investments.

Dunedin, 18 May 2016

Skills and Education

Many people suggested there was significant scope to improve the skills of New Zealanders. A lot of this discussion centered on a misalignment between the skills taught in our education and training systems and the skills required in the workforce. At the lower end, these skills gaps included basic literacy, numeracy and communication skills, and having access to a car and the internet. Even with the higher skilled occupations, people often expressed a desire for the education system to promote emotional intelligence, independent thinking and practical knowledge of what's required and expected in the workplace. People felt there needed to be greater collaboration between educators and business to ensure this gap was reduced. Migration was also raised as an opportunity to reduce the skills gap, with examples including better recognition of overseas qualifications.

People pointed out that many managers were finding it difficult to get the most out of their employees (e.g. being able to portray how workers were contributing to the organisation's vision) as well as having the emotional and cultural intelligence to understand and utilise the needs and strengths of their employees. As New Zealand is a country of many small to medium sized businesses, it was mentioned that greater collaboration was needed amongst businesses to improve the skill levels of managers.

The skills required for the future of work was raised as both an issue and an opportunity. Schools Challenge representatives particularly raised concerns around their future job prospects as a result of ever increasing competition and job automation. Many people saw great opportunities in the education system to adapt to new technologies and personalise and tailor teaching methodologies to the needs of individuals.

Some regions mentioned issues attracting high-skilled workers, despite offering affordable housing, good incomes and great livability. Some people suggested government should be providing greater levels of infrastructure to regions outside of Auckland, while others felt that regions needed to be better at utilising and marketing their own unique strengths.

🗨️ You said...

We should be educating young people about work, CVs, interviews, turning up on time, engaging well, what's expected at workplaces. Filling this basic knowledge gap for those without strong families.

Dunedin, 18 May 2016

A lot of people don't know how to save for bills.

Wellington, 9 June 2016

Education needs to be more flexible and better matched to work.

Rotorua, 11 May 2016

Education is too focused on IQ and not enough on Emotional Intelligence. This is not reflective of the changing nature of work.

Auckland, 20 May 2016

We could create an environment where collectives and SME's work together on bigger scales.

Christchurch, 16 May 2016

With changing business structures and uncertainty, there can be difficulty getting buy-in from employees.

Auckland, 20 May 2016

The system's broken; we have doctors from overseas driving taxis because their qualifications aren't recognised, graduates turned away because they don't have the experience or the right attitude.

Rotorua, 11 May 2016

Automation will mean some people won't have jobs.

Schools Challenge, 17 June 2016

Why can't we attract good people for high skilled jobs? The location is great, the pay is great and people get fully furnished homes. I think we are battling misconceptions.

Rotorua, 11 May 201

The Treasury asked, which aspects of the labour market are furthest from where they would ideally be?

Common responses included concerns around the disconnect between training institutions and the private/NGO sectors. People suggested there was a key role for government in facilitating connections between institutions and promoting success stories.

The need to create pathways and additional opportunities for those in society at greater disadvantage was also seen as a key opportunity for a more effective and inclusive labour market.

Regulatory frustration, misunderstanding and uncertainty was raised as an opportunity which, if improved, could improve New Zealand's capacity to innovate.

Regulations should be less prescriptive and more outcomes and principles focused.

Business Workshop, 25 July 2016

Training in tertiary is not aligning with the needs of industry, the ones that are technically qualified aren't worth hiring as they don't have the practical and soft experience.

Rotorua, 11 May 2016

We aren't matching supply with jobs availability. We need Treasury to be banging these heads together.

Auckland, 20 May 2016

Education systems are not involving the relevant cultures in the decision making process or the delivery of services.

Auckland, 20 May 2016

Economy

Many people mentioned issues of firms not growing, expanding, and moving up the value chain. People mentioned this was likely due to many reasons including:

- The relative cost of capital over labour, with New Zealand businesses typically of a small to medium size, so there can be significant risk associated with major outlays for capital purchases
- Business owners were often satisfied with their current life situation and did not feel incentivised to invest in their business over other types of investment (e.g. housing)
- A lack of knowledge about how to grow, with limited organisations having this type of knowledge, networks or experience in commercialising and branding

People suggested that an increase in business investment would require either greater collaboration between businesses to spread risk or have greater relative taxation or regulatory incentives to invest in business growth over other investments.

Many people raised issues around New Zealand's economic diversity, mentioning the country is reliant on low wage occupations and questioning why we weren't moving up the value chain, such as, away from dairy and tourism. This was also linked with issues around not maximising our natural advantages within these industries, like not turning the premium nature of our products into greater value output. It was suggested that there was a need for competition internally but greater cooperation externally to brand and market our products to international consumers.

“ You said...

Change the incentives to invest in productivity, not housing

Auckland 20 May 2016

Before people did stuff. Now people want approval – the walls have come up.

Christchurch, 16 May 2016

We have the best story but the lowest prices

Hamilton, 15 June 2016

SMEs lack the sophistication, knowledge and governance around the use of capital.

Christchurch, 16 May 2016

Change the tax system to encourage investments in productive assets, not housing.

Christchurch, 16 May 2016

Bach, boat and BMW, Kiwis are only prepared to grow businesses to a point.

Christchurch, 16 May 2016

New Zealand and Auckland need to move beyond commodities to build resilience.

Auckland, 20 May 2016

We need more cross pollination across industries but it needs to be organic.

Rotorua, 11 May 2016

The Treasury asked, what is stopping regions from realising their economic potential, what is the role for government in the Māori economy, and what more could be done to improve New Zealand's productivity?

People value the importance of place and belonging and wanted to see a clear, inclusive vision for New Zealand's regions, but for local solutions to deliver on this vision through using local strengths. This aspiration would need some support to redistribute funding and to help match ideas and opportunities across the country.

People mentioned the importance of Māori and the Māori economy values, innovativeness, and uniqueness to deliver not just better outcomes for Māori but for all New Zealanders' long-term wellbeing. Government's role would therefore be one of empowering Māori and creating the conditions for success.

Discussions on productivity were often centered around the need for competing locally and collaborating internationally. The government could help by facilitating connections and enabling collaboration.

Governments need to enable communities to come up with their own plans.

Christchurch, 16 May 2016

It's important for Auckland to prosper, but we shouldn't tilt the playing field.

Wellington, 9 June 2016

There is a disconnect between central and local governments.

Rotorua, 11 May 2016

Need to view Māori economic development from a Māori perspective.

Rotorua, 11 May 2016

The language of support is wrong, we need to use driving and enabling. Handouts are like sparklers, they die quickly.

Christchurch, 16 May 2016

Māori economic development is broader than the economy; it's sustainability, it's prosperity, it's intergenerational equity.

Auckland, 20 May 2016

As a New Zealander, I really want Wanganui to be okay.

Wellington, 9 June 2016

Process feedback

The enthusiasm and positive spirit of the people we met helped make the process both productive and fun. Feedback demonstrated that New Zealanders appreciate being given an opportunity to discuss the issues which shape the country. We heard that you appreciated the openness, sincerity and thoughtfulness of the discussions and greatly valued diversity in representation. Below is a handful of comments representing the flavour of the feedback you gave us.

Actually, out of all government workshops, this for me was the best engagement.

Christchurch, 16 May 2016

I liked the opportunity to share kōrero with others.

Auckland, 20 May 2016

You people are the well-paid experts. I was expecting you to tell us what's important.

Christchurch, 16 May 2016

I wish we could start a blog or social media on this stuff.

Auckland, 20 May 2016



I liked that today was about harnessing the opinions of the Otago people.

Dunedin, 18 May 2016

I liked the opportunity to discuss real and current government issues with a cross section of stakeholders and Treasury staff.

Wellington, 9 June 2016

I wish there was greater consultation with hard to reach groups.

Dunedin, 18 May 2016

I wish there was more time to dive a bit deeper.

Auckland, 20 May 2016

I liked the opportunity to share and learn different views. Well facilitated.

Rotorua, 11 May 2016



We need to have courageous conversations about the ugly things and we need leadership to do it. Today is a great start.

Rotorua, 11 May 2016



Great to have started engaging – keep it happening.

Wellington, 9 June 2016

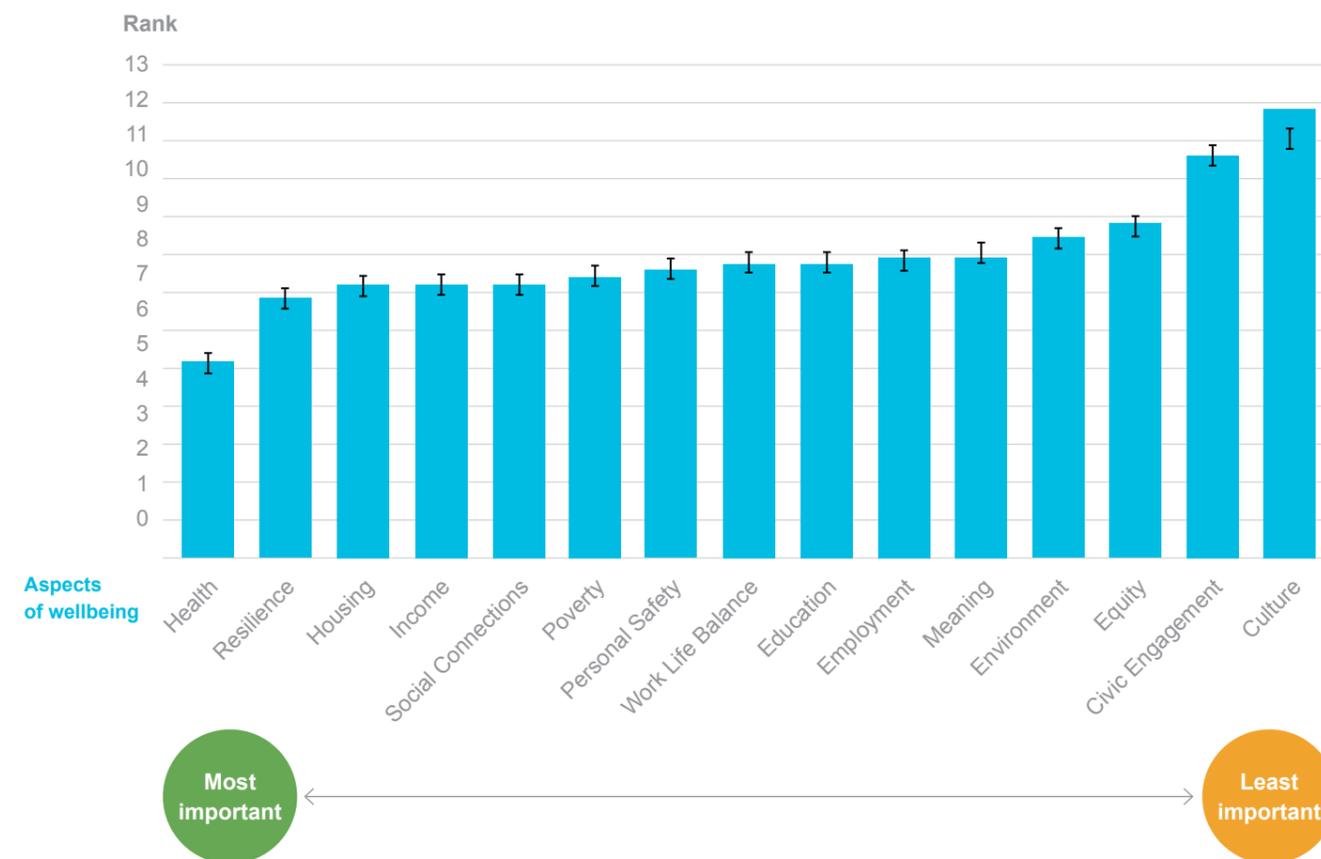
Dimensions of wellbeing

To support our understanding of the key issues, we also commissioned a National Values Survey that included 1,016 representative New Zealanders to inform us on the aspects of wellbeing that are most important to people. The questions were based on the OECD's 'Better Life Index' with 11 wellbeing dimensions and the Treasury's own Living Standards Framework. The survey involved a series of trade-off questions, asking people what dimension "means more to you?" (e.g. fewer people living in poverty or you having more income to save/ spend/ invest).

The survey questions asked about individual wellbeing, while the workshops focused on long-term, nationwide challenges and opportunities. The survey results therefore differed from the workshops responses. For example, environment ranked lower in priority in the survey results, yet the workshops revealed that addressing environmental issues should be a priority for New Zealand.

These findings reinforce the need for the Treasury to acknowledge and understand some of the pressing issues facing New Zealanders every day (e.g. having better physical/ mental health and greater personal financial resilience) whilst we look to address the long-term challenges and opportunities facing New Zealand (such as the environment).

Average Rank
(rank 1=most important...rank 15=least important)



Finally, we want to make sure that the ideas we heard during this process are not lost, and that these conversations can be used as a basis for Treasury's future discussions with regional communities.



