

THE TREASURY'S LIVING STANDARDS FRAMEWORK

February 2018

The Treasury has released new material on its Living Standards Framework, in particular a Treasury Paper and related discussion papers that describe the different components and dimensions of intergenerational wellbeing in the Living Standards Framework.

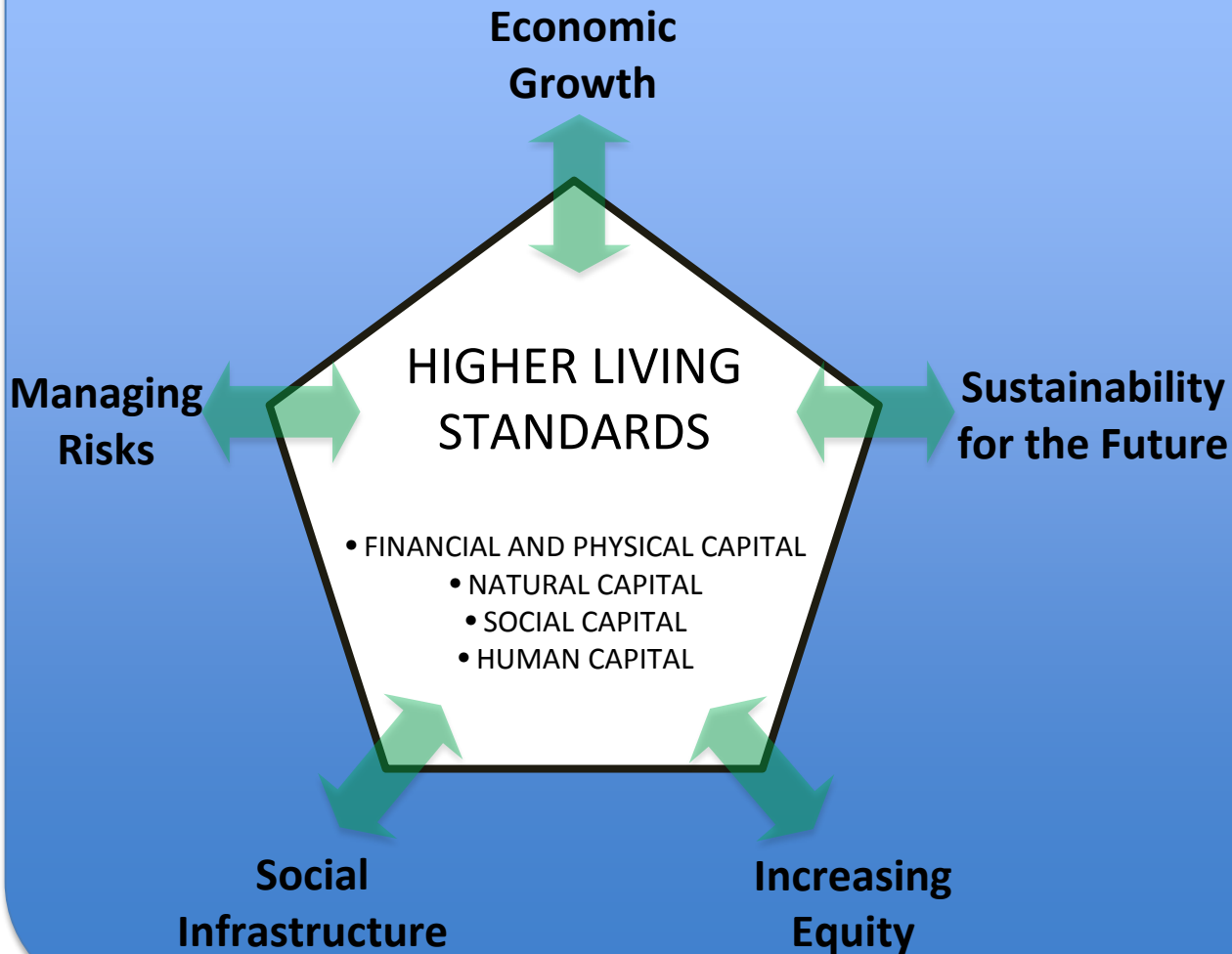
The Treasury continues to make the historical material in this document available to support researchers interested in the development of the Framework since 2012.

Please refer to the current Living Standards Framework material listed at <http://www.treasury.govt.nz/abouttreasury/higherlivingstandards>

Office of the Chief Economic Adviser
The Treasury

LIVING STANDARDS: THE HEART OF OUR POLICY ADVICE

Assess the impact of policy across key living standards dimensions



Economic Growth

- Does this improve the opportunities or incentives for higher incomes or greater economic growth?
- Does this remove obstacles that hinder resources moving to their most efficient use, or enhance the ability of people to take up new opportunities?

Sustainability for the Future

- Does this impact on the capital stocks for future use (e.g. physical capital, human capital, or the sustainability of the environment)?

Increasing Equity

- Does this impact on the distribution across society (both intra and intergenerational)?
- Does this improve opportunities for people to improve their position?

Social Infrastructure

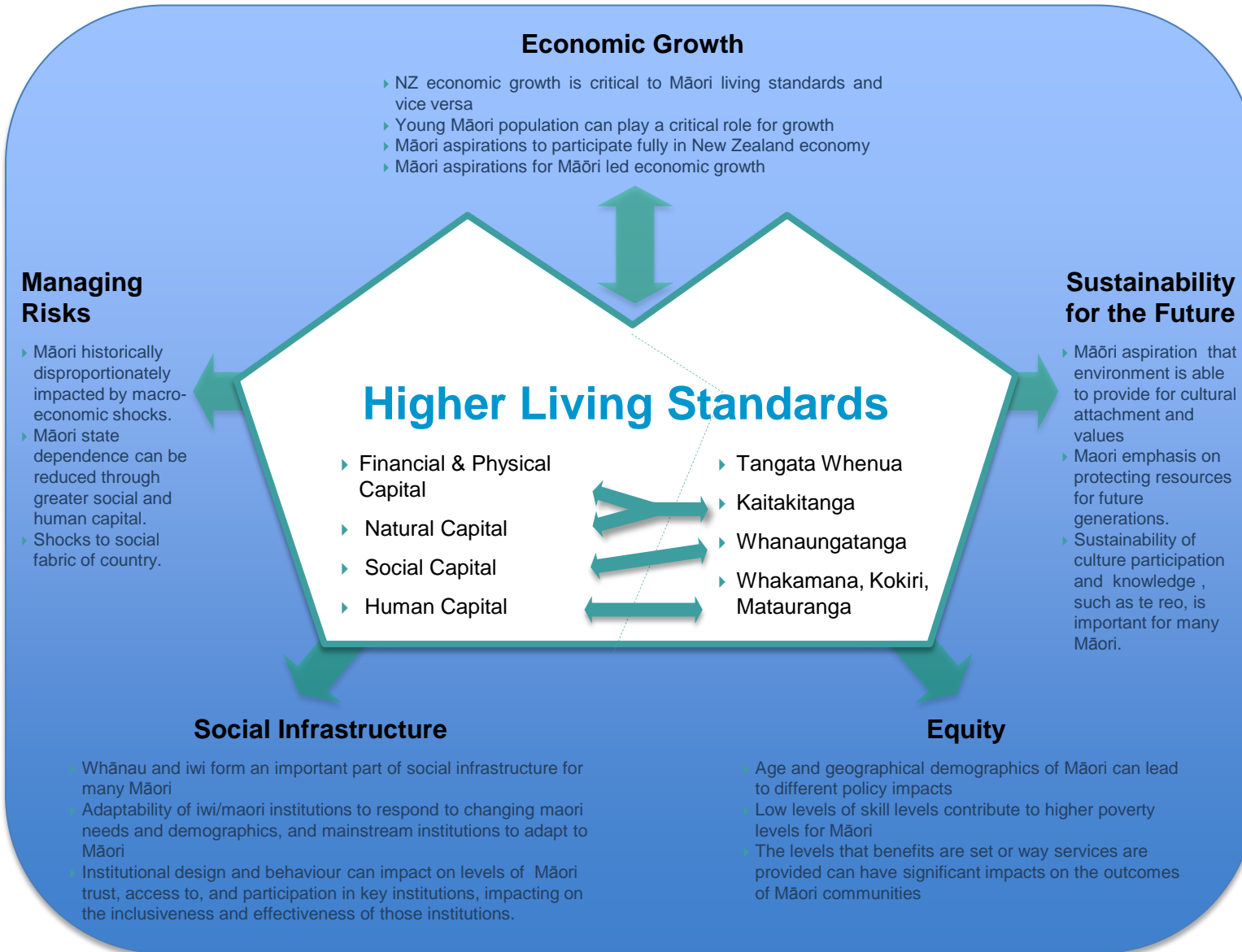
- Does this impact on core institutions that underpin our society (e.g. trust in the rule of law, democracy, Crown-Māori relationship, cultural identity)?
- Does this impact on the trust and connections between people?

Managing Risks

- Does this impact on NZ's ability to withstand unexpected shocks?
- In particular, does this impact on our macro-economic position (debt, deficits, inflation etc)?

Considering these five key aspects when developing your policy advice will ensure that Treasury consistently embeds Living Standards in our advice. It is an adjunct to, not a replacement for, a good evidenced-based process for developing free and frank advice. Need help or more information? See Girol Karacaoglu, Margaret Galt or Joey Au.

ONE WAY TO INCORPORATE MAORI CONCEPTS INTO THE LIVING STANDARDS FRAMEWORK



▶ **Tikanga** and **whakapapa** are key concepts to understand. They underpin the Māori world view, which in turn shapes interpretations of the 'four capitals'. Through this world view the 'four capitals' become closely entwined.

▶ **Tikanga** is the set of behavioural expectations, passed down through generations, which underpins Māori interactions and conduct. It informs the policy trade-offs some Māori may be willing to accept.

▶ **Whakapapa** (*genealogy*) provides the basis for kinship relationships between Māori and iwi. Whakapapa is fundamental to Māori social order.

▶ **Whanaungatanga**, the practice of establishing familial relationships, is a key feature of Māori social organisation. It includes commitments and relationships that Māori have with each other, their whanau/hapu/iwi, those around them and future generations. Individual and collective living standards are closely entwined. The design of policy interventions will often need to consider these interfaces.

▶ **Tangata Whenua** translates broadly to people of the land. It is to do with a deep relationship with land passed on through ancestors. This can shape Māori views of physical, financial and natural capital.

Kaitakitanga, physical and spiritual guardianship of the environment, also shapes views on these capitals.

Several concepts underpin Māori views of human capital.

▶ **Whakamana** can be understood as being empowered to grow and direct one's life. **Kokiri** is about being equipped to advance in the world, including through success in business. **Matauranga** interacts with these processes and is to do with the knowledge accumulated through generations and the Māori world view. Policy may need to consider how these concepts impact on preferred learning methods and how Māori may choose to use that learning.

These concepts do not replace Treasury's four capitals, but add nuance to them. They provide an introduction to important concepts, rather than an exhaustive list.