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Disclaimer

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Executive summary

The New Zealand Treasury is the Government’s lead economic and financial advisor. To improve the quality of our policy advice, the Treasury has developed its Living Standards Framework (LSF) and an LSF Dashboard to help analyse and measure intergenerational wellbeing.

The LSF builds on 30 years of New Zealand and international research on wellbeing, and has drawn on the Organisation for Economic Co-operation and Development’s (OECD) wellbeing approach to enable international comparability. The selection of the LSF Dashboard indicators has been informed by public feedback from surveys, submissions and consultation with experts in New Zealand and overseas.

The LSF Dashboard will measure and track changes in wellbeing outcomes. It is made up of three sections: Our people, Our country and Our future.

- **Our people** – describes the distribution of wellbeing across nine current wellbeing domains for different population groups of New Zealanders, using characteristics such as sex, age, ethnicity, family type, region, hours worked and neighbourhood deprivation.

- **Our country** – describes the current wellbeing of New Zealanders at a national level with comparisons within New Zealand population groups and other OECD countries, using 38 indicators that measure the 12 current wellbeing domains.

- **Our future** – provides indicators for the resources that underpin the ability to sustain higher living standards in New Zealand now, and in the future.

The LSF Dashboard aims to capture a comprehensive, balanced range of wellbeing outcome indicators. It is not prescriptive about whether or how governments should intervene to promote wellbeing, it helps support advice about prioritisation.

No single set of indicators can capture absolutely everything that matters for every person, family, whânau and community. This is the first version of the LSF Dashboard. Further work is needed to better represent Te Ao Māori perspectives and key aspects such as children’s wellbeing and New Zealand cultural identity. The Treasury will review and update the LSF and its Dashboard in 2021.

The LSF Dashboard is one of a number of outcome measurement frameworks in use in the public sector. Ours is focused at the “macro” level while other frameworks drill-down into detail on particular sectors or population groups.

This document summarises the LSF and its Dashboard. It outlines the approach we have taken and how the LSF Dashboard has been developed. It includes an introduction to the wellbeing patterns apparent in the LSF Dashboard data, as well as information about how to use the LSF Dashboard.
**Cultural identity**
- **Change:** Ability to express identity improved slightly. Percentage of te reo speakers fell.
- **Level:** Insufficient data for international comparisons.

**Health**
- **Change:** Life expectancy increased. Mental health status declined. Other indicators were constant.
- **Level:** Insufficient data for international comparisons.

**Subjective wellbeing**
- **Change:** All indicators remained constant.
- **Level:** Life satisfaction above OECD median.

**Income and consumption**
- **Change:** Disposable income per capita below OECD median.

**Housing**
- **Change:** Household crowding fell. Housing cost increased.
- **Level:** More rooms per person than OECD median (less household crowding). Housing affordability is worse than OECD median.

**Knowledge and skills**
- **Change:** Two indicators improved. One remained constant.
- **Level:** Above OECD median for available indicators.

**Safety**
- **Change:** All indicators showed slight improvement or little change.
- **Level:** Feeling safe below OECD median. The homicide rate was at the median.

**Social connections**
- **Change:** All indicators declined or showed little change.
- **Level:** Social network support above OECD median.

**Environment**
- **Change:** Perceived environmental quality improved. Air quality declined.
- **Level:** Air pollution exposure below OECD median.

**Jobs and earnings**
- **Change:** Both employment and unemployment rates improved.
- **Level:** Employment rate above OECD median and unemployment rate below.
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Introduction

The New Zealand Treasury is the Government’s lead economic and financial advisor. The Treasury’s vision is to be a world-leading Treasury working towards higher living standards for New Zealanders. Although aggregate economic growth is very important, it is not always enough to deliver lasting and broadly experienced improvements in people’s lives. To enhance the quality of our advice on lifting broad living standards, we have developed the Living Standards Framework (LSF) to help analyse and measure intergenerational wellbeing.

The LSF is a high-level framework on intergenerational wellbeing that operates alongside other outcomes frameworks in the public sector that focus at a more detailed level on particular sectors or population groups.

The LSF is structured around current wellbeing, future wellbeing and risk and resilience. The framework builds on more than 30 years of New Zealand and international research on wellbeing. In distilling this knowledge, we have used the Organisation for Economic Co-operation and Development’s (OECD) internationally recognised approach to structuring the measurement. This enables comparisons of the New Zealand experience to be made with other countries.

One key tool for implementing the Treasury’s LSF is a dashboard of indicators that provides an integrated system for measuring wellbeing. The LSF Dashboard is based on a proposal that was released for public consultation in June 2018. This proposal was then adapted in light of feedback and submissions by New Zealanders, as well as input from a Challenge Group of domestic experts and a range of other consultations.

The LSF and its Dashboard are increasingly being integrated into the Treasury’s advice processes. One of the current steps is the development of CBAx, one of our Social Cost Benefit Analysis tools, to support decision processes for Budget 2019.

This is intended to strengthen the level of rigour and transparency in advice on the expected monetary and non-monetary costs and benefits of policy proposals. Other outcomes frameworks are in use in the public sector, focused at a more detailed level on particular sectors or population groups relevant to particular agencies.

The diversity of New Zealanders means no single set of wellbeing indicators will capture all that matters for each person, family, whānau and community. The LSF Dashboard described here is the first version of the LSF Dashboard (1.0). Version 1.0 has a number of limitations. Further work is needed on areas such as full expressions of Te Ao Māori perspectives, children’s wellbeing and New Zealand cultural identity.

The LSF and LSF Dashboard will continue to evolve and develop over time. The Treasury will review and update the LSF and its Dashboard in 2021 to reflect increased understanding of wellbeing theory and measurement, practical experience using the framework and what is important to all New Zealanders.

This report provides a summary of the LSF and LSF Dashboard, and a guide on how to use the different elements of the LSF Dashboard. Those interested in more detail are encouraged to read the Living Standards Framework: Background and Future Work and use the Living Standards Framework: Dashboard User Guide to explore the information in the LSF Dashboard.

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The Treasury’s Living Standards Framework

The LSF is a high-level framework on intergenerational wellbeing, and is designed to support the Treasury’s advice. The elements of the LSF are: the domains of current wellbeing; the capitals that interdependently generate wellbeing; and risk and resilience. Intergenerational wellbeing relies on the sustainable growth and distribution of the four capitals. This is summarised below. The Living Standards Framework: Background and Future Work provides full definitions and greater detail on each of the domains and capitals.

The LSF is one of a number of wellbeing initiatives that are being implemented in the public sector to improve strategic decision making. Of particular interest are Stats NZ’s Indicators Aotearoa New Zealand (IANZ) that are being developed as a broad source of measures for New Zealand. When complete, IANZ will support a range of New Zealand agencies’ domestic and international reporting requirements, including being the main data source for the LSF Dashboard.

International wellbeing initiatives include the Sustainable Development Goals (SDGs), a continuation of the United Nations’ Millennium Development Goals. Although there is considerable overlap between the SDGs and the LSF domains, the two frameworks have been designed to serve different purposes. The SDGs are primarily a set of wellbeing goals rather than an overall framework of wellbeing indicators, nevertheless it is possible to map one to the other.

To read further about the relationship between the SDGs and the LSF, see the Treasury’s Discussion Paper 18/06, The Relationship between the Sustainable Development Goals and the Living Standards Framework.

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6 http://www.undp.org/content/undp/en/home/sustainable-development-goals.html
The Living Standards Framework Dashboard

The LSF Dashboard is a broad range of indicators that represent New Zealanders’ wellbeing. The LSF Dashboard described here is the first version and has a number of limitations. More work is needed to develop aspects such as full expressions of Te Ao Māori perspectives, children’s wellbeing and New Zealand cultural identity. The Treasury will continue to evolve and develop the LSF Dashboard over time to ensure it reflects improving theory and evidence, and contemporary New Zealand.

The LSF Dashboard tracks wellbeing in the three sections below:

- **Our people** – describes the distribution of wellbeing across current wellbeing domains for different population groups of New Zealanders, using characteristics such as sex, age, ethnicity, family type, region, hours worked and neighbourhood deprivation.
- **Our country** – describes the current wellbeing of New Zealanders at a national level with comparisons within New Zealand population groups and other OECD countries, using 38 indicators that measure the 12 current wellbeing domains.
- **Our future** – provides indicators for the resources that underpin the ability to sustain higher living standards in New Zealand now, and in the future.

**Indicator selection process**

The LSF builds on 30 years of evidence about what New Zealanders value, including the 1988 Royal Commission consultation which included 6,000 written submissions, 60 public hearings, visits to 35 marae and dedicated phone lines for further oral submissions. To develop the current LSF Dashboard, the Treasury:

- Produced and commissioned discussion papers and invited commentary on the LSF wellbeing domains and the capitals. These were published throughout 2018.
- Commissioned independent wellbeing expert Conal Smith, who has deep national and international experience in the field, to propose a draft LSF Dashboard of indicators. This was published in early June 2018 and opened for consultation until the beginning of August 2018.
- In light of the proposal and feedback, we produced version 1.0 of the LSF Dashboard described in the *Living Standards Framework: Background and Future Work*.

The consultations generated 500 survey responses, 60 formal submissions and many discussions with interested groups from within and outside the public sector. The Treasury also engaged a “Challenge Group” to test our work at various points as it developed, made up of independent experts from the research and practitioner communities.

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9 [https://treasury.govt.nz/publications/research-and-commentary/discussion-papers](https://treasury.govt.nz/publications/research-and-commentary/discussion-papers)
12 Key themes of the feedback received from consultations and the Challenge Group can be found in the *Living Standards Framework: Background and Future Work*.
13 The Challenge Group was made up of the following members: Dr Arthur Grimes, Dr Manuka Henare, Dr Viktoria Kahui, Linda Meade, Dr Ganesh Nana, Taimalieutu Kiwi Tamasese, Prof Marilyn Waring and Dr Bryce Wilkinson.
The Treasury’s selection of preferred indicators for the initial version of the LSF Dashboard was further influenced by the availability and consistency of data, and its ability to be regularly updated. This has been a particular challenge when trying to identify indicators to reflect culture and some aspects of natural capital.

The 2-page LSF Dashboard at a Glance introduces each of the LSF Dashboard sections – Our people, Our country and Our future.

The commentary included in the Introduction to the LSF Dashboard provides insight into the current situation in each domain and capital. Where a domain or capital includes a small number of indicators, the movement in each indicator is explicitly mentioned. Where multiple indicators exist, only indicators with observable changes are mentioned. The exception to this is where all indicators move in the same direction, in which case the commentary focuses on the overall movement as opposed to the individual indicators. There is much more detail and different aspects in the full LSF Dashboard*, which can be used to explore historical data in many cases.

The following sections of this report provide further information about each section of the LSF Dashboard, including how to interpret the LSF Dashboard at a Glance and further user guidance.

14 https://treasury.govt.nz/lsfdashboard
Our people

Our people describes the distribution of wellbeing across nine current wellbeing domains for different population groups of New Zealanders. The LSF Dashboard also explores the ways in which wellbeing in one domain is associated with wellbeing in others, at the whole population or subpopulation levels.

Our people currently includes measures for nine out of the 12 domains of current wellbeing. Data were not available for consistent comparisons across population groups for the jobs and earnings, environment and time use domains.

Within the LSF Dashboard, comparisons are presented according to the following population characteristics: sex\(^{15}\), age, ethnicity, family type, region, hours worked and neighbourhood deprivation.

Current wellbeing is described for New Zealanders aged 15 and over, and is measured as being low, medium or high for each person in each domain, based on one or more wellbeing indicators. Wellbeing in these indicators came from questions asked in Stats NZ’s General Social Survey\(^{16}\), which surveys around 8,000 people every two years.

Under Our people, the focus is placed on the comparisons between groups rather than domains, as it enables a more comprehensive view of wellbeing as a multidimensional concept.

Children aged 14 and under are not directly represented in Our people, as the General Social Survey does not survey children. There are currently no alternative comprehensive sources of wellbeing data for New Zealand children. However, a basic picture of child wellbeing could be drawn through the distributions by family type, which includes households with and without children. The process to undertake such an analysis is described on page 11, and in further detail in the User Guide\(^{17}\).

For further analysis and more information about the data and measures presented in Our people, see the Treasury’s Analytical Paper 18/04, Our people – Multidimensional wellbeing in New Zealand\(^{18}\).

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**Box 1: How to interpret the Our people spider graphs**

The blue points show whether the selected population group is more likely (above zero) or less likely (below zero) to have “high” wellbeing than the rest of the population (at zero) in each domain. The yellow points show whether they are more or less likely to have “low” wellbeing in that domain. The definitions of “high” and “low” wellbeing for each domain are determined by specified scores in the General Social Survey questions (see Table A2.1 in Living Standards Framework: Background and Future Work).

If the blue shape is bigger than the yellow shape, the selected population group is likely to have higher wellbeing than the rest of the population, across the nine domains.

**Example for 15 to 34-year-olds:** Based on their survey responses, people aged between 15 and 34 when compared to the rest of the population are less likely (by 7 percentage points) to have high income and consumption wellbeing. They are more likely than the rest of the population to have low wellbeing on this domain. However this population group are more likely (by 5 percentage points) to have high health wellbeing.

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15 The use of the word ‘sex’ is consistent with the term used in the General Social Survey.
Our country

Our country describes the current wellbeing of New Zealanders at a national level with comparisons within New Zealand population groups and other OECD countries, using 38 indicators that measure the 12 current wellbeing domains.

To explain New Zealand’s wellbeing story, four layers of information are provided within the LSF Dashboard:

- **Indicator overview** – New Zealand’s wellbeing over time by each indicator at a national level.

- **International comparisons with OECD countries** – New Zealand’s wellbeing relative to other countries in the OECD at a national level.

- **Distributions within indicators** – New Zealand’s wellbeing distribution for each indicator at a national level.

- **Population group comparisons within indicators** – New Zealand’s wellbeing compared within population groups at a sub-national level (sex, age, ethnicity, family type, region, hours worked and neighbourhood deprivation).

Data for these indicators have come from a variety of sources including: Stats NZ, OECD, Ministry of Health, Ministry of Education, Ministry for the Environment and Ministry of Justice.

Within the LSF Dashboard, each domain contains a number of national indicators and at least one of these can be used for international (OECD) comparison over the last 20 years (where data are available).

For more information about the data and measures presented in Our country, see the Living Standards Framework: Background and Future Work report.

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**Box 2: Interpreting the Our country summary**

The high-level summary of Our country, provides key information at a glance for each domain of wellbeing. The summary is intended as a quick indication of where improvement or deterioration in particular domains of wellbeing is occurring. The summary considers only the last five years. The full LSF Dashboard delves further into historical data and specific indicators. As previously mentioned, indicators that have had visible changes have been included to give an example of visible trends. The full LSF Dashboard shows changes for all indicators.

A comparison with other OECD countries is also given when data is available.

**Example for the Safety domain:** When compared internationally, New Zealand’s perceived level of Feeling safe is below the OECD median, and the homicide rate is at the median. The indicators suggest that in recent years the Safety wellbeing domain overall has shown no change or a slight improvement.

<table>
<thead>
<tr>
<th>Safety</th>
</tr>
</thead>
<tbody>
<tr>
<td><strong>Change:</strong> All indicators showed slight improvement or little change.</td>
</tr>
<tr>
<td><strong>Level:</strong> Feeling safe below the OECD median. The homicide rate was at the median.</td>
</tr>
</tbody>
</table>
Our future

*Our future* provides indicators for the resources that underpin the ability to sustain higher living standards in New Zealand now, and in the future. These are categorised under the four capitals.

- **Human capital** – People’s knowledge, physical and mental health that enables them to fully participate in work, study, recreation and society.
- **Natural capital** – All aspects of the natural environment needed to support life and human activity.
- **Financial and physical capital** – The country’s physical, intangible and financial assets, which have a direct role in supporting incomes and material living conditions.
- **Social capital** – The social connections, attitudes, norms, and formal rules or institutions that contribute to societal wellbeing.

Whilst the capitals are used to organise the indicators of future wellbeing, they do not constitute wellbeing on their own. There are many characteristics of the capitals that affect future wellbeing, such as whether:

- they are employed productively
- there is a good capital “mix”
- how cultural values influence the way in which the capitals work together
- the degree to which the capitals are resilient to potential shocks.

**Box 3: Interpreting the *Our future* summary**

As with the *Our country* summary, the high-level summary of *Our future* provides key information at a glance for each of the four capitals. The *Our future* summary is intended to provide a rough indication of improvement or deterioration in capital stocks that could impact on New Zealanders’ future wellbeing. As with *Our country*, only the last five years of data are considered in the summary. The LSF Dashboard can then be used to delve further into historical data or specific indicators.

As with *Our country*, indicators that have had visible changes have been included to give an example of visible trends.

**Example interpretation of Natural capital**: The *Our future* summary indicates that of six natural capital indicators included in the dashboard, four have shown improvement. For example, in the medium term more carbon was stored in forest and soil biomass (Climate regulation) and soil quality improved (Sustainable food production). Two declined in the medium term, for example the kilograms of waste produced per person increased. Currently, there are no OECD indicators that are suitable for international comparison in this domain.

<table>
<thead>
<tr>
<th>Natural Capital</th>
</tr>
</thead>
<tbody>
<tr>
<td><strong>Change</strong>: Four of six indicators improved. Two deteriorated (Natural hazard regulation, waste per capita).</td>
</tr>
<tr>
<td><strong>Level</strong>: Insufficient data for international comparisons.</td>
</tr>
</tbody>
</table>
Using the LSF Dashboard to illuminate particular aspects of wellbeing

The Treasury’s LSF Dashboard is focused on high-level, medium-term wellbeing outcomes and complements existing sector- and population-level frameworks and reporting mechanisms managed by other Government agencies. The information gathered from the LSF Dashboard can be used in conjunction with agency-specific frameworks and reports on particular topics of interest, such as poverty, child wellbeing or economic performance.

Poverty

The LSF Dashboard includes outcomes that are highly correlated with poverty, including income, health, mental health, housing quality, employment and subjective wellbeing. These indicators can provide a high-level picture of poverty in New Zealand, which can supplement other agencies’ detailed poverty-specific reports and frameworks. The income distribution information under Our country can also support this analysis. For a more detailed description, refer to the User Guide19.

Child wellbeing

The wellbeing of the youngest generation is particularly pertinent to intergenerational wellbeing. The LSF Dashboard does not include direct measures of the wellbeing of children and young people. This is largely owing to children being poorly represented in the survey-based data collections on which the LSF Dashboard relies. In the LSF Dashboard, household-based measures of wellbeing such as housing quality can provide a proxy to some extent for the wellbeing of children, and can complement specific child wellbeing frameworks. The family-type distributions in Our people can also support such analysis. For a more detailed description, refer to the User Guide.

Economic performance

The LSF Dashboard includes a range of indicators that together provide a high-level picture of New Zealand’s economic performance, eg, under Our country within domains such as income and consumption, jobs and earnings and time use. Under Our people, the indicator of financial wellbeing shows survey information on the extent to which New Zealanders have enough money to meet everyday needs, and Our future includes a specific productivity measure that captures the roles of both capital and labour in economic performance. The LSF Dashboard also includes indicators on the net wealth of households, the net worth of the New Zealand Government and New Zealand’s net international investment financial position. These indicators can be supplemented with other agencies’ detailed reports on productivity such as those by the New Zealand Productivity Commission, Ministry of Business, Innovation and Employment, the Reserve Bank of New Zealand and the Treasury itself.

Want to know more?

For further information about the LSF, its purpose and how it has been developed, see the *Living Standards Framework: Background and Future Work* document and for all documents and discussion papers, see the Treasury’s Living Standards website.²⁰

We are releasing several supporting documents with the LSF Dashboard. All are available on the Treasury Living Standards website and described below.

- **Living Standards Framework: Dashboard** – a web-based interactive interface with graphs depicting the indicators in a user-friendly manner.

- **Living Standards Framework: Background and Future Work** – A detailed explanation of the process involved in the choice of indicators, the indicators themselves and definitions as well as future work needed. This also includes summarised feedback received about LSF work.

- **Living Standards Framework: Dashboard User Guide** – Guidance on using the LSF Dashboard, including how it can be used to obtain information about sub-population groups.

- **Living Standards Framework: Our people – Multidimensional Wellbeing in New Zealand** – Supports the *Our people* section of the LSF Dashboard by describing the approach and method used to construct the measures presented in that section. It presents information on current wellbeing across multiple domains and assesses the extent to which these domains relate to each other statistically. It also looks at the distributions of wellbeing across these domains according to certain population demographic and socio-economic characteristics.

To learn more about Stats NZ’s Indicators Aotearoa New Zealand work, visit [Indicators Aotearoa New Zealand – Ngā Tūtohu Aotearoa²¹](https://www.stats.govt.nz/indicators-and-snapshots/indicators-aotearoa-new-zealand-nga-tutohu-aotearoa/). For any further questions, contact cea@treasury.govt.nz

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