



The Living Standards Framework (LSF)

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Tsy / AUT Symposium - 'A sustainable approach to business. How the LSF can help...'

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Three Components of the LSF

Current wellbeing	Future wellbeing	Risk and Resilience
<p>What is current wellbeing (population averages and distributions)?</p> <ul style="list-style-type: none">• Income and consumption• Jobs• Health• Housing• Knowledge and skills• Environment• Cultural identity• Subjective wellbeing• Safety and security• Leisure• Social connections• Civic engagement and governance	<p>Will wellbeing be sustained or improved?</p> <div data-bbox="807 705 1263 1156"><p>Natural capital</p><p>Human capital</p><p>Social capital</p><p>Financial/Physical</p></div>	<p>How resilient is future wellbeing to change and what are the key risks?</p>

Human Capital in the LSF

An individual's skills, knowledge, mental and physical health that enable them to participate fully in work, study, recreation and in society more broadly.

Previous education and skill focus but now includes health

Barriers to accumulating and utilising human capital – structural and cultural



Human Capital in the LSF

Education

- NZ OECD outlier high skills but low labour productivity
- Less well matched jobs / qualification, significantly less well matched jobs / field study

Health

- Ethnic, socio-economic disparities in health outcomes
- Ageing population, mental health concerns



Natural Capital in the LSF

Discussion Paper definition (modification of OECD)

- “Natural capital refers to all aspects of the natural environment. It includes individual assets such as minerals, energy resources, land, soil, water, trees, plants and wildlife. And, also includes broader ecosystems and their services – i.e., the joint functioning of, or interactions among, different environmental assets, as seen in forests, soil, aquatic environments and the atmosphere.”

Natural Capital in the LSF

Ecosystems connect natural capital to people's wellbeing

Timber = Natural capital

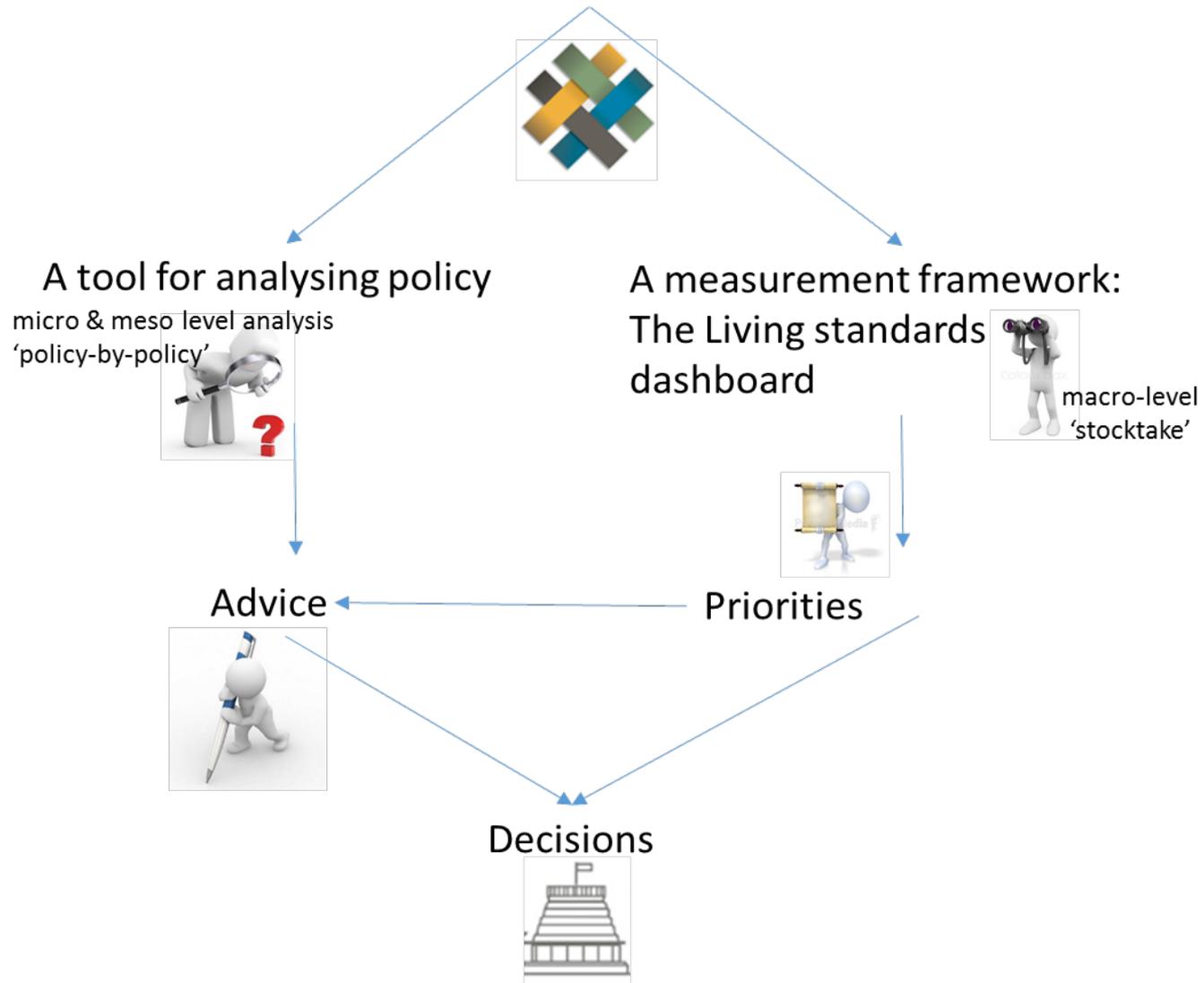
Forest = sequesters carbon, cleans the air, filters water...

Indicators of current and future wellbeing for natural capital

- trending downwards
- SEEA trending upwards
- need for robust data

How will The Treasury use the LSF?

The Living Standards Framework



Challenges and opportunities

- Lack of robust stock measures
- Creating New Zealand specific domains and indicators
- Tools for LSF policy analysis
- Common language that provides:
 - a distinction between consumption and investment
 - a focus on wellbeing outcomes rather than outputs
 - a comprehensive consideration of costs and benefits
- A framework that enables officials to give quality advice and politicians to make fully-informed decisions

How the Government sees wellbeing

- A public sector that is focused on services and outcomes that increase the wellbeing of all New Zealanders
- Cabinet Committees; Wellbeing Budget '19
- Child poverty reduction; Carbon Neutral 2050

- Over time, the LSF will measure and inform
 - current and long-term wellbeing through a dashboard
 - priority areas, policy and investment decisions, collaboration between agencies

Opportunities to engage

- Review the proposal for a Living Standards Dashboard
<https://treasury.govt.nz/information-and-services/nz-economy/living-standards>
- Complete the survey or email us directly with feedback
cea@treasury.govt.nz
- Join the Community for Policy Research
<https://treasury.govt.nz/publications/consultation/community-policy-research>
- Share your work directly with Tsy teams or present a (public) Guest Lecture