

Better policies for better lives, the Kiwi way

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Looking across the OECD's well-being indicators, the average New Zealander has several reasons to feel cheerful: high employment, good air quality, and strong social support to name just a few. Yet, like every OECD country, there are still opportunities to improve. New Zealanders experience relatively low household income and housing affordability. Well-being outcomes such as health, education and income are unequally distributed. Roughly 1 in 6 children live in poverty, even before housing costs are considered. And New Zealand faces challenges in protecting its generous endowment of natural capital.

Opportunities for improving New Zealand's well-being: an international perspective

		Change over time since ~ 2005	
		Worse than before	Same or better than before
International comparison: Current OECD ranking	Good	WATCH CLOSELY Falling cognitive skills at age 15 Rising long-term unemployment	SAFEGUARD High employment rate Strong social support and civic engagement Strong social capital High life satisfaction Good air quality
	Bad	COUNTERACT High economic vulnerability, rising household debt, and rising labour market insecurity Low housing affordability High and rising obesity prevalence Mental health problems High per capita greenhouse gas emissions, threats to water quality and biodiversity	STRENGTHEN Rising disposable household income and earnings Fewer people working long hours Increased feelings of safety Low investment in R&D
		Inequalities	
		REDUCE LARGE INEQUALITIES IN:	
		Health and educational outcomes Employment and material well-being outcomes Child well-being	

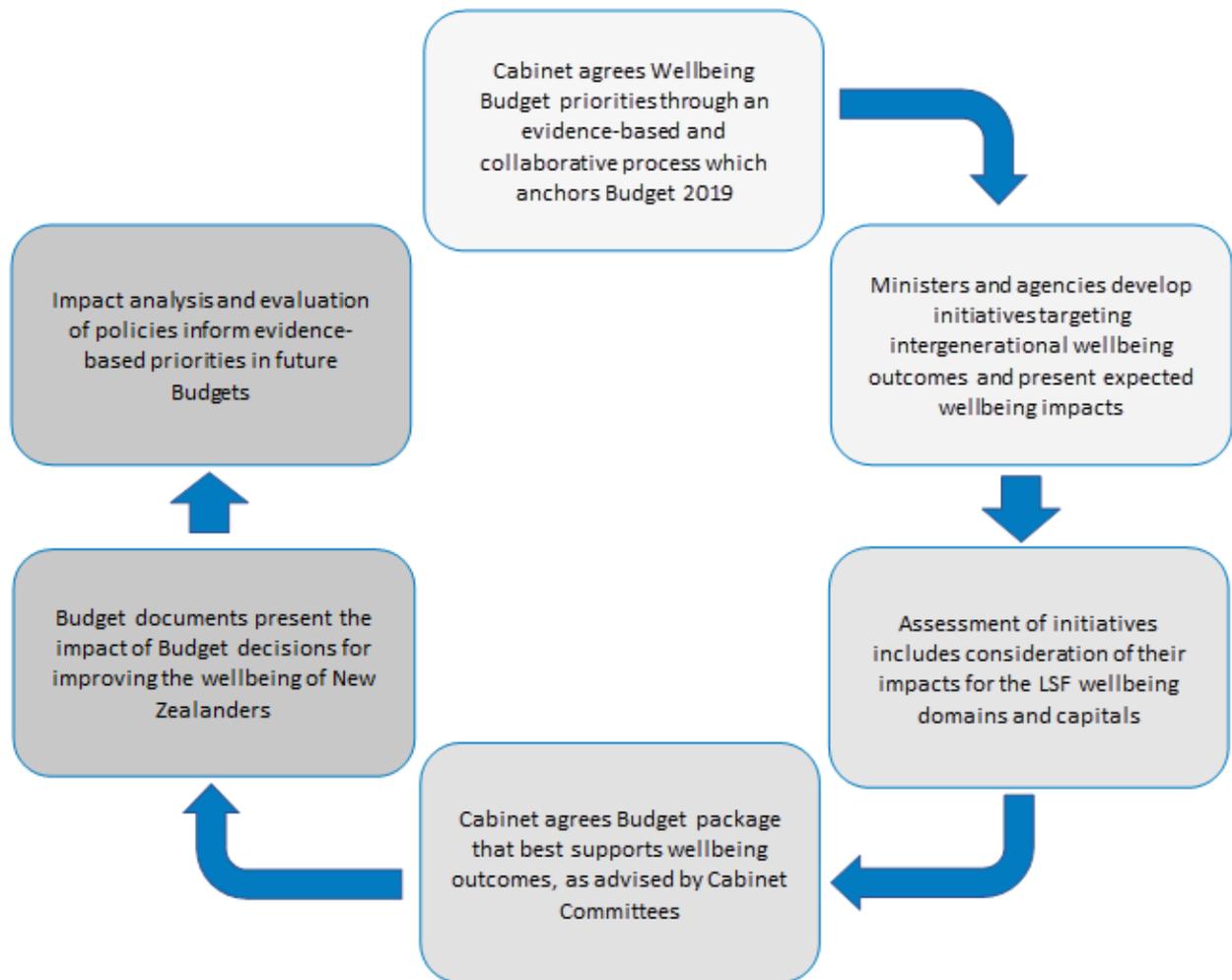
Source: OECD (2019) OECD Economic Surveys: New Zealand 2019

For a government serious about raising intergenerational well-being, solid statistics will be important. Both New Zealand Treasury and Stats NZ have recently developed their own indicator dashboards. This reflects a wider international practice that is gaining momentum in OECD countries. There are certainly still some data gaps to fill, and well-being data are not always produced with the frequency or granularity that fast-moving political decisions often demand. Critically, well-being dashboards are only one part of the evidence base needed to make policy decisions: they can help with diagnosis, but are largely silent on the most efficient and effective cure. So to make a real difference, those dashboards need to be embedded as part of a wider approach to advice and analysis.

New Zealand's Wellbeing Budget, released on 30 May, is one example of what that might look like. Some of the most important changes are arguably the most boring: they are not about shiny new policies, but about the processes that lie behind how policy is made. Well-being evidence informed several different steps of the budget, from identifying priorities through to assessing spending bids. This included adding well-being to the Treasury's cost-benefit analysis template and tools. A more holistic approach was taken towards assessing spending bids (rather than narrowly within

policy silos), and greater collaboration among departments was promoted and incentivised.

New Zealand's Wellbeing Budget process



Source: New Zealand Government (2018), *Budget Policy Statement, Budget 2019*, www.budget.govt.nz/budget/2019/fiscal-strategy/bps2019.htm

So what about the substantive policies? The Wellbeing Budget included a big cash injection for mental health; a focus on child well-being and steps to address family and sexual violence; funding for hospitals and schools; a boost to public transport; and steps to encourage sustainable land use and protect freshwater systems, among other measures.

Together, the actions in the budget account for around 4% of total public expenditure. One future challenge will be to

apply a well-being lens to reviewing baseline spend in agencies, which forms the bulk of the outlay. Evaluating new policy programmes, post hoc, for their well-being impact will be another important step, to help build the evidence base. Planned changes to the Public Finance Act aim to provide a legislative basis for well-being monitoring and objective-setting, putting this work on a more stable footing that can enable a longer-term shift in the culture and practice of the civil service.

In New Zealand, then, the well-being approach goes beyond a dashboard of statistics, or a set of new policies: it is also about a better way of developing and implementing policies. It is still early days, but other countries experimenting with well-being in their budgeting (including France, Italy and Sweden) might look to New Zealand for some practical tips.

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