



TE TAI ŌHANGA
THE TREASURY

Using Treasury's Living Standards Framework for policy options assessment: learnings so far

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Outline

- 1** The LSF in the policy cycle

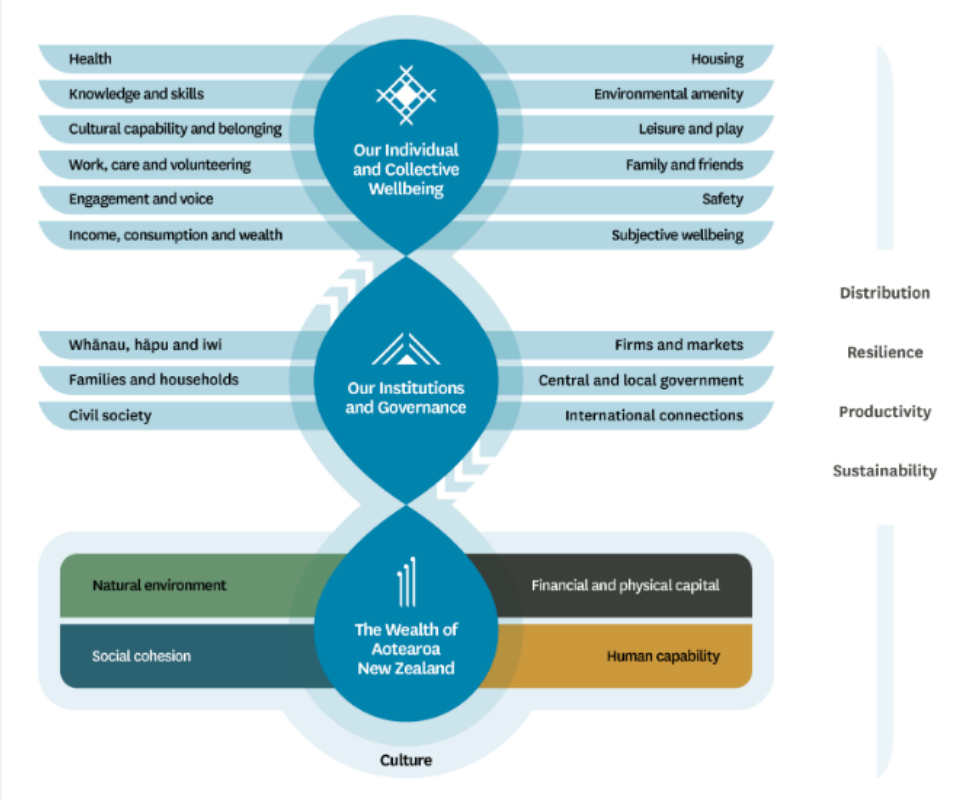
- 2** Learnings from use in impact assessment

- 3** Development



The LSF in the “policy cycle”

Frameworks and perspectives

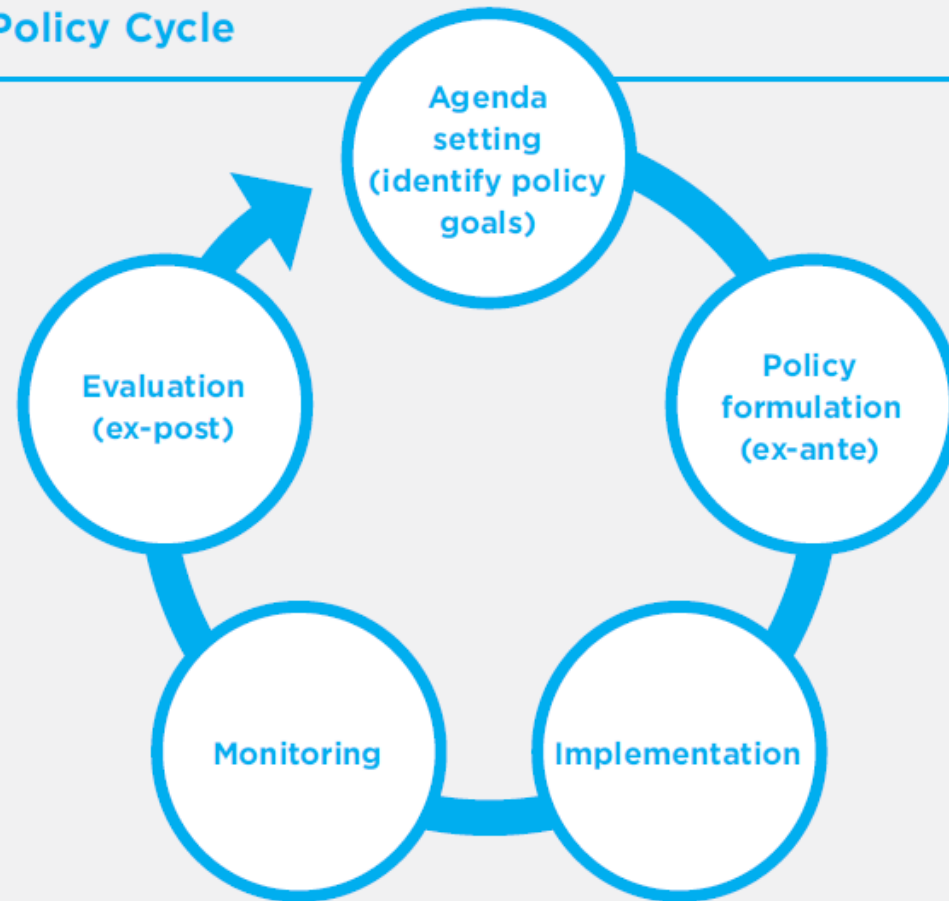


Living Standards Framework



He Ara Waiora

Figure 3.1 The Policy Cycle

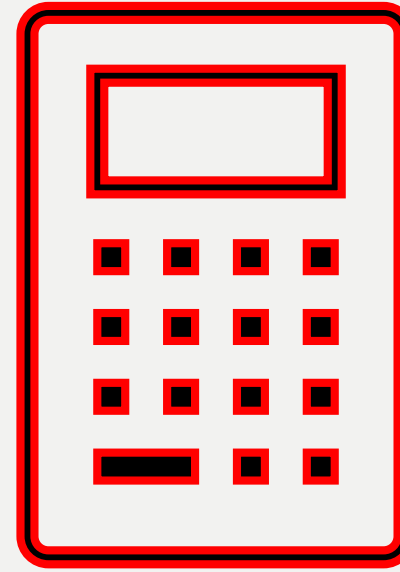


Source: Durand (2018) Countries' Experiences with Well-being and Happiness Metrics, Ch. 8 in GHC (2018) *Global Happiness Policy Report*.

Tools for impact assessment



CBA & CBAX



Better Business Cases



Learnings from use in impact assessment

CBA/CBAx and Government Budgeting

- Four Wellbeing Budgets so far
- CBAx use to support initiatives remains “discretionary”
- Large number of initiatives
- Agency “clusters” – natural resources, justice
- Multi-year funding

Eastern Porirua Regeneration

- Very thorough CBA process
- Establishment of baseline
- Extensive literature review – effect size evidence
- Inputs, outputs, outcomes mapped (health, education, jobs, safety...)
- Monetisation applied for some impacts
- MCA for qualitative impacts



Development

Focus on *purpose* and *context*

- the purpose is *better decisions*
- above all, intervention logic needs to be clear
- “identify, quantify, monetise” is therefore a tool, not an end in itself

Challenges

- evidence may be lacking or of doubtful generalisability (local idiosyncracies)
- target systems may be complex
- practitioner capacity is a real issue
- information and capability are generally decentralised

Responses

- human deliberation and judgement are key
- sensitivity analysis helps
- heuristic short cuts e.g. breakeven analysis may be useful
- evaluation needs to be baked in

Getting better at long-term thinking

- operationalising sustainability assessment – the “wealth” approach
- “total value”
- weighting future generations

Framing future wellbeing



Summary

- Experience is growing, but still lots to learn
- Clear aspirations are good, but so is pragmatism
- Thinking about the future is hard