



CHARTERED ACCOUNTANTS™
AUSTRALIA + NEW ZEALAND

25 September 2018

Indicators Aotearoa New Zealand,
Stats NZ,
PO Box 2922,
Wellington
6140
via email: indicators@stats.govt.nz

Dear Sir/Madam

Indicators Aotearoa New Zealand

Chartered Accountants Australia and New Zealand welcomes the opportunity to provide a submission to Stats NZ on the Indicators Aotearoa New Zealand.

We are very supportive of the development of Indicators Aotearoa New Zealand (IANZ). As noted in our 2017 paper - *Quest for Prosperity – How can New Zealand keep living standards rising for all?*, New Zealand is one of the few OECD nations that has made a clear commitment to measure national progress and wellbeing beyond GDP.

We have provided our feedback on the survey questions in Appendix A. Appendix B provides more information about Chartered Accountants Australia and New Zealand.

Key points

- We support the alignment of Stats NZ's approach with Treasury's Living Standards Framework. We provided feedback on Treasury's Living Standards Dashboard at the end of July. Whilst we understand the IANZ will be used by other sectors and agencies, it will be important to understand how the proposed 20 'core' indicators will align to 19 domains under the Living Standards Framework.
- We are pleased that the indicators will also enable government and non-government agencies to deliver on the UN sustainable development goals (SDGs).

Should you have any queries about our submission or wish to discuss it in further detail, please contact Karen McWilliams via email at karen.mcwilliams@charteredaccountantsanz.com or phone (612) 8078 5451.

Yours sincerely

Peter Vial FCA
Group Executive Advocacy & Professional Standing, New Zealand & the Pacific
Chartered Accountants Australia and New Zealand

Karen McWilliams FCA
Business Reform Leader
Advocacy & Professional Standing
Chartered Accountants Australia and New Zealand

Appendix A

General comments

We support the alignment of Stats NZ's approach to Treasury's Living Standards Framework. We provided feedback on Treasury's Living Standards Dashboard at the end of July. We note that this consultation included 84 indicators across 19 domains, with each indicator to have a level, change over time and three distribution of outcomes measures. We assume that these 84 indicators will form part of the 110 indicators to be selected for IANZ. Whilst we understand the IANZ will be used by other sectors and agencies, it will be important to understand how the proposed 20 'core' indicators will align to 19 domains under the Living Standards Framework.

The Quest for Prosperity

In 2017, we released a paper [The Quest for Prosperity: How can New Zealand keep living standards rising for all?](#) This paper was based on a 10 year analysis of the Legatum Institute's Prosperity Index looking at trends over time and comparing New Zealand to its OECD peers. The paper specifically notes New Zealand's leadership in developing a measure of national progress which goes beyond GDP. The paper noted three key challenges to keeping prosperity growing for all New Zealanders. These were:

- Inequality, particularly in education
- Falling housing affordability
- Global competitiveness: the environment and trade.

We consider it is important to include measures which encompass these challenges in the IANZ.

Sustainable development goals (SDGs)

We are pleased that the indicators will also enable government and non-government agencies to deliver on the UN sustainable development goals (SDGs). New Zealand is a signatory to the UN's 2030 agenda for sustainable development. The Ministry of Foreign Affairs and Trade's website notes that *'New Zealand will contribute to achievement of the goals through a combination of domestic action, international leadership on global policy issues, and supporting countries through the New Zealand Aid Programme.'* In relation to domestic action, it goes on to say that *'Achieving the SDGs will require a cross-Government effort. New Zealand government agencies are reviewing the goals and their alignment with Government priorities. This analysis will inform a discussion on how New Zealand focuses its efforts.'*

Survey Questions

From the list below, please choose the five things your group/organisation think are most important for the well-being of New Zealanders.

- Relationships with friends and whānau
- Health
- Housing
- Neighbourhood and community
- Access to facilities such as libraries, parks, or green spaces
- Work, jobs, and career
- Financial security
- Trust in government and the public sector – see comment below**
- Education, skills, and training
- Leisure and recreation
- Ability to have a say on local and national issues
- Cultural identity and expression
- Personal safety
- Spirituality or religion
- Air quality
- Rivers, lakes, and oceans
- Wildlife, forests, and the bush
- Other – please specify

We consider that trust in government and the public sector is too important to be included in these rankings. Trust in government and the public sector underpins New Zealand's society and, as such, is non-negotiable.

We'd like to know a little more about which aspects of those options your group/organisation think contribute most to the well-being of New Zealanders.

1. [What is it about your first choice your group/organisation thinks contributes most to well-being? Please be as specific as you can.](#)

Education, skills and training

Education, and the skills it gives a country, is an essential part of that country's ability to deliver prosperity. Better educated workforces can generate greater wealth per head to drive up living standards.

Our 2017 *Quest for prosperity* paper noted that the biggest challenge to growing New Zealand's prosperity comes in its education system, where the country has fallen both internationally, and in real terms since 2007. It also went on to note that 'Inequality, particularly in education, threatens future prosperity in low income, Māori, and Pasifika communities, especially as technology changes the nature of work.'

2. What is it about your second choice your group/organisation thinks contributes most to well-being? Please be as specific as you can.

Work, jobs, and career

Our economy and society are being shaped by large-scale shifts, from globalisation to digital disruption. Businesses are facing more intense pressures to respond to changing customer demands and new market entrants. The forces of disruption are not just being driven by start-ups and felt by business leaders – they're driving change in the workforce and labour market. For example, machine learning, a subset of artificial intelligence, has been described as humankind's fourth industrial revolution.

This disruption will significantly change the workplace of the future. Historically, the jobs that technology has destroyed have been more than offset by the new jobs that it has created. However, there is likely to be a period of transition during which many employees will have to reskill, retrain or change jobs.

3. What is it about your third choice your group/organisation thinks contributes most to well-being? Please be as specific as you can.

Financial security

We view financial security as incorporating financial literacy. Financial literacy is important to wellbeing because people are much more likely to lead healthy and fulfilling lives when they are financially secure and have an understanding of their own finances. Financial security is also important from an equity perspective. Whilst equality is about equal outcomes, equity is more about equal opportunities.

4. What is it about your fourth choice your group/organisation thinks contributes most to well-being? Please be as specific as you can.

Housing

Our 2017 *Quest for prosperity* paper noted that 'falling housing affordability threatens to erode New Zealand's strong social capital (a measure of how strong society is). This could affect the country's ability to secure rising prosperity for an ageing society.'

Unaffordable housing is eroding the foundations of New Zealand's social strength by reducing rates of home ownership. This is a threat to the strong social capital that New Zealand needs to prosper. New Zealand's population is ageing, not as rapidly as that of some other countries, but still at a significant rate.

The Government will need to pursue new ways to deliver services if taxation and debt are to remain at sustainable levels. Communities are critical here, but communities are strengthened by home ownership and weakened when people are priced out of the market.

5. What is it about your fifth choice your group/organisation thinks contributes most to well-being? Please be as specific as you can.

Health

A population that is healthy, both physically and mentally, is important for both the economic and social development behind rising prosperity. Globally, health systems need to shift from a focus on the treatment of infectious diseases to non-communicable diseases such as cardio-vascular diseases, diabetes, cancer and mental health. These will require different measures of progress.

About Chartered Accountants Australia and New Zealand

Chartered Accountants Australia and New Zealand is a professional body comprised of over 120,000 diverse, talented and financially astute members who utilise their skills every day to make a difference for businesses the world over.

Members are known for their professional integrity, principled judgment, financial discipline and a forward-looking approach to business which contributes to the prosperity of our nations.

We focus on the education and lifelong learning of our members, and engage in advocacy and thought leadership in areas of public interest that impact the economy and domestic and international markets.

We are a member of the International Federation of Accountants, and are connected globally through the 800,000-strong Global Accounting Alliance and Chartered Accountants Worldwide which brings together leading Institutes in Australia, England and Wales, Ireland, New Zealand, Scotland and South Africa to support and promote over 320,000 Chartered Accountants in more than 180 countries.

We also have a strategic alliance with the Association of Chartered Certified Accountants. The alliance represents 788,000 current and next generation professional accountants across 181 countries and is one of the largest accounting alliances in the world providing the full range of accounting qualifications to students and business.