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**Working Paper**

## Culture, wellbeing, and the Living Standards Framework: A perspective

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Ministry  
for Culture  
& Heritage

# Culture, Wellbeing, and the Living Standards Framework: A Perspective

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Discussion Paper 19/02 – Prepared for the Ministry for Culture and Heritage and the Treasury

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## DISCLAIMER

This paper is part of a series of discussion papers on wellbeing in the context of the Treasury's Living Standards Framework. The discussion papers have been published to support discussion on intergenerational wellbeing perspectives and do not represent the Treasury's position.

While every effort has been made to ensure that the information herein is accurate, the AERU does not accept any liability for error of fact or opinion which may be present, nor for the consequences of any decision based on this information.

This discussion paper is based on AERU Research Report No. 353 of the same title. This shorter paper has been produced by the Ministry of Culture and Heritage, Wellington, with the permission of the authors. Sources cited in this discussion paper are referenced in the research report.

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Culture, Wellbeing, and the Living Standards Framework: A  
Perspective

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# Executive Summary

As part of its work programme to develop the Living Standards Framework (LSF) and the LSF Dashboard, the New Zealand Treasury has commissioned a series of discussion papers and reports designed to offer perspectives on important aspects of intergenerational wellbeing.

This publication, commissioned by the Ministry for Culture and Heritage (MCH) and the Treasury, contributes to that series. It is based on a larger research report, AERU Research Report No. 353, which contains more details on the themes in this paper.

The purpose of this discussion paper is to analyse culture and wellbeing in the context of the LSF. It provides an integrated analysis of how culture might be embedded in the LSF and the LSF Dashboard. Questions for discussion are included at the end of each chapter.

Readers are advised that the report does not address sport and recreation. This is a specialist field requiring more attention than can be provided in this discussion paper.

Chapter One introduces ways in which ‘culture’ and ‘wellbeing’ can be understood in a policy context.

Chapter Two explains the capabilities approach to wellbeing, which pays attention to the capabilities of persons to lead the kind of lives they value—and have reason to value (Sen, 1999: 18). It surveys wellbeing measurement frameworks, and sets out five themes:

- Cultural development of children.
- Cultural efficacy and competence.
- Cultural safety and respect.
- Cultural assets and taonga.
- Cultural engagement and vitality (see Table 2.4, Section 2.5).

Chapter Three addresses cultural wellbeing, including an analysis of these five themes.

Chapter Four summarises the main features of the LSF, including the four types of capital: human, social, financial/physical, and natural. It asks whether the LSF needs a separate capital stock termed cultural capital, explaining that culture is already a cross-cutting factor (see Figure 4.2, section 4.3). It suggests inclusion of two further categories of current wellbeing: Families and Whānau, and Business.

Chapter Five offers an economic rationale for public investment in culture, and introduces a draft framework prepared by the MCH for analysing the economic value of culture. It uses this material to present for discussion a ‘cultural wellbeing framework’ that aligns with the LSF (see Figure 5.2, section 5.6).

Chapter Six explores how statistical indicators of cultural wellbeing might be developed.

Chapter Seven is a brief conclusion with eight key points for further development of New Zealand’s statistical monitoring of cultural wellbeing, including in the LSF: four are addressed to MCH and four to the Treasury.

# Chapter 1

## Introduction

This chapter provides definitions of the key terms used in this paper—culture and wellbeing—and discusses how wellbeing is embedded in public policy frameworks. Section 1.1 offers a high-level definition of culture; section 1.2 discusses the importance of culture for wellbeing; and section 1.3 describes the international and local move to embed wellbeing in public policy.

### 1.1 Towards a General Definition of Culture

All humans are born with a genetic inheritance from their biological parents. This inheritance includes a distinctly human capacity to use language and engage in symbolic thought, which creates the possibility for human ‘culture’ evolving from generation to generation (Throsby, 1995; Wilson *et al.*, 2014).

Culture is very difficult to define, but the following quotation indicates how the concept can be understood in general terms.

...the set of distinctive spiritual, material, intellectual and emotional features of society or a social group ... it encompasses, in addition to art and literature, lifestyles, ways of living together, value systems, traditions and beliefs (UNESCO, 2001: Preamble).

Generic definitions like this one take us only so far. Children do not acquire a *generic* human language, for example, but learn the *specific* language or languages of their family. Family is used here in a wide sense to include ‘all those who share responsibility for the child’s care and development within the child’s household or households’ (Dalziel *et al.*, 2018: 47). As New Zealand research by Sligo *et al.* (2017) documents, ‘even children within a single household can live in different “families” and experience different levels of complexity and change’ (53).

Similarly, children absorb the embodied cultures of the *particular* communities within which they grow up. Thus, we humans not only receive a particular genetic inheritance from our parents; we also inherit distinctive cultural patterns and other cultural features evolving through the generations.

The large number of particular cultures creates another key aspect of human experience—cultural diversity. Cultural diversity and the dynamism of cultures across generations pose challenges for public policy focused on expanding personal and communal wellbeing.

### 1.2 Culture and Intergenerational Wellbeing

Culture tends to be less well-defined than other areas of wellbeing. One way to address this gap is to consider international conventions on human rights, which present agreed standards for human dignity, and so provide a baseline for wellbeing. Culture is an essential element.

Thus, several articles in the United Nations' Convention on the Rights of the Child (1989) make reference to the child's cultural heritage and development, including that:

...the education of the child shall be directed to ... The development of respect for the child's parents, his or her own cultural identity, language and values, for the national values of the country in which the child is living, the country from which he or she may originate, and for civilizations different from his or her own (Article 29, Clause 1, Item c).

The Convention emphasises the importance of a young person's cultural development as important to wellbeing. It recognises that this may involve more than one cultural identity, not necessarily limited to cultural identities based on ethnicity.

The United Nations Declaration on the Rights of Indigenous Peoples (2007), which was ratified by New Zealand in 2010, includes the following statement.

Indigenous peoples have the right to practise and revitalize their cultural traditions and customs. This includes the right to maintain, protect and develop the past, present and future manifestations of their cultures (Article 11, Clause 1).

Another key document, the UNESCO Universal Declaration on Cultural Diversity 2001, describes cultural diversity as the common heritage of humanity.

...embodied in the uniqueness and plurality of the identities of the groups and societies making up humankind ... cultural diversity is as necessary for humankind as biodiversity is for nature ... and should be recognized and affirmed for the benefit of present and future generations (Article 1).

Finally, the Universal Declaration of Human Rights states simply:

Everyone has the right freely to participate in the cultural life of the community, to enjoy the arts and to share in scientific advancement and its benefits (Article 27, Clause 1).

Thus, a cultural life is recognised as a human right that is fundamental to human dignity. It is an essential aspect of intergenerational wellbeing.

### 1.3 Wellbeing in Public Policy

In 2008 three eminent economists, Joseph Stiglitz, Amartya Sen, and Jean-Paul Fitoussi, headed a commission to examine the ways in which countries measure economic performance and social progress. Their resulting report was unequivocal: 'the time is ripe for our measurement system to *shift emphasis from measuring economic production to measuring people's well-being*' (Stiglitz *et al.*, 2009: 12, emphasis in the original).

That recommendation has been influential. As described in the following chapter, countries are creating national measurement frameworks for monitoring significant dimensions of personal wellbeing. A good example is the Treasury's LSF Dashboard, which can be accessed at <https://lsfdashboard.treasury.govt.nz/wellbeing/>.



Chapter Four will offer a description of the LSF Dashboard (and the LSF that has guided its construction), but here it can be simply noted that the Dashboard explicitly includes a dimension of wellbeing labelled *Cultural Identity*:

...the ability to express one's culture and identity and places intrinsic value on cultural taonga. Having a strong cultural identity is important for one's sense of self and overall wellbeing. For example, cultural identity influences the extent to which people feel a sense of belonging and therefore self-worth (Treasury, 2018b: 26).

The Treasury recognises that further work is needed on this concept, which is one of the reasons for this current discussion paper.

The discussion paper introduces two terms alongside the important concept of cultural identity: *cultural vitality* and *cultural vibrancy*. In this paper, cultural vitality refers to people enjoying opportunities to live their culture (or their cultures), especially by engaging in valued cultural practices. Cultural vibrancy in this paper refers to the dynamism and richness of the culture itself. Both concepts depend on each other, of course.

## Discussion points:

**1.1:** Does the UNESCO definition of culture capture the most important aspect of culture, at a high level and in general terms?

**1.2:** Does the material reproduced from United Nations documents accurately reflect the importance of culture for human dignity and wellbeing, including its emphasis on indigenous cultures and its inclusion of the cultural wellbeing of the child?

**1.3:** What are the implications for New Zealand's policy frameworks of the recommendation by Stiglitz, Sen, and Fitoussi (2009) to shift emphasis from measuring economic production to measuring people's wellbeing?

# Chapter 2

## Understanding and Measuring Wellbeing

This chapter focuses on how policy advisors might understand and measure wellbeing. It surveys wellbeing measurement frameworks, and sets out the common themes, summarised in Table 2.4 (section 2.5).

### 2.1 The Capabilities Approach to Wellbeing

A high-level definition of wellbeing for policy purposes needs to allow for the considerable cultural diversity that exists in understanding what wellbeing means. Many frameworks have therefore begun with the capabilities approach introduced by Amartya Sen, which pays attention to ‘the “capabilities” of persons to lead the kinds of lives they value – and have reason to value’ (Sen, 1999: 18). Within this approach, wellbeing can be enhanced by expanding the capabilities of persons to lead valued lives (Dalziel *et al.*, 2018).

The capabilities approach refers to persons leading the kinds of lives *they* value, and have *reason* to value. It is not for policy advisors to determine how people should want to live, since different persons have different values. The capabilities approach does not imply that people should be supported to lead any kind of life—chosen lifestyles must be *reasoned* in communal settings.

### 2.2 Cultural Understandings of Wellbeing

Policy advice should recognise that humans can have reasoned lifestyles that are very different. This can be illustrated with the following quotations demonstrating the various ways in which the speakers reflect on the value of life.

There is nowhere that I feel more at peace than in the still tranquillity of the Whanganui River, te awa tupua, our lifeblood, our tribal heartbeat, the sacred umbilical cord that unites us from the mountains to the sea.

– Valedictory speech to Parliament of Tariana Turia, 24 July 2014  
(cited in Leahy, 2015: 506)

In Pacific culture, an individual does not exist alone, but exists in relationship with other people both living and deceased ... Relationships with, and between, people, villages (or community), the land and spirit world are paramount for Pacific peoples.

– Su’a Thomsen, Jez Tavita, and Zsontell Levi-Teu (2018: 7)

Research has classified Asians as collectivistic in comparison to Europeans, who are generally more individualistic ... collectivism is founded on sharing resources with families and others within in-groups.

– Yong (2018: 7)

To be Pakeha in the 1940s and 1950s was to enjoy a way of life that changed beyond recognition in the succeeding decades. At the outset, for almost all of us, Britain was Home, the centre of an Empire of which our country was the most far-flung Dominion.

– King (1985: 9)

...through the many changes I have seen over the years, faith, family and friendship have been not only a constant for me but a source of personal comfort and reassurance.

– Her Majesty The Queen (2018)

The principle of compassion lies at the heart of all religious, ethical, and spiritual traditions, calling us always to treat all others as we wish to be treated ourselves ... treating everybody, without exception, with absolute justice, equity and respect.

– Charter for Compassion, 2009 (cited in Armstrong, 2011: 4–5)

Those who first set themselves to discover nature's secrets and designs, fearlessly opposing mankind's early ignorance, deserve our praise; for they began the quest to measure what once was unmeasurable, to discern its laws, and conquer time itself by understanding ... Dare to know: that is the motto of enlightenment.

– A C Grayling (2011: 2–3)

These quotations portray the diversity and dynamism in human responses about valued kinds of lives, and the deeply-held cultural values inherited from previous generations. The diversity of cultural values deeply held by citizens is why the German Federal Government (2017: 5–7) adopted the principle of 'heterogeneous, not representative' in its design of a national wellbeing measurement framework.

### 2.3 International Wellbeing Measurement Frameworks

This section considers how culture is represented in the wellbeing measurement frameworks of the United Kingdom (UK), Germany, and the Organisation for Economic Co-operation and Development (OECD).

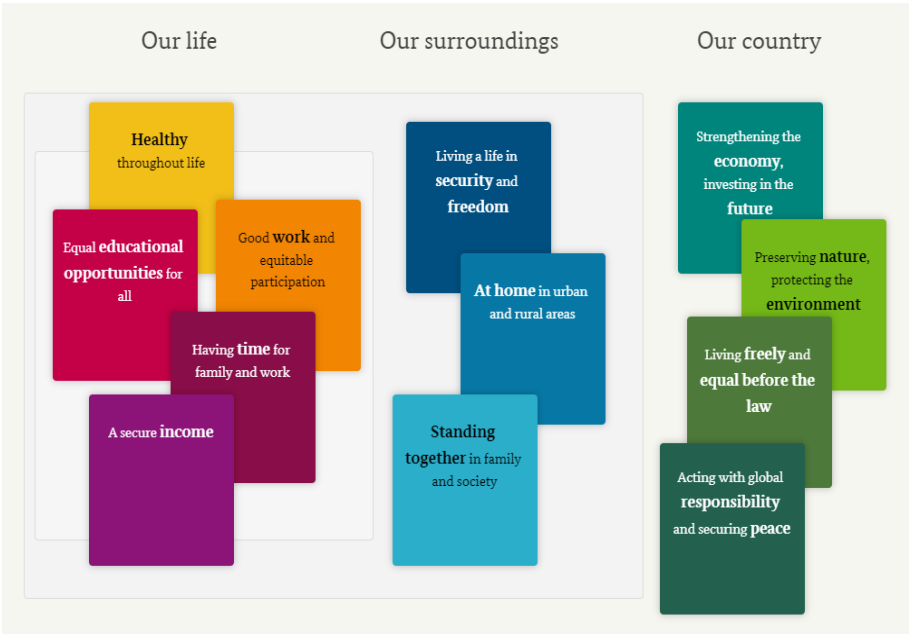
The **Measuring National Well-being Programme** was established in the UK in November 2010 to monitor accepted and trusted measures of the nation's wellbeing. The Office for National Statistics also publishes a separate dataset of children's wellbeing. Both datasets include a measure based on engagement with cultural activities: Engaged with, or participated in, arts or cultural activities at least 3 times in last year.

Design of the **German wellbeing framework** defined Twelve Dimensions of Wellbeing, presented in Figure 2.1, below. The dimensions were supported by 46 indicators, of which one refers to culture, under the dimension of 'At home in urban and rural areas': Travel time to educational, service and cultural facilities.

The **OECD Wellbeing Framework** is a tool for helping to understand whether life is getting better for people. It has two major components, presented in Figure 2.2, below. The first component identifies four capital stocks that are required resources for sustaining wellbeing over time: natural capital, human capital, economic capital, and social capital. The second component lists 11 dimensions of current wellbeing.

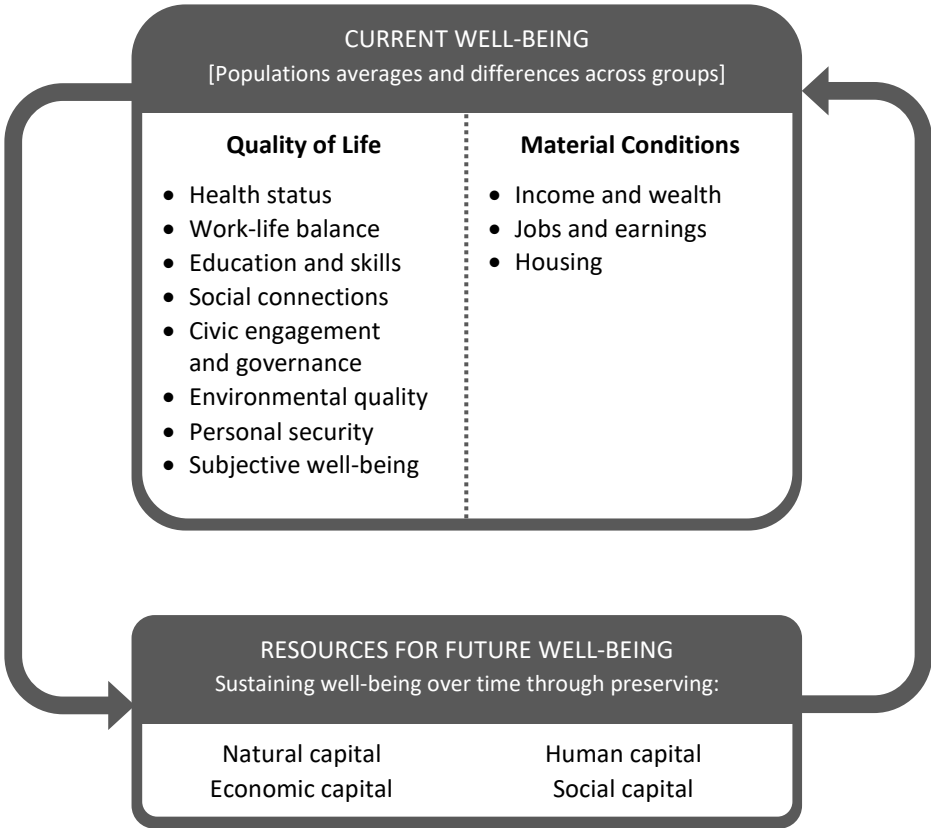
The OECD wellbeing framework does not include culture in its dimensions of current wellbeing, nor does it include cultural capital in resources for future wellbeing, with one exception: measures of a country's intellectual property assets.

**Figure 2.1:** Twelve Dimensions of Wellbeing in Germany as of May 2017



Source: <https://www.gut-leben-in-deutschland.de/static/LB/en/>.

**Figure 2.2:** The OECD Wellbeing Framework as of 2017



Source: OECD (2017, Figure 1.1: 22).

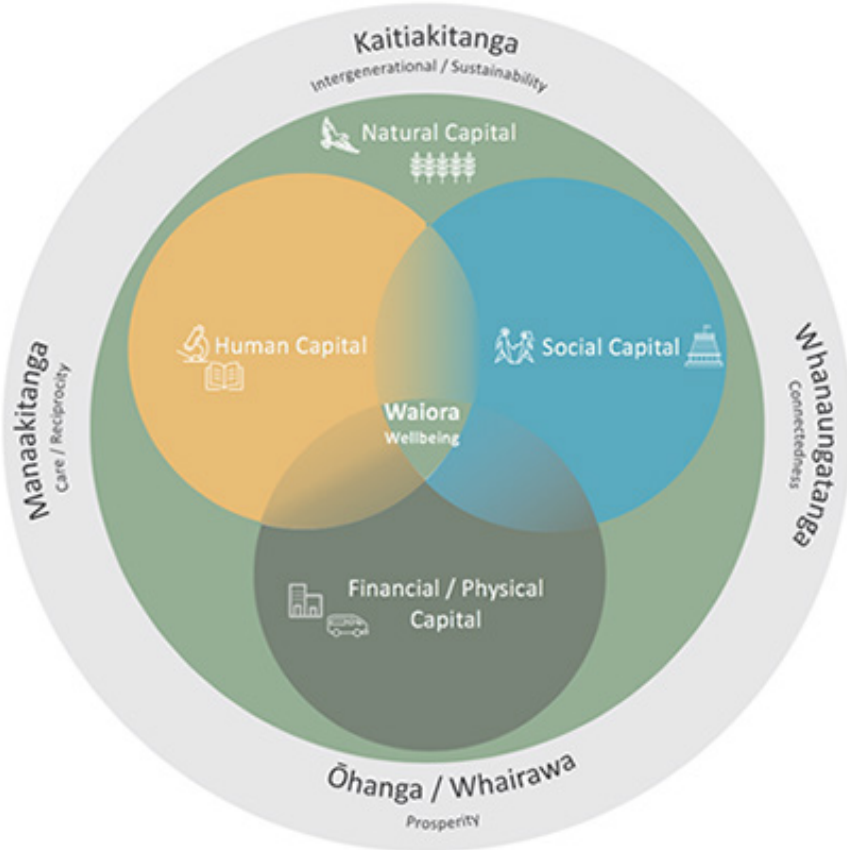
## 2.4 New Zealand Wellbeing Measurement Frameworks

New Zealand frameworks for framing wellbeing in a policy context often embed culture and cultural diversity among their topics. This includes a number of holistic conceptual frameworks that embed Māori or Pacific cultural values, such as:

- Te Whare Tapa Whā and Te Pae Māhutonga created by Mason Durie.
- The Fonofale model created by Fuimaono Karl Pulotu-Endemann.
- The Pacific Operating Model in Thomsen, Tavita, and Levi-Teu (2018).
- He Ara Waiora prototype model in O’Connell *et al.* (2018, chapter 3).

The last of these is presented in Figure 2.3, below. It includes the four capitals of the Living Standards Framework, which are the same as in the OECD framework in Figure 2.2, but they are nested in this framework within Māori cultural values.

**Figure 2.3:** The He Ara Waiora Prototype Model



Source: O’Connell *et al.* (2018: 7).

New Zealand agencies have also developed measurement frameworks to monitor wellbeing trends.

The Waikato Regional Council developed the **Waikato Progress Indicators (WPI)** (see [www.waikatoregion.govt.nz/wpi/](http://www.waikatoregion.govt.nz/wpi/)). *Cultural identity* is one of the topics included, and has two associated indicators: Cultural respect and Te Reo Māori speakers.

The **Canterbury Wellbeing Index** (see <https://www.canterburywellbeing.org.nz/>) was created after the earthquakes of 2010 and 2011. The social capital domain in the Index includes three indicators that measure aspects of wellbeing related to culture: personal identity, arts attendance, and participation in the arts. The He Tohu Ora section of the Index offers 19 indicators selected on the basis of a Te Ao Māori worldview (see Table 2.1, below).

**Table 2.1:** Indicators in the He Tohu Ora Section of the Canterbury Wellbeing Index, as at February 2019

Indicators	
<ul style="list-style-type: none"> <li>• Sense of neighbourhood</li> <li>• Whānau support</li> <li>• Whānau contact</li> <li>• Unpaid activities</li> <li>• Whānau wellbeing</li> <li>• Self-rated health</li> <li>• Quality of life</li> <li>• Te reo Māori speaking</li> <li>• Te reo Māori understanding</li> <li>• Tribal identity</li> </ul>	<ul style="list-style-type: none"> <li>• Visited marae</li> <li>• Tūrangawaewae connection</li> <li>• Cultural support</li> <li>• Cultural engagement</li> <li>• Spirituality</li> <li>• Housing quality</li> <li>• Satisfaction with income</li> <li>• Access to transport</li> <li>• Access to natural environment</li> </ul>

Source: <https://www.canterburywellbeing.org.nz/>.

The **Whānau Ora Outcomes Framework** is designed to guide and monitor success in the Whānau Ora programme (Te Puni Kōkiri, 2016). There are seven Whānau Ora Outcomes:

- Whānau are self-managing and empowered leaders.
- Whānau are leading healthy lifestyles.
- Whānau are participating fully in society.
- Whānau and families are confidently participating in Te Ao Māori (the Māori World).
- Whānau and families are economically secure and successfully involved in wealth creation.
- Whānau are cohesive, resilient, and nurturing.
- Whānau and families are responsible stewards of their living and natural environments.

**An Indigenous Approach to the Living Standards Framework** is a recent discussion paper in the LSF series. It offers the above Whānau Ora Outcomes as seven wellbeing domains (Te Puni Kōkiri and the Treasury, 2019), with links to the four capitals in the LSF.

The **Lifetime Wellbeing Model for New Zealand Children** is being developed by Oranga Tamariki—Ministry for Children (see <https://orangatamariki.govt.nz/research/research-seminars/the-well/>). Its third domain recognises connection to culture as an aspect of child wellbeing: **Connectedness**: Children understand who they are, where they belong, and their connection to whānau, culture, and community.

The **SIA wellbeing measurement approach** is being developed by the Social Investment Agency. It has 12 wellbeing domains, one of which is Ūkaipōtanga/cultural identity, defined as belonging and ability to express your identity (Blight *et al.*, 2018).

The **Social Report Framework** was created by the Ministry of Social Development (2016). It has 10 outcome domains, one of which is Cultural Identity.

**Te Kupenga** is a survey of Māori wellbeing by Stats NZ implemented in 2013 to collect information on the social, cultural, and economic wellbeing of Māori in New Zealand, and on the health of the Māori language and culture. Table 2.2, below, lists its cultural wellbeing topics.

**Table 2.2:** Aspects and Topics of Cultural Wellbeing in the Te Kupenga Survey, as at 2013

Aspect	Topics
Cultural wellbeing	<ul style="list-style-type: none"> <li>• Knowledge of iwi, enrolled with iwi, and participated in last iwi elections</li> <li>• Knowledge of pepehā, marae tūpuna, and if ever visited a marae, and if in past 12 months</li> <li>• Ability to access Māori cultural support in time of need</li> <li>• Engagement in general practices related to Māori culture over the past 12 months</li> <li>• Being religious and/or spiritual</li> <li>• Māori language ability</li> <li>• Where and with whom te reo Māori is spoken</li> <li>• Whether or not a native speaker</li> </ul>

Source: [http://archive.stats.govt.nz/browse\\_for\\_stats/people\\_and\\_communities/maori/te-kupenga/topics-2013.aspx](http://archive.stats.govt.nz/browse_for_stats/people_and_communities/maori/te-kupenga/topics-2013.aspx).

The **New Zealand Progress Indicators Tupuranga Aotearoa** website was maintained by Stats NZ as part of its work on monitoring progress towards a sustainable New Zealand. One of its 15 topics was Culture and Identity, with four indicators and measures (see Table 2.3, below).

**Table 2.3:** Four Indicators and Measures for the Topic of Culture and Identity, 2009

Indicator	Measure
Speakers of te reo Māori	Proportion of people who identify themselves as being of Māori ethnicity and able to have an everyday conversation in the Māori language.
Children attending Māori language immersion schools	The number of children attending kura kaupapa Māori (Māori language immersion schools).
Number of historic places	Number of historic places registered with the Historic Places Trust, listed in district plans or recognised by the Department of Conservation.
Local content on New Zealand television	Proportion of local content on prime-time television on the six major nationwide free-to-air channels.

Source: Statistics New Zealand (2009: 127–132).

In 2019, Stats NZ released a new measurement framework, **Indicators Aotearoa New Zealand—Ngā Tūtohu Aotearoa** (<https://www.stats.govt.nz/indicators-and-snapshots/indicators-aotearoa-new-zealand-nga-tutohu-aotearoa/>). It includes the following indicators:

### **Current Wellbeing**

#### **Culture:**

Engagement in cultural activities; intergenerational transfer of knowledge; te reo Māori speakers.

#### **Identity:**

Sense of belonging; language development and retention.

### **Future Wellbeing**

#### **Financial and physical capital:**

Heritage assets.

## **2.5 Themes in Cultural Indicators**

The previous two sections presented a number of different cultural indicators from international and New Zealand wellbeing measurement frameworks. Two questions may be asked of each framework.

- Does the set of selected dimensions adequately represent all key aspects of wellbeing according to the diverse cultural values of different groups and communities in the country?
- Do one or more of the dimensions include indicators that explicitly address culture itself as a key contribution to wellbeing?

Addressing the first question, Yap and Yu (2016) suggest five essential dimensions for indigenous wellbeing:

- Indigenous autonomy and self-determination.
- Indigenous peoples' connection to country, culture, and their environment.
- The central importance of family and kinship, transcending the boundaries of immediate blood relations.
- Interconnections between dimensions of wellbeing, so that an integrated approach is essential.
- Conceptualisations of health and wellbeing cannot be separated from the context of colonisation and its consequences.

Some New Zealand frameworks, including many of those described in the previous section, have created a distinctive approach based on Te Ao Māori.

In answer to the second question, New Zealand frameworks typically include indicators that aim to measure some aspect of cultural wellbeing. The most common title for the relevant domain is *Cultural Identity*. It is possible to discern some themes in the commonly used cultural indicators discussed in Section 2.4. Table 2.4 offers five themes, which will be used to organise the analysis in Chapter Three.



**Table 2.4:** Summary of Themes and Indicators Found in Wellbeing Measurement Frameworks under a Cultural Identity Domain

Themes	Indicators
Cultural development of children	<ul style="list-style-type: none"> <li>• Intergenerational transfer of knowledge</li> <li>• Children understanding who they are, where they belong, and their connection to whānau, culture, and community</li> <li>• Children attending Māori language immersion schools</li> </ul>
Cultural efficacy and competence	<ul style="list-style-type: none"> <li>• Māori able to hold a conversation in te reo Māori</li> <li>• Language development and retention</li> <li>• Cultural competency</li> </ul>
Cultural safety and respect	<ul style="list-style-type: none"> <li>• Ability to be yourself</li> <li>• Sense of belonging</li> <li>• Cultural respect</li> </ul>
Cultural assets and taonga	<ul style="list-style-type: none"> <li>• Preservation of heritage assets/taonga</li> <li>• Number of historic places</li> <li>• Travel time to cultural facilities</li> <li>• Speakers of te reo Māori</li> </ul>
Cultural engagement and vitality	<ul style="list-style-type: none"> <li>• Participation in cultural activities</li> <li>• Attendance at cultural activities or locations</li> <li>• Local content on New Zealand television</li> <li>• Inclusive national identity</li> </ul>

## Discussion points:

**2.1:** How can the diversity and dynamism in human responses to the question of what are valued kinds of life be reflected in a national wellbeing measurement framework?

**2.2:** Is it feasible to expect a single national wellbeing measurement framework to reflect cultural diversity, including the values of its indigenous culture, in Aotearoa New Zealand?

**2.3:** Do the themes summarised in Table 2.4 capture the most important connections between culture and wellbeing in Aotearoa New Zealand?

# Chapter 3

## Cultural Wellbeing

This paper explores how culture might be incorporated in future developments of the LSF. The purpose of this chapter, therefore, is to analyse key elements of cultural wellbeing. It begins by explaining a useful distinction between embodied culture and tangible culture; and cultural identity and cultural vibrancy. It then discusses cultural identity and cultural vibrancy as two alternative terms for a wellbeing topic focused on culture. This is followed by sections analysing the five themes of wellbeing measurement frameworks identified in Chapter Two.

### 3.1 Embodied Culture: Personal and Communal

Embodied culture is made up of knowledge and skills that a young child absorbs within the family from an early age, develops further at school, and may continue to learn and develop over a lifetime.

Some cultural practices require participation of more than one person, such as performances by a kapa haka group or by a professional orchestra. These communal activities require shared cultural skills, typically produced through intense practice. Talented and dedicated artists can deliver performances that can astonish and inspire audiences. The connection between artists and their audiences is an important aspect of a community's cultural vibrancy, which will be discussed further in section 3.3.

### 3.2 Tangible Culture: Material Artefacts and Sense of Place

Tangible culture is defined by David Throsby (1999) as existing in 'buildings, structures, sites and locations endowed with cultural significance (commonly called "cultural heritage") and artworks and artefacts existing as private goods, such as paintings, sculptures, and other objects' (7). It can become part of a community's cultural heritage, such as where tipuna, heritage buildings, paintings, carvings, sculptures, korowai, movies, and literature.

Another important aspect of cultural heritage is connectedness to nature or 'sense of place'. This certainly applies in New Zealand, where 'an ancestral connection to the natural world is critical for Māori' (Te Puni Kōkiri and the Treasury, 2019: 11). A *Survey of New Zealanders* commissioned by the Department of Conservation reported in 2016 that 85 per cent of its sample believed that their connection with New Zealand's nature improved their lives.

### 3.3 Cultural Identity and Cultural Vibrancy

The LSF Dashboard adopts a broad definition of cultural identity: 'having a strong sense of identity, belonging, and ability to be oneself, and the existence value of cultural taonga' (Treasury, 2018b: 5). This definition reflects a longstanding practice in New Zealand wellbeing measurement frameworks. In particular, cultural identity is widely recognised as important for wellbeing, since it 'helps people feel they belong and gives them a sense of security ... linked with positive outcomes in areas such as health and education' (Ministry of Social Development, 2016: 175).

It can be argued, however, that the term 'cultural identity' does not capture the diversity and dynamism that are key ingredients of cultural wellbeing. Another phrase that could be

considered is ‘cultural vibrancy’. The Australia Council for the Arts, for example, identifies essential dimensions of a vibrant culture, which:

- supports the development of great art
- creates pathways for artists to become great
- engages with audiences
- connects with communities
- contributes to a vibrant society and culture (Australia Council for the Arts, 2014: 3).

Cultural vibrancy might be a better heading than Cultural identity in a wellbeing framework.

## The five themes of wellbeing measurement

The remainder of this chapter considers the five themes of wellbeing measurement listed in Table 2.4 at the end of the previous chapter.

### 3.4 Cultural Development of Children

The development of cultural identities begins from birth in a child’s family, or families, and is a key part of a person’s school years. The New Zealand Curriculum lists five Key Competencies, for example, of which the fifth specifically mentions culture.

#### Participating and contributing

This competency is about being actively involved in communities. Communities include family, whanau, and school and those based, for example, on a common interest or culture (Ministry of Education, 2007: 13).

The New Zealand Curriculum also includes learning about the values of other groups

Through their learning experiences, students will learn about:

- their own values and those of others;
- different kinds of values, such as moral, social, cultural, aesthetic, and economic values;
- the values on which New Zealand’s cultural and institutional traditions are based;
- the values of other groups and cultures (Ministry of Education, 2007: 10).

Thus, students should gain a sound knowledge of their own cultural traditions and values, plus the ability to explore with empathy the values of other groups and cultures. These two outcomes from cultural development lay solid foundations for cultural vitality.

### 3.5 Cultural Efficacy and Competence

Cultural efficacy and competence are two levels of personal abilities within cultural contexts. The concept of *cultural efficacy* has been defined in a Māori context as ‘reflecting the extent to which the individual perceives they have the personal resources

required (i.e., the personal efficacy) to engage appropriately with other Māori in Māori social and cultural contexts' (Houkamau and Sibley, 2011: 382). This definition is easily adjusted to fit other contexts.

A term used to describe more advanced cultural capabilities is *cultural competence*. Frieling (2018b), for example, usefully defines cultural competencies as 'those capacities that enable people to access the deeper meanings of their culture and to maintain and transfer their cultural knowledge for the benefit of future generations' (3).

### 3.6 Cultural Safety and Respect

A person's strong cultural identity is linked with positive outcomes in health and education. This personal quality is not sufficient for wellbeing, however, if that cultural identity is not respected in the country's health and education systems.

In health, for example, *cultural safety* is recognised as an important aspect of health care, defined as 'the effective nursing practice of a person or family from another culture ... determined by that person or family' (Nursing Council of New Zealand, 2011: 7).

In education, the Te Kotahitanga Research project on Māori students in mainstream New Zealand schools similarly reported on barriers to learning when Māori cultural identity is not fostered in the classroom (Bishop and Berryman, 2006). This observation has also been made in the context of Pasifika children arriving at primary school (McKenzie and Singleton, 2009).

Equivalent observations apply to other forms of cultural identity such as sexual orientation or gender identity. Personal wellbeing requires an established cultural identity or identities *and* respect by others for that identity. Cultural respect might be measured using an indicator such as *acceptance of personal identity*; that is, the proportion of the population who report it is easy to be themselves in New Zealand.

### 3.7 Cultural Assets and Taonga

Section 3.2 discussed material artefacts and natural places that have cultural value. These make up a large part of the country's cultural assets and taonga, although some non-material items are also important. This reflects the recognition by the Waitangi Tribunal that te reo Māori is a taonga of iwi and Māori (Waitangi Tribunal, 1989, section 4.2.4).

Cultural assets and taonga are associated with deep symbolic meanings. As the Treasury observes in its major report on the LSF Dashboard, 'culture refers to the ways we see and represent ourselves in relation to others, including both our sense of commonality and our sense of difference' (Treasury, 2018b: 16).

### 3.8 Cultural Engagement and Vitality

A key term introduced by the MCH (2005) for a flourishing community culture is *cultural vitality*. A 2009 report for Stats NZ offered the following definition:

The way in which communities are able to participate in recreation, creative and other cultural activities, to express and extend the cultural practices and values inherited from previous generations, and to pass on their transformed culture to the next generation (Dalziel *et al.*, 2009: 21).

Cultural engagement refers to involvement in cultural activities, either as a participant or as a member of the audience. For example, the New Zealanders and the Arts survey presents data on people who attended or participated in at least one art form in the last 12 months.

Cultural vitality has significance at the national level. Some discussions in this context refer to a country's national identity. It is crucial, however, to avoid any suggestion of a *single* cultural identity, particularly in a country founded on a bicultural partnership and which is now strongly multicultural.

An alternative expression that can be useful in this context is *nation-building*. The MCH (2018a) aims to support and contribute to a 'distinct and inclusive' (8) New Zealand national identity, strengthening New Zealanders' collective sense of identity as a country.

## Discussion points:

**3.1:** Is the classification scheme of *embodied culture* and *tangible culture* in sections 3.1 and 3.2 valid for understanding different aspects of culture?

**3.2:** Considering the discussion of *cultural identity* and *cultural vibrancy* in section 3.3, which term is the better heading for inclusion in a wellbeing monitoring framework?

**3.3:** Do the five themes discussed in sections 3.4 to 3.8 reflect all the significant characteristics of *Cultural Identity and Vibrancy*, as understood in Aotearoa New Zealand?

# Chapter 4

## Culture and the Living Standards Framework

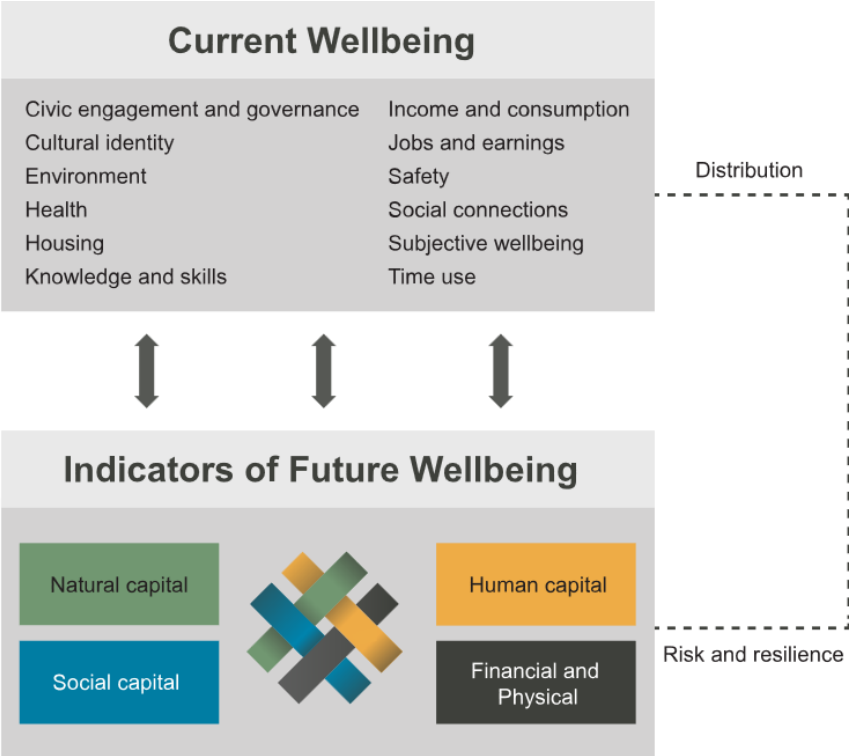
The Treasury has designed the LSF to improve the depth, breadth, and quality of its policy advice. The LSF and the LSF Dashboard are a high-level framework and tool for analysing and measuring intergenerational wellbeing, covering current wellbeing, future wellbeing, and risk and resilience across a range of economic, social, and environmental outcome domains. The Treasury acknowledges its first version of the LSF Dashboard has limitations, and requires further work in some areas, including New Zealand cultural identity (Treasury, 2018a).

This chapter contributes to the required further work. Section 4.1 explains how the LSF addresses the impacts of culture on intergenerational wellbeing. Sections 4.2 to 4.4 discuss three issues for the development of the Framework: *cultural capital*; *culture in the LSF*; and *collectivist approaches to wellbeing*. Section 4.5 provides an overview of how economists have recognised some connections between cultural vibrancy and business prosperity.

### 4.1 Culture in the Living Standards Framework

The LSF is based on the wellbeing framework developed by the OECD, discussed in section 2.3 of this paper and shown in Figure 2.2. Figure 4.1 presents a diagram showing three key elements of the LSF: the twelve domains (in the top box in the diagram), the four capitals (in the lower box); and Risk and Resilience.

**Figure 4.1:** Representation of the Living Standards Framework



Source: The Treasury (2018b: 4).

The twelve domains (including their distribution among the population) are intended to capture elements of current wellbeing generally important to people in New Zealand. Thus, the indicators chosen for these domains provide a snapshot of national wellbeing at a particular point in time.

The four capitals are foundations for wellbeing. Together they provide services used by New Zealanders to generate wellbeing for themselves, now and into the future. The Treasury has provided definitions for the four capitals, reproduced in Table 4.1, below.

**Table 4.1:** Four Capitals and their Definitions in the Living Standards Framework

Capital	Definition
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 that have a direct role in supporting incomes and material living conditions.
Human Capital	People’s knowledge, physical and mental health that enables them to fully participate in work, study, recreation and society.
Social Capital	The social connections, attitudes, norms and formal rules or institutions that contribute to societal wellbeing.

Source: The Treasury (2018b: Table 2: 6).

The third element in the LSF, Risk and Resilience, is related directly to the four capitals. This element recognises that ‘a more proactive, coordinated and evidence-based approach to risk management and resilience building is required to maintain societal resilience and sustainability in the face of the complex risks we are facing domestically and globally’ (Frieling and Warren, 2018: 2).

The Treasury explains the place of culture in the LSF:

Culture is **cross-cutting** with respect to all the domains and capitals. Cultural identity is included separately within the domains of current wellbeing. Among the four capitals, social capital and human capital include a number of aspects of culture as it relates to the way in which culture is expressed (Treasury, 2018b: 57, emphasis added).

Section 4.2 will examine how culture is measured among the four capitals. This section focuses on the treatment of Cultural Identity (or Cultural Vibrancy) as one of the framework’s domains for current wellbeing, ‘which aims to reflect aspects of culture pertinent to New Zealanders’ (Treasury, 2018b: 4). That aim is consistent with this paper’s discussion of cultural identity and vibrancy in sections 3.3 to 3.8.

Two indicators are currently associated with this domain:

- Te reo Māori speakers.
- Ability to express identity.

The statistical measure for Te reo Māori speakers is the percentage of people who state in the five-yearly Census of Population and Dwellings that they could have a conversation about a lot of everyday things in the Māori language. The statistical measure for Ability to

express identity is the percentage of adults who state it is easy or very easy in response to the following question in the two-yearly New Zealand General Social Survey: 'How easy or hard is it for you to be yourself in New Zealand?'

Both indicators feature in current New Zealand wellbeing frameworks (see Table 2.4 in section 2.5). Te reo Māori speakers, for example, is a generally accepted indicator under the theme of cultural assets and taonga. The measure for Ability to express identity is included in Table 2.4 as Ability to be yourself, within the theme of cultural safety and respect.

Chapter Six will discuss whether these two indicators are better considered as part of the country's capital stocks for wellbeing. For this chapter, note that the choice of these indicators means (with one possible exception) three of the themes in Table 2.4 do not have measures in the LSF Dashboard:

- Cultural development of children.
- Cultural efficacy and competence.
- Cultural engagement and vitality.

The possible exception is that the measure for Te reo Māori speakers can be analysed by self-identified ethnicity, and so the Dashboard implicitly offers data for Māori able to hold a conversation in te reo Māori. This is a measure of cultural efficacy and competence, but does not capture the full range of 'those capacities that enable people to access the deeper meanings of their culture' (Frieling, 2018b: 3). Further, the lack of indicators for the cultural development of children reflects a general absence of children's wellbeing from the LSF Dashboard, an issue which is well-recognised by the Treasury. The lack of indicators for cultural engagement and vitality will also be further discussed in Chapter Six.

## 4.2 Cultural Capital and the Four Capitals

The four capitals in the LSF are: human capital; social capital; financial and physical capital (which can also be labelled economic capital, or produced capital); and natural capital. A previous discussion paper has raised the following question.

A fifth type of capital, cultural capital, can be seen as an integral part of all four capitals above ... The overarching question about where cultural capital is best placed within the Treasury Capitals framework (ie, as a separate capital or integrated across the other four capitals), is currently left unanswered and requires further work (Frieling, 2018a: 1).

This section provides a definition of cultural capital and explains that it has been widely conceptualised as a productive resource for current and future wellbeing. Cultural capital might be understood as cutting across the four current capitals. The section suggests that the current set of indicators chosen to monitor the state of each of the capitals does not adequately reflect this cross-cutting objective.

The idea behind the concept of cultural capital is the recognition that children receive cultural heritage from the communities within which they grow up. Economists use the metaphor of capital to describe enduring assets that improve wellbeing outcomes by expanding the capabilities of persons to lead valued lives. A person's cultural heritage (which may involve more than one cultural tradition) is such an asset. Further, it is not just



a person’s own heritage. The world’s cultural diversity is a source of exchange, innovation, and creation for all humanity.

A research project funded by the Official Statistics programme of Stats NZ developed the following short definition:

Cultural capital is a community’s embodied cultural skills and values ... inherited from the community’s previous generation, undergoing adaptation and extension by current members of the community, and desired by the community to be passed on to its next generation (Dalziel *et al.*, 2009: 19).

The definition emphasises three aspects: that cultural capital belongs to the community in which it develops; that it is adapted and extended by each generation as part of a community’s cultural vitality and vibrancy; and that it is transmitted from generation to generation, making it an asset for future wellbeing (as well as contributing to current wellbeing).

**4.3 How can culture be included in the LSF?**

There are two ways that cultural capital might be incorporated into the LSF. It is possible, conceptually, to *create a fifth capital* of cultural capital, and place under that heading all the major material and non-material assets that contribute to cultural wellbeing. Alternatively, the framework could ensure each of the four capitals pays attention to significant examples of cultural capital that *cut across* its definition.

The equivalence of the two approaches can be illustrated using the distinction in Chapter Three between embodied cultural capital and tangible cultural capital. Table 4.2, below, provides examples of cultural capital that fit within different categories of embodied and tangible cultural capital.

**Table 4.2:** Classification of Culture and Associated Cultural Capital

Culture	Classification	Description of Associated Cultural Capital
Embodied Culture	Personal	Cultural efficacy, competence and artistry, plus an ability to explore values of other cultures.
	Communal	Cultural respect, and cultural organisations supporting artistic vibrancy and cultural expression.
Tangible Culture	Material Artefacts	Physical assets, intellectual property and taonga that are valued for their deep cultural significance.
	Sense of Place	Natural places being managed or conserved to maintain their high cultural value.

Source: Sections 3.1 and 3.2 of this discussion paper.

These examples also respectively fit the definitions given by Treasury for human capital, social capital, financial and physical capital, and natural capital. Drawing on that observation, Figure 4.2 demonstrates the Treasury’s (2018b) observation that culture is *cross-cutting* with respect to all four capitals.

**Figure 4.2:** The Four Capitals and Cultural Capital

		<b>Cultural Capital</b>
<b>Human Capital</b>	People’s knowledge, physical, and mental health—human capital enables people to fully participate in work, study, recreation, and society, <i>including ...</i>	Cultural efficacy, competence, and artistry, plus an ability to explore values of other cultures.
<b>Social Capital</b>	The social connections, attitudes, norms, and formal rules or institutions that contribute to societal wellbeing by promoting the resolution of collective action problems among people and groups in society, <i>including ...</i>	Cultural respect, and cultural organisations supporting artistic vibrancy and cultural expression.
<b>Financial &amp; Physical Capital</b>	The country’s physical, intangible, and financial assets that have a direct role in supporting incomes and material living conditions, <i>including ...</i>	Physical assets, intellectual property and taonga that are valued for their deep cultural significance.
<b>Natural Capital</b>	All aspects of the natural environment needed to support life and human activity, <i>including ...</i>	Natural places being managed or conserved to maintain their high cultural value.

Source: Table 4.1 and Table 4.2.

Consequently, indicators in the LSF Dashboard could be connected to the relevant cultural capital for each of the four capitals, but currently none of the 23 indicators are connected to an item of cultural capital listed in Table 4.2. This illustrates the risk of not having an explicit category devoted to cultural capital in a wellbeing measurement framework: it can be overlooked or removed despite its theoretical presence as a cross-cutting factor. It might also be argued that cultural capital is more than the sum of its parts in Figure 4.2, so something is lost if only four capitals are considered in the framework. The paper will return to this point in Chapters Five and Six.

**4.4 Individualist and Collectivist Approaches to Wellbeing**

As already noted, the LSF is based on the OECD’s wellbeing framework, which ‘puts **people** (individuals and households) at the centre of the assessment’ (OECD, 2017: 23). There is currently no place for a more collectivist approach that includes a strong focus on families, whānau, iwi, and communities. There is also no room for attention to business, despite the importance of market firms for wellbeing. These omissions have been carried over to the LSF and the first version of the LSF Dashboard. This is relevant to this paper for four reasons.

First, it is clear from previous papers in the LSF series that the quality of family relationships is an important cultural value for large numbers of New Zealanders.

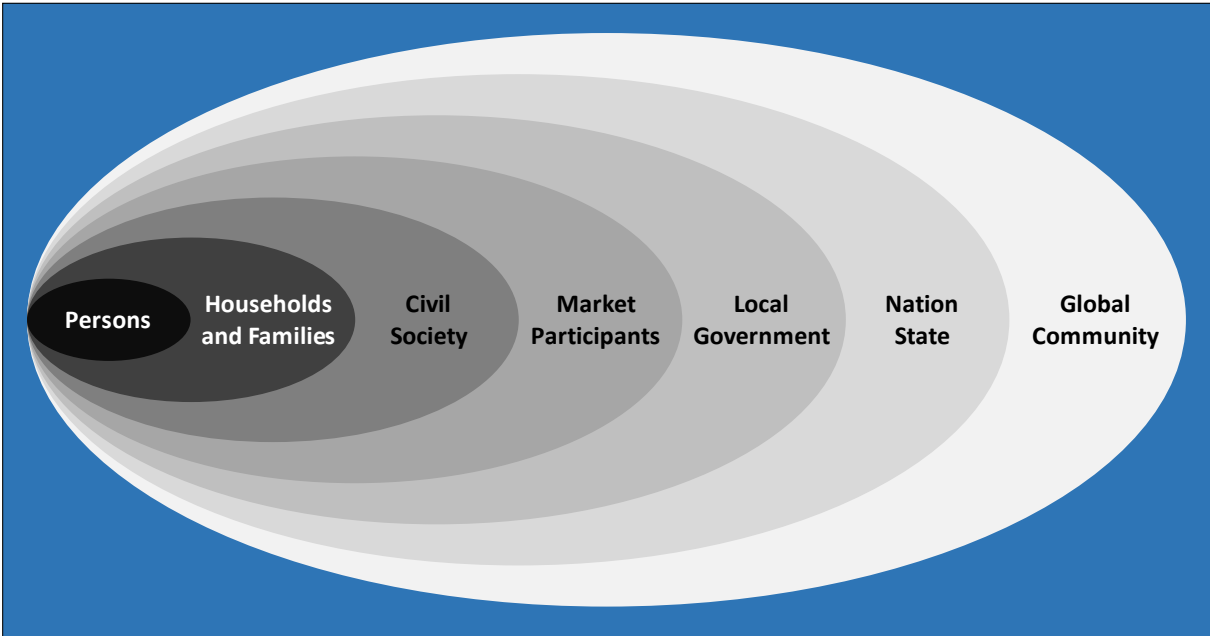
Second, families are where children first develop their cultural identities. If families have inadequate financial or other resources, this can limit the cultural development of children.

Third, much cultural expression takes place at the community level, ranging from school productions to hosting major cultural festivals.

Fourth, market firms are responsible for managing large values of economic assets and flows, with an enormous influence on wellbeing. This will be discussed further in section 4.5 below.

To illustrate how families and firms can be incorporated into a wellbeing framework, Figure 4.3 reproduces a diagram showing seven levels of choice. It begins with persons, who live in households and families, and collaborate with others in civil society. At the heart is participation in the market economy. The levels of choice then move into the public sector: local government, the nation state, and the global community.

**Figure 4.3:** Levels of Choice in the Wellbeing Economics Framework



Source: Dalziel *et al.* (2018, Fig. 1.1: 12).

In contrast, the LSF Dashboard is comprised of three sections: Our people, Our country, and Our future. These are explained in Treasury (2018a: 9) as follows:

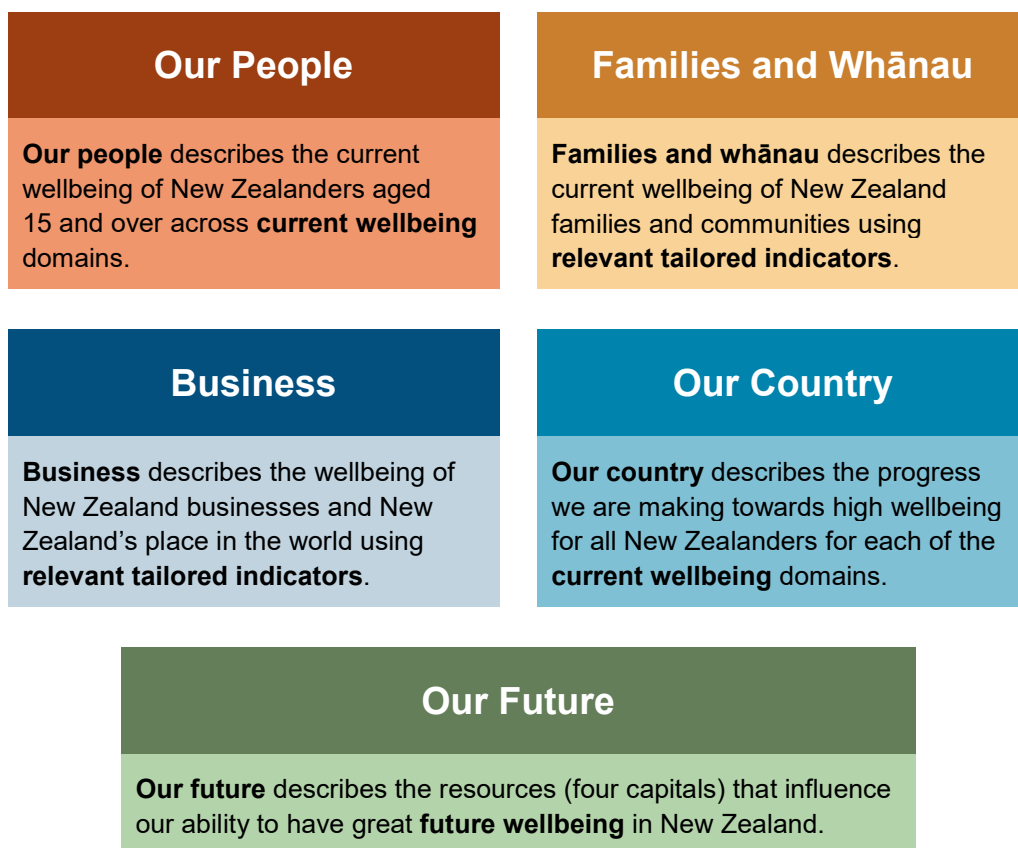
- Our people – using characteristics such as sex, age, ethnicity, family type, region, hours worked and neighbourhood deprivation.
- Our country – describes the current wellbeing of New Zealanders at a national level.
- Our future – provides indicators for the resources that underpin the ability to sustain higher living standards in New Zealand now, and in the future.

There are gaps in the data collected on families (broadly defined), civil society, businesses in the market economy, local government, and the global community. This gap could be filled using the current Dashboard template by adding further sections:

- Families and Whānau, including New Zealand communities.
- Business, including New Zealand’s place in the world.

Figure 4.4, below, presents this proposal for extending the LSF Dashboard to five sections.

**Figure 4.4:** Five Sections for Indicators of Current and Future Wellbeing



#### 4.5 Cultural Vibrancy and Business Prosperity

The previous section included references to business. There are well-recognised connections between a country’s cultural vibrancy and the economic prosperity of its business firms. This section briefly introduces three of these connections: the cultural production sector, cultural vibrancy and skilled workers, and shared cultural values in global value chains.

Many **cultural production** activities take place using the market economy. A working paper commissioned by Creative New Zealand and the MCH (Stroombergen, 2015) estimates the extent of arts-related activity in the country’s market sector, based on seven industries:

- Book publishing.
- Professional photographic services.
- Arts education.
- Museum operation.

- Performing arts operation.
- Creative artists, musicians, writers, and performers.
- Performing arts venue operation.

The study reported an increase in the total number of people employed in these industries, from 13 100 in 2006 to 14 600 in 2013. In 2006/07 (the latest year for which the most integrated data were available), the market value added by the industries was about \$0.4 billion, or about 0.24 per cent of GDP. Earnings in the industries were modest, around \$35,700 per annum in 2009/10, compared to an economy-wide average of about \$49,800.

Richard Florida (2002) has argued that the knowledge-based economy has given rise to a new social class, which he calls the creative class. Consequently, he argues that cities and regions must create a good environment to attract skilled members of the creative class and enhance **cultural vibrancy**.

A recent survey from a research programme on New Zealand's agri-food export sector observes how **shared culture**, values and knowledge can achieve higher business returns:

Māori beliefs, values and behaviours about food production are well positioned with regard to emerging food cultures of many international markets ... the growing demand for animal welfare, environmental sustainability and responsible employment are all resonant with Māori beliefs, values and behaviours ...

New Zealand farming culture can add value ... particularly the small, family-owned and run nature of the farms and the ingenuities and efficient way that they are operated. These insights suggest that ... the best way to add value would be for producers to retain these desirable farming cultural attributes (Rout and Reid, 2019: 27–28).

Those observations illustrate how cultural connections between producers and consumers can be used to create and capture value.

## Discussion points:

**4.1:** Can the two indicators currently associated with the Cultural identity domain (Te reo Māori speakers and Ability to express identity) adequately monitor the major influences of cultural identity on wellbeing in New Zealand?

**4.2:** What would be the advantages and disadvantages of creating a fifth capital stock under the heading of Cultural Capital in the Living Standards Framework, rather than adding one or more cultural capital indicators for each of the current four capitals?

**4.3:** What are the strengths and weaknesses of the proposal to add further sections to the LSF Dashboard to reflect more collectivist approaches to wellbeing, such as Families and Whānau, including New Zealand communities, and Business, including New Zealand's place in the world?

# Chapter 5

## Investing in Culture for Wellbeing

This chapter recognises that ‘investing in culture for the wellbeing and prosperity of New Zealanders’ is a priority of the Ministry for Culture and Heritage (2018a: 4). It begins in section 5.1 with a discussion of the difference between cultural value and economic value, followed by an analysis in section 5.2 of key economic issues associated with cultural engagement and cultural production. Section 5.3 explains issues that create distinctive opportunities for the public sector to enhance the wellbeing of New Zealanders by investing in cultural infrastructure. Section 5.4 then introduces the Value of Culture Framework created by the MCH, section 5.5 provides a brief overview of economic techniques, and section 5.6 explores how a Cultural Wellbeing Framework might be aligned with the LSF.

### 5.1 Cultural Value and Economic Value

David Throsby (2001), an economist who established cultural economics as a distinctive field, emphasises a distinction between cultural value and economic value:

In the economic domain, value has to do with utility, price and the worth that individuals or markets assign to commodities. In the case of culture, value subsists in certain properties of cultural phenomena, expressible either in specific terms, such as the tone value of a musical note or the value of a colour in painting, or in general terms an indication of the merit or worth of a work, an object, and experience (19).

Other binary terms used to express this difference in a policy context are *intrinsic value* and *instrumental value*. Intrinsic value in culture might be how culture enhances our emotional and spiritual lives, while instrumental value is the impact that culture can have on other measurable outcomes (such as economic performance).

This chapter recognises both the intrinsic and instrumental value of culture.

### 5.2 Cultural Engagement and Production

The sustenance and growth of cultural vibrancy requires attention to cultural engagement and production. Cultural engagement refers to people making choices to attend or participate in certain activities because those activities express significant cultural values. Examples include:

- attending or taking part in a cultural performance or festival
- collaborating in an intercultural event drawing on different cultural traditions
- participating in a local community cultural group
- practising Ngā Toi Māori or traditional craft and object art
- reading literature (defined in a wide and inclusive sense)
- travelling to a place of historical significance or to an ancestral marae
- viewing cultural content on a digital or analogue platform

- visiting a cultural venue such as a museum, art gallery, or archive
- volunteering personal time to assist in the production of cultural activities.

Cultural production refers to the organised creation of such cultural goods and services, typically professional, although volunteered contributions are important to cultural vitality.

Engagement is an important indicator because it can be presumed that people who choose to engage in cultural activities do so because they consider it improves their wellbeing.

For some cultural activities, economic costs are covered by direct benefits to participants and audiences; that is, the costs of production are met by a mixture of volunteered time, financial donations, and audience revenue. This part of the cultural industries produces a small number of creative people earning very high income from their artistry, but the majority of participants are unlikely to do so.

### 5.3 The Economic Case for Public Financial Support for Culture

There is a specific economic issue associated with cultural production of many art forms that is important for understanding the economic case for public financial support provided to culture. The issue comes from a distinction between *fixed* and *variable costs* of production.

Fixed costs are incurred regardless of the number of people who engage with the activity. To illustrate, in a national or regional museum, there are substantial fixed costs, such as the rental and operating costs of the building, or the salaries of the staff that must be paid for the museum to open, regardless of the number of visitors.

Variable costs refer to the increasing costs incurred as the volume of cultural engagement increases. This could include the museum's cleaning costs, or the costs of security staff, which might rise as the number of visitors grows larger.

The issue is that fixed costs of cultural production can be *very high* compared to variable costs.

Consider two more types of costs. *Average Cost* is the total cost of producing the cultural activity divided by the number of engaged persons. For example, this is the entrance fee each person must pay for the *total* costs of the museum to be covered by revenue from visitors. *Marginal Cost* refers to the extra cost of production if one more person engages with the activity, such as the entrance fee a person must pay to cover the *extra* cost of their visit.

When fixed costs are high relative to variable costs, then average cost is typically greater than marginal cost for feasible ranges of audience size. This has important consequences.

- Economic efficiency requires that a person should pay only the marginal cost of his or her engagement, but because marginal cost is less than average cost, marginal cost pricing will not cover the total costs of the cultural activity.
- If the cultural activity is priced at average cost, on the other hand, some people who can pay the marginal cost of their cultural engagement will still be excluded from the activity.



- If the cultural activity is priced at average cost, the volume of ticket sales (or equivalent) may be so low that the value of fixed costs must be reduced, resulting in potentially much lower levels of cultural vitality and artistic vibrancy.
- If cultural producers in a small country like New Zealand must charge the average cost of production, while larger overseas cultural producers can export cultural goods and services at marginal cost of production (in the screen and media sectors, for example), New Zealand producers will be unable to compete.
- If New Zealand cultural producers cannot compete, high-quality, diverse New Zealand content will not be made available to New Zealanders, further damaging New Zealand's cultural vibrancy and identity, and hence wellbeing.
- Because cultural vitality and vibrancy contribute to a community's wellbeing, the sustenance of these qualities produces benefits that go beyond the direct benefits enjoyed by those people who engage with cultural activities.

In the language of economics, these consequences are a manifestation of 'market failure'. This can provide a case for government action through public investment in culture for wellbeing. There are still, however, important questions to answer about the level of investment, relative to other opportunities for investment in (say) education or health for wellbeing. This requires a framework for identifying and measuring all the benefits from culture, which is addressed in current work to develop a Value of Culture Framework.

#### 5.4 The Value of Culture Framework

The MCH commissioned research (Allan *et al.*, 2013; Fujiwara *et al.*, 2019) to assist in creating and implementing a Value of Culture Framework for showing the value of culture from an economic perspective. The draft framework in Figure 5.1, below, will be used by the Ministry to consult with cultural sector agencies and interested parties.

At its centre is the cultural, social, economic, and environmental wellbeing of New Zealanders. The framework reflects two ways in which culture contributes to wellbeing through creating:

- *Use value*—the value derived from experiencing culture.
- *Non-use value*—the value of knowing that culture exists.

The framework distinguishes six types of economic value arising from these sources.

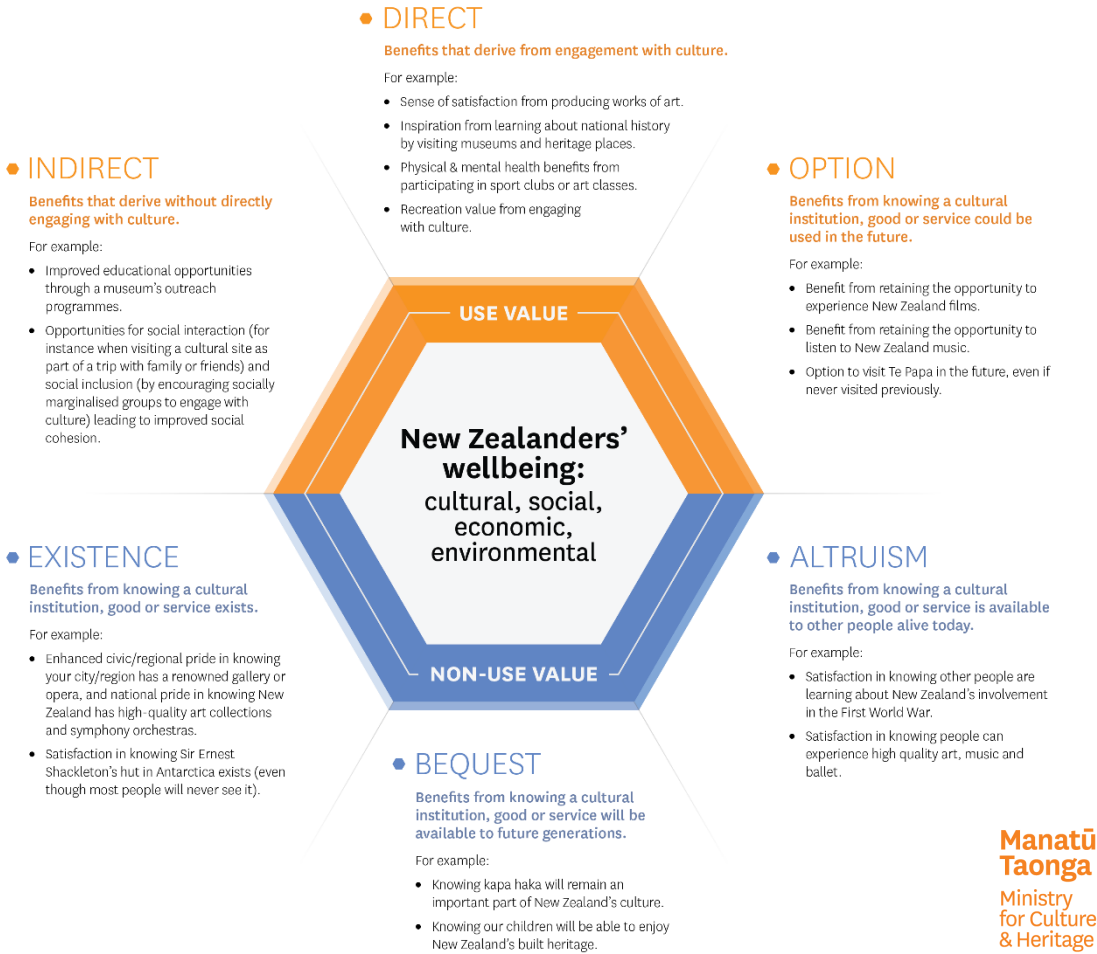
Three are use values. At the top is **Direct Value**, the direct benefits derived from cultural engagement. **Indirect Value** is the benefits obtained from cultural activities without directly engaging with those activities. **Option Value** refers to the wellbeing benefits that may arise if people know they can engage with a cultural activity in the future, even if they may not have the opportunity to do so in the present.

The remaining three are non-use values. **Existence Value** describes the value of knowing that a cultural resource exists. **Altruism Value** refers to benefits gained from knowing that others can access cultural activities. **Bequest Value** refers to benefits of passing on cultural heritage to future generations.



Allan *et al.* (2013: 18–19) suggest a seventh category of value, *non-monetary return to producers*. This is the satisfaction artists enjoy by displaying their artistry, or the reception their artistry receives from the audience (including being honoured with artistic awards).

**Figure 5.1: Draft Value of Culture Framework**



*Note:* This diagram is a draft framework as at May 2019. It is not Government policy.

*Source:* Supplied for this discussion paper by Ministry for Culture and Heritage.

These sources of economic value can be difficult to measure, because there are no associated market prices to evaluate people's willingness to pay for these benefits. Economists have therefore developed techniques to perform nonmarket valuation, discussed in section 5.5.

**5.5 Techniques for Measuring Economic Value**

Mourato and Mazzanti (2002) applied nonmarket valuation techniques to cultural assets, which sets out basic principles of economic valuation, focused on expanding wellbeing.

A benefit is defined as anything that increases human well-being, and a cost as anything that decreases [it] ... Measurement of preferences is obtained by finding out individuals' maximum willingness to pay (WTP) for a benefit or for the avoidance of a cost, or their minimum willingness to accept (WTA) compensation for tolerating a cost or forgoing a benefit (Mourato and Mazzanti, 2002: 53).

If a good or service is traded in a competitive market, then the market price will reflect consumers' willingness to pay for one more item of the item (its *marginal benefit*) and suppliers' willingness to accept payment for that extra item (its *marginal cost*). In this way, a competitive market ensures marginal benefit equals marginal cost, which results in strong economic efficiency outcomes. Figure 5.1, above, however, shows that many benefits from cultural activities are enjoyed by people not directly engaged in those activities, an example where markets fail to allocate resources efficiently.

Even the direct benefits of cultural activities may not be reflected in a market price that can be used to estimate consumers' willingness to pay. General admission to Te Papa, for example, is free. Further, there are no market prices for the other types of benefits listed in Figure 5.1. Consequently, nonmarket valuation techniques must be used. Mourato and Mazzanti (2002) presented four nonmarket valuation methodologies, reproduced in Table 5.1, below.

**Table 5.1:** Selected Economic Nonmarket Valuation Methodologies

Revealed Preferences	Stated Preferences
Hedonic Price Method	Contingent Valuation Method
Travel-cost Method	Choice Modelling Method

Source: Mourato and Mazzanti (2002, Table 1: 54).

In *Revealed preferences* certain choices can be analysed to reveal knowledge about people's willingness to pay for valued goods and services. For example, houses close to a gallery may sell for a higher price than those further away. The difference in price can be an indicator of willingness to pay for a cultural centre close to home, an example of the *hedonic price method*.

Alternatively, it might be possible to record information on the distance people travel to visit a heritage site. It is reasonable to infer that the benefits of visiting the site are greater than costs of time and money. This is an example of the *travel-cost method*.

*Stated preferences* are obtained by surveying people about their willingness to pay for a good or service. The *contingent valuation method* asks questions about how much income the survey respondent would sacrifice for a particular cultural amenity (access to a regional museum, for example), and relates the answers to characteristics such as age, gender, ethnicity, and income to produce population-wide estimates.

The *choice modelling method* presents a series of choices and asks the respondents to indicate which item they would prefer. The data are then analysed to estimate total willingness to pay for cultural qualities.

More recently, economists have introduced a technique known as the *subjective wellbeing valuation method* for estimating willingness to pay for nonmarket goods and services. This method has been applied to cultural services. It includes data on the survey respondent's self-assessed judgement of their wellbeing, as exemplified in Table 5.2, below.

**Table 5.2:** Representative Survey Questions for Different Types of Subjective Wellbeing

Wellbeing Assessment Type	Representative Survey Question
Positive Experience	Overall, on a rising scale from 0 to 10, how happy did you feel yesterday?
Negative Experience	Overall, on a rising scale from 0 to 10, how anxious did you feel yesterday?
Evaluation	Overall, on a rising scale from 0 to 10, how satisfied are you with your life nowadays?
Eudemonic	Overall, on a rising scale from 0 to 10, to what extent do you feel that the things you do in your life are worthwhile?

Source: Adapted from Dolan *et al.* (2011, Table 1: 14).

Econometric analysis can then estimate how changes in access to selected nonmarket goods and services impact on wellbeing. The survey must also include a question on the respondent’s annual income. It is then possible to calculate by how much income would need to increase in order to achieve the same impact on subjective wellbeing as any of the selected nonmarket items. This provides a monetarised estimate of the value of the item. The result can give very powerful statements about cultural engagement and wellbeing.

Applying a nonmarket valuation methodology to a particular research question, however, can be expensive and time-consuming. Consequently, scholars have developed methods to use benefits previously estimated for a similar case or cases and transferring those estimates to the case of current interest, the *benefit transfer method*, but this can still involve errors of unknown size. Applying this methodology therefore requires considerable expertise.

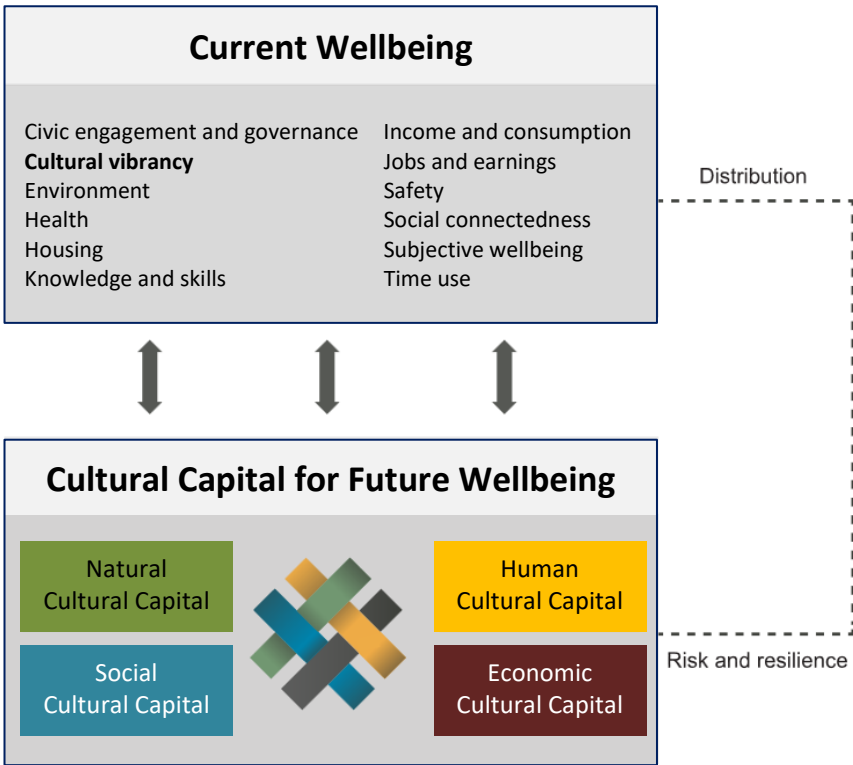
**5.6 A Cultural Wellbeing Framework**

The LSF is a complement for frameworks developed by other public sector agencies. Treasury intends to ‘work with agencies as it develops the LSF to improve alignment and coherence between these frameworks’, with a vision that ‘advice on wellbeing from the Treasury will cohere with domain-specific wellbeing advice from sector and population agencies’ (Treasury, 2018b: 15). Consistent with that vision, this section considers how the Value of Culture Framework might be aligned with the LSF, as presented in section 4.1, in Figure 4.1.

The LSF distinguishes between indicators of current wellbeing (the twelve domains) and future wellbeing (the four capitals). The same distinction is easily made if the focus shifts to cultural wellbeing. This is represented in Figure 5.2, below. The bottom half incorporates the four capitals of the LSF as indicators of future wellbeing, but emphasises the cultural capital component of each (see Figure 4.2). Following the example of the LSF, it is part of the mission of public policy to invest in these four capitals to expand capabilities for future wellbeing.

The top half of Figure 5.2 reproduces the twelve domains of wellbeing in the LSF, changing the Cultural Identity domain to Cultural Vibrancy, as discussed in section 3.3. This domain is clearly a focus of cultural policy. Nevertheless, all twelve domains are reproduced, since they can all be influenced by investments in cultural capital.

**Figure 5.2:** Representation of a Cultural Wellbeing Framework



*Note:* Economic Cultural Capital is written here as short-hand for Financial and Physical Cultural Capital.

*Source:* Adapted from Figure 4.1, Figure 4.2 and Figure 5.1 of this discussion paper.

The framework in Figure 5.2 could *monitor* investments in cultural capital. It does not make any judgement about whether the Government is spending the ‘right’ amount on culture. This depends on other priorities, on the current level and quality (efficiency and effectiveness) of current spending, and the opportunities that exist for more spending to contribute to improved wellbeing. Questions about the level of cultural spending, or spending on new cultural initiatives, must be considered through the budget process.

**Discussion points:**

- 5.1:** Does the Value of Culture Framework in Figure 5.1 capture all the important types of wellbeing value that arise from a vibrant Arts and Culture sector?
- 5.2:** Could the subjective wellbeing valuation method presented at the end of section 5.5 be applied to New Zealand survey data?
- 5.3:** Does the Cultural Wellbeing Framework presented in Figure 5.2 offer a useful representation of how to monitor New Zealand’s investment in culture for the wellbeing and prosperity of New Zealanders?

# Chapter 6

## Indicators for Culture and Wellbeing

This chapter describes cultural indicators of future wellbeing (reflected in the four capitals of the LSF) and of current wellbeing (reflected in the LSF domain that focuses on Cultural Identity). Section 6.1 recalls the New Zealand Cultural Statistics Programme. Section 6.2 then explains how the MCH might develop a set of cultural indicators consistent with the LSF. Section 6.3 discusses how a subset of headline indicators might be included in the LSF.

### 6.1 Cultural Statistics Programme, 1993–2009

The New Zealand Cultural Statistics Programme began in 1993 as a joint initiative by the then Ministry of Cultural Affairs and Statistics New Zealand to create the New Zealand Framework for Cultural Statistics. Further work developed New Zealand's first cultural experiences survey, implemented in 2002, which laid solid foundations for the development of *Cultural Indicators for New Zealand: Tohu Ahurea mō Aotearoa*. Its 2009 report presented data for 19 indicators, grouped into five themes.

The first theme—**Engagement**—had four indicators that monitored cultural experiences (including barriers to these experiences), expenditure on cultural items, access to cultural activities, and cultural production.

The second theme—**Cultural Identity**—focused on the contribution of culture to New Zealand's national identity. This was measured by 'the proportion of New Zealanders who believe that culture and cultural activities are important to New Zealand's sense of national identity', two measures of Māori cultural vitality (Māori speakers of te reo Māori and Māori TV ratings), local content on television, and proportion of New Zealand events.

Theme 3—**Diversity**—contained indicators related to activities produced by minority cultures at a sample of venues, the percentage of adults attending or participating cultural activities (other than Māori or European/Pākehā), and the proportion of cultural grants made to minority ethnic groups.

There were no indicators populated under Theme 4—**Social Cohesion**—although space was provided for two indicators to be developed: Non-Māori attendance at Māori cultural events; and Other-ethnicities attendance.

Theme 5—**Economic Development**—included three indicators of the market value generated by the cultural and creative industries (restricted to publishing, motion picture and sound recording activities, broadcasting, architectural services, other specialised design services, professional photographic services, and creative and performing arts activities).

The Ministry for Culture and Heritage continues to identify statistical indicators to monitor progress on its priorities, as exemplified in Table 6.1 below.

**Table 6.1:** Selected Statistical Indicators of Progress for Cultural Policy

Indicators of Progress	Statistical Data Sources
Sense of belonging in New Zealand	New Zealand General Social Survey
Ease of expressing identity in New Zealand	New Zealand General Social Survey
Active participation in arts and culture	New Zealand and the Arts Survey
Active participation in sports and recreation	Active New Zealand Survey
Māori participation in cultural activities	Te Kupenga Survey
Proportion of Māori able to converse in te reo Māori	Census of Population and Dwellings
Positive global perceptions of New Zealand	Anholt-GfK Nation Brands Index
Choices available to consumers in provision of cultural content	Indicators under development
Public funded content for New Zealand audiences	NZ On Air (indicators being developed)
Proportion of sector funding obtained from public sector	Annual reports of the funded entities
Equity of New Zealand's largest cultural institutions	Annual Reports of the institutions
Household expenditure (real) on cultural products and services	Household Economic Survey
Arts and recreation enterprises new births	Annual Business Frame Update Survey

Source: Ministry for Culture and Heritage (2018b: 8–14).

## 6.2 Indicators of Cultural Wellbeing

Chapter Five explained how a Cultural Wellbeing Framework might be aligned to the LSF by distinguishing between indicators of current wellbeing and indicators of future wellbeing (Figure 5.2). This framework is useful for cultural policy advisers. A priority of cultural public policy is to invest in culture for wellbeing. The four capitals are essential foundations for future wellbeing. Hence, policy should monitor trends in those capital stocks as part of its investment decision-making process, while also monitoring trends in the indicators of current wellbeing.

Indicators for future wellbeing need to cover all four capitals: human capital, social capital, natural capital, and financial/physical capital respectively (see Figure 4.2 in Chapter Four).

**Human capital** refers to 'people's knowledge, physical and mental health' (Treasury, 2018b: 6). Te Ao Māori would add spiritual health in this definition (Durie, 1998). This paper identifies three levels of capability in a person's own culture or cultures: cultural efficacy, cultural competence, and cultural artistry. It also recognises a further capability: to explore with empathy the values of other groups and cultures (intercultural capability).

These capabilities are reflected in the New Zealand Curriculum's competency, *Participating and contributing* (see section 3.4). There may be an opportunity for a project between the Ministry of Education, the MCH, and Stats NZ to monitor trends in the cultural and intercultural skills of young people.

Cultural artistry requires advanced skills of technical virtuosity and creative interpretation in an art form. Development of these skills may involve tertiary level education and training.

**Social capital** refers to ‘social connections, attitudes, norms and formal rules or institutions that contribute to societal wellbeing’ (Treasury, 2018b: 6). Some aspects are particularly relevant for cultural wellbeing. Cultural respect, for example, is an essential foundation for future and current wellbeing. It might be indicated by the percentage of people reporting that it is easy to be themselves.

Indicators might also be developed for cultural support, requiring more than permissive tolerance. Another important aspect of social capital is institutions. Community cultural institutions are committed to artistic vibrancy or communal cultural expression, so their health is important for cultural wellbeing.

**Financial and physical capital** is the term used in the LSF for ‘the country’s physical, intangible and financial assets that have a direct role in supporting incomes and material living conditions’ (Treasury, 2018b: 6). The concept is easily adjusted to include relevant indicators of physical, intangible, and financial assets that support cultural wellbeing.

**Natural capital** is ‘all aspects of the natural environment needed to support life and human activity’ (Treasury, 2018b: 6). Some aspects of the country’s natural environment are particularly important for supporting cultural life, such as land managed for conservation purposes and protected cultural places.

Taken together, a set of indicators covering the four capitals would offer a monitoring framework for the range of assets needed for current and future cultural wellbeing. Trends in these indicators could be an important input into investment decisions to strengthen foundations for future wellbeing.

The LSF Dashboard has three sections to organise measures of current and future wellbeing. This paper has proposed adding two further sections (see Figure 4.4). The section labelled *Our Future* contains indicators for the four capitals, which was discussed in the previous section. Indicators of current wellbeing can be discussed under the other headings:

- Our People.
- Families and Whānau, including New Zealand communities.
- Business, including New Zealand’s place in the world.
- Our Country.

Considering these in turn, the indicators grouped under *Our People* in the LSF Dashboard all come from the New Zealand General Social Survey (NZGSS). There are questions in that survey related to cultural wellbeing. These data can be analysed to provide data for people who identify themselves as Māori.

One of the questions asks respondents to indicate how often in the previous four weeks they had attended a cultural event or venue. These data can be used to define levels of cultural engagement, such as (1) *no engagement*—adults who had not engaged in an activity in the previous 12 months; (2) *weak engagement*—adults who had engaged in the activity in the previous 12 months, but not in the previous four weeks; and (3) *strong engagement*—adults who had engaged in the activity in the previous four weeks. This would fit a general pattern in how the LSF Dashboard constructs its data under the *Our People* heading.



The Treasury has noted that children are unrepresented in New Zealand's wellbeing data. This makes it difficult to construct indicators under the heading of *Families and Whānau*, which is an important gap. Measures in the UK and Australia, for example, collect data on how many children engage with arts or cultural activities. Indicators under the heading of *Our Families* might also monitor cultural diversity and cultural vitality in communities.

A third set of indicators is required for *Business*, including New Zealand's place in the world. Official data can be used to define culture-related industries and employment. It is also possible to construct measures that indicate New Zealand's cultural contribution to the world.

Finally, it is possible to develop high-level national indicators for *Our Country*, covering topics such as indigenous cultural vitality, local cultural content, and New Zealand's inclusive national identity. This could be capped with a measure based on the Value of Culture Framework for New Zealand (see Figure 5.1 and discussion in Chapter Five) to develop estimates for different use values and non-use values from cultural activities. This would support narratives that aim to explain the importance of culture in the national life of New Zealand.

### 6.3 Cultural Indicators in the Living Standards Framework

The LSF is designed to enhance the quality of the Treasury's advice about lifting broad living standards. Thus, the LSF will contain a narrower range of indicators than expected in a cultural policy framework. The LSF currently includes a wellbeing domain on Cultural Identity. It also recognises culture as cross-cutting with respect to all domains and capitals. These are important developments in creating a wellbeing framework relevant for New Zealand.

The LSF Dashboard currently presents 23 indicators to monitor the four capitals, but there is no measure that refers to items of cultural capital (see section 4.2). Two indicators are associated with the Cultural Identity domain of current wellbeing: Te reo Māori speakers; and Ability to express identity. This report suggests that these indicators are better understood as measures of Human Capital and Social Capital, respectively. If this is accepted, further development would identify a suitable cultural indicator for both Financial and Physical Capital, and Natural Capital, so an aspect of cultural capital is embedded in each of the four capitals, while further work takes place to develop other indicators for Treasury policy advice.

Chapter Five explained why public financial support for cultural activities is important. Thus, under the heading of Financial and Physical Capital, the level of this public support might be monitored by recording the financial assistance provided by central government and local authorities each year. For natural capital, a potential indicator that might be easily monitored is *Hectares of public-owned land managed for conservation purposes*. This would produce the following four indicators monitored for future wellbeing.

- Human Capital: Te reo Māori speakers.
- Social Capital: Ability to express identity.
- Financial and Physical Capital: Public financial support for culture.
- Natural Capital: Hectares of public-owned land managed for conservation purposes.



The LSF Dashboard has two indicators under the domain of Cultural Identity or Cultural Vibrancy. This paper suggests these are more appropriately placed under Human Capital and Social Capital. Indicators in other domains, however, might be considered relevant for cultural vibrancy or cultural identity.

*Sense of purpose*, for example, is monitored in the Subjective Wellbeing domain (Treasury, 2018b). This is clearly relevant to the capabilities of persons to lead the kinds of lives they value (see Chapter Two) and so is relevant for monitoring cultural wellbeing. Nevertheless, it is also well-placed in the subjective wellbeing domain.

A second indicator that might be relevant for cultural vibrancy is *Sense of belonging*, which is included as an indicator for Social Capital under the title *Sense of belonging* (Treasury, 2018b). This might be considered instead as a measure of *Inclusive national identity*.

A more important issue is the argument in section 4.1 that the lack of indicators in the LSF Dashboard for cultural vitality and vibrancy is a significant omission. Consequently, this paper suggests four indicators (drawn from the NZGSS) could be monitored under this domain.

- *Cultural performance*, measured by the percentage of adults who in the last four weeks have taken part, outside their job, in a cultural event.
- *Cultural attendance*, measured by the percentage of adults who in the last four weeks have attended or visited at least one cultural event or venue.
- *Community cultural vitality*, measured by the percentage of adults who belong to a group described as arts or culture; religious or spiritual; or environment.
- *Indigenous cultural vitality*, measured by the number of adults who in the last four weeks have participated in selected activities related to Māori culture.

## Discussion points:

**6.1:** What set of indicators and statistical measures would represent a satisfactory selection of indicators relevant for monitoring the contribution of cultural capital to *future wellbeing* in Aotearoa New Zealand?

**6.2:** What set of indicators and statistical measures would represent a satisfactory selection of indicators relevant for monitoring the contribution of cultural capital to *current wellbeing* in Aotearoa New Zealand?

**6.3:** Are the indicators proposed in section 6.3 for inclusion in the Living Standards Framework suitable for the Framework's purpose to enhance the quality of the Treasury's advice about lifting broad living standards?

# Chapter 7

## Future Pathways

The purpose of this discussion paper has been to advance understanding of culture and wellbeing in the context of New Zealand's Living Standards Framework. It finishes with eight key points that suggest pathways for further development of New Zealand's frameworks for statistical monitoring of cultural wellbeing, not presented in any order of priority.

1. This discussion paper has affirmed the role of a Value of Culture Framework 'for articulating the value of culture from an economic perspective'. This project of the MCH requires more work to create quantified estimates of its use and non-use values. Completion of this project would enhance our knowledge of the economic value of culture in New Zealand.
2. The literature refers to a category of value not currently included in the Value of Culture Framework: non-monetary return to producers. Consideration might be given to whether this should be acknowledged in the Value of Culture Framework.
3. There is a worldwide trend to create statistical monitoring frameworks for policy purposes. The Ministry for Culture and Heritage might consider creating such a framework for cultural wellbeing in New Zealand. An appendix to AERU Research Report No. 353 by Dalziel, Saunders, and Savage (2019) offers an illustrative example.
4. *The New Zealand Curriculum* refers to cultural and intercultural skills. It might be appropriate for the Ministry of Education, the MCH, and Stats NZ, to create suitable statistical measures that would provide data on the extent to which school leavers from diverse cultural backgrounds in New Zealand can demonstrate cultural efficacy, cultural competence, a degree of cultural artistry, and intercultural capability.

The Treasury is planning to undertake a comprehensive review of the LSF and its dashboard in 2021 (Treasury, 2018b), which could include the following suggestions:

1. The Dashboard is currently organised into three sections: Our people, Our Country, and Our Future. Two further sections would be valuable: Families and Whānau, and Business.
2. The discussion paper suggests that *Te reo Māori speakers* is an indicator of human cultural capital, and *Ability to express identity* is an indicator of social cultural capital. It suggests indicators for financial and physical cultural capital (*Public financial support for culture*) and natural capital (*Hectares of public-owned land managed for conservation purposes*).
3. This discussion paper offers four alternative indicators of current wellbeing under the Cultural Identity domain: *Cultural performance*, *Cultural attendance*, *Community cultural vitality*, and *Indigenous cultural vitality*.
4. The discussion paper suggests that the current wellbeing domain labelled 'Cultural Identity' might be relabelled 'Cultural Vibrancy'.