

**Submission
No 23**

A FRAMEWORK FOR PERFORMANCE REPORTING AND DRIVING WELLBEING OUTCOMES IN NSW

Organisation: SGS Economics and Planning

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Legislative Assembly
Email: pac@parliament.nsw.gov.au

Inquiry into a framework for performance reporting and driving wellbeing outcomes in NSW

SGS Economics and Planning (SGS) welcomes the consultation paper from NSW Treasury as part of the NSW Budget 2024-25 on Performance and Wellbeing. It is not sufficient to rely on indicators of economic activity alone and we support the development of a clear framework to drive wellbeing outcomes across NSW.

SGS is a B Corp certified and Australian employee-owned firm with over three decades of experience in driving public policy excellence to benefit people, places and economies. We are committed to serving the public interest through our advisory work, and have structured our business to reflect this. Our ownership structure ensures our advice is not influenced by external investors or shareholders. We are in it for the long haul for the good of public policy. We have a strong track record and deep content expertise, and we bring these insights to our work by ensuring our senior leaders are fully engaged with project delivery.

Our submission is informed by our track record of working with State Government agencies, and local government across NSW and Australia across some of the most pressing public policy issues, including housing supply, demand and affordability, land use planning, community infrastructure, economic development, energy, climate change, education and health.

Feedback on the consultation paper

The review of the consultation paper has highlighted the following responses to the terms of reference:

- Themes clearly reflecting the values and priorities of government will provide transparency over decision making and build community trust. The data should be available to both residents and decision makers in an accessible manner.
- Indicators should measure the outcomes and the impact of policy and investment decision making, not measures of activities or service levels. For example, if an outcome is defined as “quality housing solutions are sufficient and affordable”, an indicator should be housing affordability for purchase and rent. The indicators in the SGS Cities and Regions Wellbeing Index (see Attachment) are informed by a review of the Commonwealth “Measuring What Matters” national wellbeing framework and the OECD framework and have a clear focus on objective measures of wellbeing.
- Service performance or activities are better measured in agency or portfolio plans that identify the actions needed to achieve outcomes, with overall accountability to the priorities across government.
- Where people live matters to life outcomes. Indicators at the NSW level hides the range of outcomes (see box below) and the impact of place on wellbeing. Indicators should be reported at a level of geography, and over time, to inform policy and investment decision making.
- Importantly, indicators and frameworks do not create change; it’s how insights are developed and applied from these tools as policymakers, governments, investors, researchers, and community members. The framework would benefit from clear links to governance, policy and investment decision making, as well as an understanding of the relationships between outcomes.

Measuring Wellbeing

Where people live greatly affects their wellbeing and overall quality of life. Despite Gross Domestic Product (GDP) being widely used, it doesn't fully capture the complexities of wellbeing.

Example: The spatial divide in wellbeing across the state is most pronounced across Health.

An individual living in Greater Sydney has a life expectancy at birth of 84.3 years compared to 81.7 years in regional NSW. Although the average life expectancy in NSW has increased overall since 2016, a life expectancy gap of around 2.6 years persists between metropolitan and regional residents. Regional residents were also more likely to be living with two or more chronic health conditions.

Source: SGS Cities and Regions Wellbeing Index

What once were hallmarks of social progress and economic prosperity no longer accurately reflect wellbeing in modern societies. Despite owning a home, a record number of Australians are at risk of mortgage stress. Paid employment today is no guarantee of future earnings in a constantly evolving labour market. Growth in Gross Domestic Product (GDP), a standard measure of national performance, also fails to account for environmental harms. It does not recognise inequality and a growing divide between the haves and have nots. GDP also values life through work and misses other important factors such as: social and family connections, community resilience and access to quality open space. But wellbeing is subjective, as everyone has their own perspective on life.

Many wellbeing measures currently seek to track this subjective, and self-reported, experience of wellbeing directly through surveys.

An objective based approach, tracking the factors, outside an individual's control, which shape the quality of life within an area provides valuable information to inform policy and investment decisions.

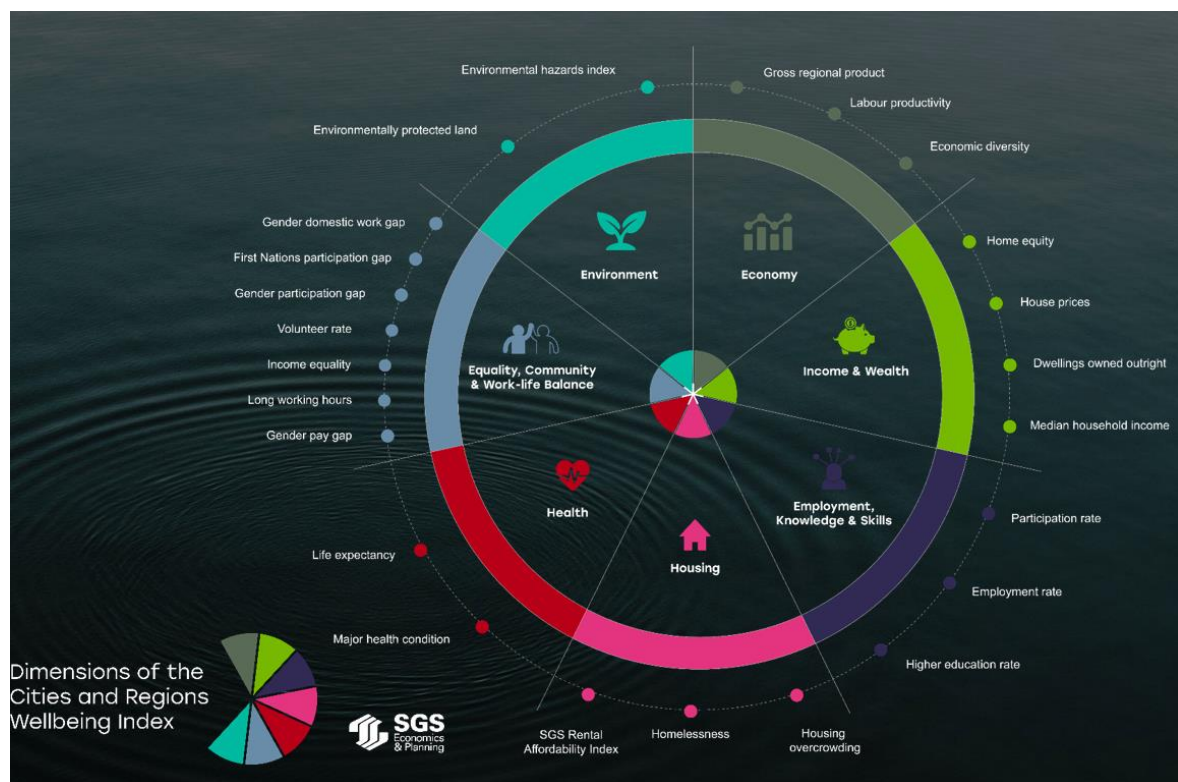
Just as each city, town and region is uniquely positioned to contribute to the state economy, so too do their capacities to build and maintain resilience against adverse impacts. This has never been more apparent than in the aftermath of recent events. Natural disasters, the COVID-19 pandemic, and geopolitical events affecting global business conditions and population migration patterns have all but reshaped familiar structures. From housing to employment opportunity and from one population group to another, a common thread emerges that the elements of wellbeing are more connected than has traditionally been recognised in policy and practice.

Measuring wellbeing should focus on community outcomes, rather than government activity or service performance.

SGS Cities and Regions Wellbeing Index

Wellbeing outcomes can be measured consistently over time, and across locations. For over ten years, SGS has reported on the state of the economy and the economic performance of Australia's cities and regions. The SGS Cities and Regions Wellbeing Index (CRWI) is a continuation of this work and a first-of-its-kind report that considers how place impacts community wellbeing. I have attached the [report as Appendix A](#), and encourage you to [explore our interactive website](#). It is a self funded research project that we invest in, to address a research and evidence gap in public policy decision making.

The SGS CRWI examines socio-economic wellbeing on a local government area level. It presents GDP broken down into economic activity in the local regions, Gross Regional Product (GRP), alongside six other wellbeing indicators—income and wealth, employment knowledge and skills, housing, health, equality and community, and the environment—to create a more nuanced understanding of how place shapes people's lives. The index has 24 indicators, across seven dimensions. It provides a clear snapshot of wellbeing by location, over time.



Our team of economists, planners, and data scientists have rigorously analysed data from a mix of available sources to monitor key indicators that impact wellbeing. We've applied sound economic principles, measuring output and growth while also measuring environmental and social considerations. Our analysis recognises that wellbeing is influenced by factors such as safety, health, happiness, job satisfaction, social connections, and access to nature.

There are still significant gaps in nationally consistent open data across many key indicators that would add value to our work—this is particularly limiting across climate risk and transport accessibility. There would be other data sets available at the state level that would supplement this national framework within the seven dimensions.

The SGS CRWI is a catalyst for informed decision making, policymaking, and strategic investments.

While rewriting Australia's wellbeing narrative will undoubtedly be a journey, our commitment is unwavering. SGS is committed to continuing to improve our CRWI and applying the framework to policy and investment decisions through a robust evidence and analysis that inform conversations to create a brighter future for all Australians. The CRWI demonstrates that wellbeing outcomes can be measured, at a spatial scale that makes sense to the community and decision makers, this reporting can be transparent and accessible, and can be used to measure outcomes from policy and investment decision making.

I will be happy to respond to any questions you may have about our submission. I can be reached at

[REDACTED]

Kind regards,

[REDACTED]

Alison Holloway
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SGS Economics & Planning Pty Ltd
Canberra, Hobart, Melbourne, Sydney

Attachment 1: SGS Cities and Regions Wellbeing Index
Attachment 2: About SGS Economics and Planning

Attachment included with submission:

SGS Economics and Planning, [Cities and Regions Wellbeing Index](#), May 2024

Attachment 2: About SGS Economics and Planning



SGS is a certified B Corp and Australian employee-owned firm. Accountability and transparency have been central to our work as trusted advisors to the governments and organisations that shape Australia's cities and regions for over three decades. We work for the public interest and aspire to provide Australia's best independent policy advice.

1.1 How we add value

Seven ways we create value for our clients

1. Assurance that we resource every project with the right people.

We take great care to form specialist, fully resourced project teams led by at least one Principal. Our client feedback shows that our approach works.

2. Guarantee that we are transparent, committed and accountable.

Our B Corp certification proves that we meet world-standard environmental and social performance and transparency and accountability measures aligned with good governance. We avoid conflicts of interest through strict internal decision making.

3. Confidence that we understand all tiers of government.

We have over 30 years of experience working with all tiers of government, and many of our team members previously held government roles. Over eighty per cent of our projects are with Government clients, the remainder is in the for-purpose, industry associations, education, co-operative and mutual sector.

4. Access to rigorous analysis and trusted independent advice.

We help our clients find rigorous and practical solutions and make informed decisions. Our project track record shows that great things can happen with the right insight.

5. Opportunity to develop specialist skills and capability.

We work to make a positive impact on the world and believe that sharing expertise and experience with our clients and the wider community is another way to achieve this. Our projects are designed to build capability and equip our clients.

6. Meaningful and useful data.

Our clients no longer need to worry about making sense of complex data – we use digital tools and specialist know-how to make complex data meaningful and useful. We use specialist digital and spatial analytic tools to communicate clearly and uncover insights.

7. Access to original research and insights.

We challenge conventional thinking and invest in innovation and self-funded research and development. We openly share our research findings and insights with our clients and often conduct training workshops and seminars.



1.2 More about SGS

Who we are

Established in 1990, SGS is an urban and public policy advisory informing important policy and investment decisions for more sustainable cities and regions. We have 70 team members with diverse expertise and experience working on projects throughout Australia and New Zealand from our Sydney, Melbourne, Canberra and Hobart offices.

Why we work

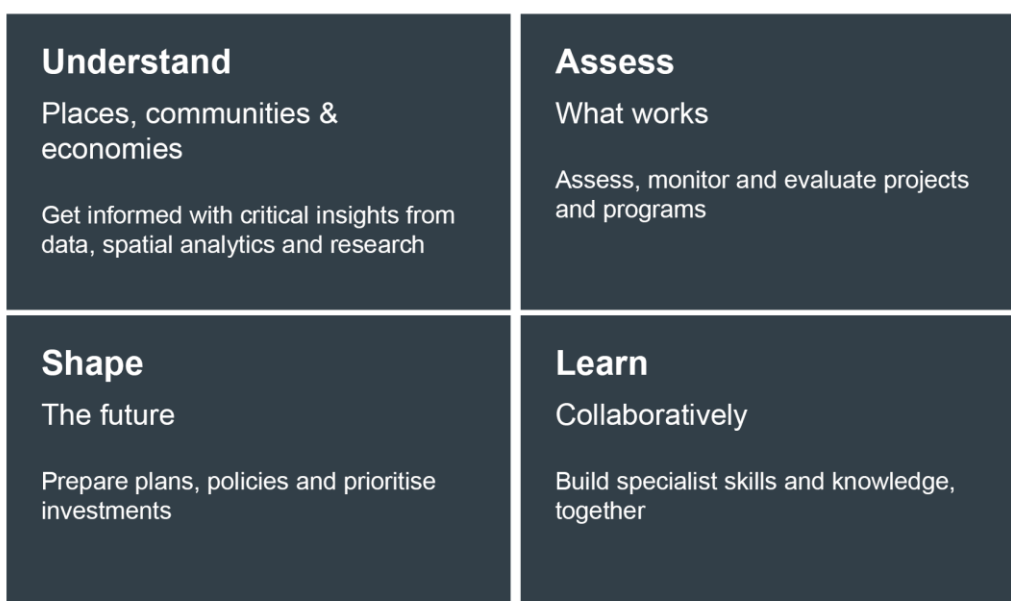
We work for the public interest and aspire to provide Australia's best independent policy advice. Our commitment to social good is woven into the fabric of our culture. A certified B Corp, we are part of a global movement of people working for a more equitable, prosperous and sustainable society.

How we work

Our B Corp certification and employee-owned business structure embed our purpose. Unlike many consultancies, we invest our time, resources, and our very best thinking towards solving pressing issues for our clients and supporting our team's professional development rather than focusing solely on shareholder returns. This approach gives our clients assurance and security, especially on challenging projects.

How we help

Our evidence-based insights help clients understand how places, communities and economies function, assess what projects and programs work, and plan future places and precincts. Our work is rigorous and practical – with a proven and clear path between our analysis and advice. Beyond advisory services, we hold workshops and courses to share knowledge collaboratively. We work with our clients to build capabilities and equip teams with the knowledge to progress policy agendas. The figure below outlines our services.



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