

**Submission
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A FRAMEWORK FOR PERFORMANCE REPORTING AND DRIVING WELLBEING OUTCOMES IN NSW

Organisation: Australian National Development Index (ANDI)

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Building a better NSW together through best practice in measuring wellbeing

A submission to the NSW Public Accounts Committee
Inquiry into a Framework for Performance Reporting
and Driving Wellbeing Outcomes

by

Australian National Development Index (ANDI) Limited

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1: Introduction

About ANDI

ANDI (Australian National Development Index Limited) is a registered Australian not-for-profit and public interest corporation. ANDI's constitutional mission is to develop a comprehensive framework to measure national and state progress and wellbeing and promote the use and application of such frameworks, in governments and in the community, across Australia. Our approach is based on citizen engagement and democratic practice, partnerships, high quality research, and a central focus on equitable, sustainable wellbeing. ANDI and its predecessor body have worked in this field for over 25 years in Australia and internationally, and its partners include organisations in the community, local and state government, environment, human rights, indigenous and university sectors. Its key expertise includes community development, research and public policy and it has worked in an advisory or consultant capacity in Australia and internationally, with the OECD, national governments and research bodies. More information about ANDI's work and organisation is provided on ANDI's website:

www.andi.org.au

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Summary of submission

This submission responds to the request by the Public Accounts Committee of the NSW Legislative Assembly for submissions to its *Inquiry into a Framework for Performance Reporting and Driving Wellbeing Outcomes*. It provides an overview of the issues and context underlying the NSW Treasury's proposal to develop a state-wide Wellbeing and Performance Framework, including a review of relevant developments in the field of progress and wellbeing measurement in Australia and globally. It analyses the NSW government's stated plans for the more comprehensive development of the framework, with a focus on the key issues that will need to be addressed if NSW is to achieve a 'national best practice' model. The submission concludes that the proposed project is potentially of major and long-term importance to the future wellbeing of NSW and its people, but success will require a collaborative model of development, strong government leadership, high quality research and extensive community engagement, underpinned by detailed planning and substantial resources over a sustained period.

2: The Inquiry's context and Terms of Reference

In this section we summarise the key points from the background material provided or available to inform submissions to the Inquiry, and examine the wider context in which the proposal for a NSW framework has arisen, both national and international.

In this way, we seek to most clearly identify the government's aims and intentions in developing the framework, and more specifically, what kind of framework it wants and for what purpose, how it seeks to develop it, and how it proposes to implement that framework in practice. Where appropriate, we have suggested changes or improvements, or highlighted likely problems or inconsistencies. Our assumption, from its published statements, summarized below, is that the government is strongly committed to the success of the framework and its development process.

A review of the international and national context enables us to identify what lessons from national and international practice can be most usefully applied in the development of the NSW framework.

The global context: progress and wellbeing 'beyond GDP'

Both the Minister's statement and the Consultation Report (detailed below) commit the government to study and learn from international experience. In fact there is a great deal of this experience to learn from, and many excellent models that are relevant to Australian governments, both at a state and national level.¹

Over the past 20 years, a global movement has grown to redefine the way nations and communities think about and measure the progress of their societies, moving beyond GDP and economic growth as the central criterion and increasingly towards a wider notion of equitable and sustainable wellbeing. This movement has been led by international bodies like the OECD, the UN, and the European Union; pioneering countries like Canada, Bhutan, New Zealand and Wales; and civil society organisations in the environment, women's, human rights and development fields, among others.²

From this diverse experience, three universal lessons have emerged: (1) the need for new and holistic goals and measures of progress and wellbeing 'beyond GDP' which embrace not just the economic, but also the social, cultural, environmental and democratic dimensions, and comprehensively define a more accurate and expansive vision of progress and wellbeing; (2) the importance of engaging citizens in defining these goals and measures and this vision, especially when democratic trust is declining, as it is now; and most recently, (3) the crucial requirement that wellbeing goals and measures should be 'built in' as the core purpose of government at all levels, from evaluation and policy making to budgets and long-term planning.³

Australia has been a significant contributor to this movement from its earliest days, through, for example, the work of the Australian Bureau of Statistics (the first national statistics agency to develop a comprehensive wellbeing measurement framework) and of NGO's including our own organisation, the Australian National Development Index (ANDI) Limited. In the past four or five years, Australia has seen the development of well-being frameworks federally ('Measuring What Matters') and in the ACT and plans for future development of such frameworks in Tasmania, WA and most recently, NSW. There therefore would be considerable advantages in the NSW government working closely, not just with the federal project, but, even more relevantly, with these state and territory governments.

NSW reports and research

Over the past 12 years there have been three substantial NSW reports on measuring wellbeing and public policy. All three were commissioned by government or Parliament, and all deserve to be carefully studied by the government in its present project.

The 2012 report 'Measuring Wellbeing' by Talina Drabsch of the NSW Parliamentary Research Service: At a state government level, this report was well ahead of its time and it is still highly relevant. It included comprehensive discussion of the meaning of wellbeing, the historical context, the limitations of GDP as a well-being measure and the implications for public policy of maximizing wellbeing, as well as a thorough review of Australian and international work in this field. (NSW Parliamentary Research Service 2012)

The 2022 Foundation Paper 'A Well-being budget for NSW' produced by the NSW Department of Planning and Environment and prepared by Dr Richard Parsons and others: This is a thoughtful and well documented report on why NSW needs a well-being budget, what it would look like, how it should be designed and especially what should be its practical objectives and how it might relate to existing NSW government initiatives. The report concludes that 'developing a well-being framework in New South Wales should be ... grounded in people's lived experiences in all their diversity as well as building on existing data and similar frameworks. It would enable us to apply citizen science and aboriginal science to inform and support our individual and collective well-being. This will take time, but it offers an opportunity to build a revitalized, refocused economy that provides a true picture of our progress and development and that improves well-being for all'. (NSW Department of Planning and Environment, 2022)

The 2022 report 'New South Wales Draft Wellbeing Framework' by Huber Social for the NSW Department of Planning and Environment: This report is an excellent practical guide to the development of a NSW wellbeing framework, including the benefits for government, key development principles, potential wellbeing domains, the process of embedding wellbeing into government, and finally, a 5-stage 'Roadmap' and communications plan for getting there. (Huber Social 2022)

The PAC's Terms of Reference

The Committee's Terms of Reference are brief and compressed, and focused on what is needed to develop an effective PWF framework with two key functions: (1) reporting on

the performance of NSW Government services; and (2) driving wellbeing outcomes for NSW residents.

Its particular emphases are, in relation to the first function, how the PWF can identify the impact of government resource allocations, outcomes and service levels; provide evidence of program effectiveness; improve transparency; and identify service delivery and outcomes achieved. The second part asks, very broadly, what are the opportunities, processes and governance arrangements (in the development of the PWF) that will best improve: performance information 'aligned to targeted meaningful outcomes for NSW people' and government decision-making; data collection and reporting for government decision-making; enhanced interdepartmental collaboration; improved accountability for cross sectoral outcomes; and measurements of quality of life and wellbeing in New South Wales, with particular reference to the Commonwealth and OECD frameworks for measuring well-being and progress.

In this submission, we have focused primarily on the second and broader question: how can the PWF drive better outcomes for NSW residents?

Minister's statement

Apart from the PAC Terms of Reference, the formal background material produced by the government consists principally of the Minister's initial announcement of the nature and purpose of the proposed Performance and Wellbeing Framework ⁴ ; and the NSW Budget 2024-25 Performance and Wellbeing Consultation Paper ⁵.

Finance Minister Courtney Houssos' initial press statement announcing the PWF in March 2024 indicated that the overriding purpose of the framework was to 'change the state budget to take account of citizens' wellbeing in addition to traditional economic indicators such as growth, employment and deficits'; and more broadly (following the model of the federal 'Measuring What Matters' framework) to advance the goals of a 'more healthy, secure, sustainable, cohesive and prosperous Australia'.

The rationale that Minister Houssos gave for the PWF was that: 1) 'Governments in several wealthy nations have already developed ways to measure the wellbeing of their citizens'; (2) 'concerns that traditional economic statistics do not provide a sufficiently detailed picture of the living conditions that ordinary people experience' and are 'not the only factors that determine wellbeing in Australian society'; and (3) improvements to the collective wellbeing of Australians are falling behind the rate of economic growth.

The intended uses and applications the government sought from the PWF were that: (1) it should be applied across all state services; (2) it should 'embed wellbeing considerations in advice to government'; (3) it should be linked to, and drive, positive social outcomes; (4) it should provide greater transparency and focus on the government's goals and priorities across each portfolio; and (5) it should be a key means to demonstrate and evaluate progress on meeting major state challenges and key wellbeing and performance targets and priorities.

In terms of how the PWF was to be developed and presented, the Minister emphasised that the NSW government would (1) 'work alongside the Federal Labor government's

‘Measuring What Matters’ framework; (2) ‘consider what other countries around the world are doing (in this field) and where (NSW) can learn from them’; (3) ‘engage in direct consultations with community and industry stakeholders’; and (4) ensure that the PWF would provide the basis for a separate (presumably annual) budget paper that is publicly promoted.

The 2024-25 Performance and Wellbeing Consultation Paper

This is a lengthy (60 page) paper which has much detailed and well-informed content, but also some notable omissions. We assume the government is planning to fill these gaps as the project develops, although in our view it has set itself a very unrealistic timeline, as indicated below.

The paper includes more information on the background, purpose and rationale for the project; a great deal of detail (perhaps too much at this stage: see below) on possible well-being indicators; but very little information on the proposed process for the PWF’s development: such as how the community is to be engaged, and how it is proposed to build the PWF into government so as to achieve the complex goals the government has set for it. These goals include: reforming the budget and resource allocation process; benchmarking service delivery; improving cross-sectoral and cross-departmental collaboration around major priorities, ‘big challenges’ (such as ‘rebuilding central services’) and long term goals; increasing democratic transparency and citizen engagement; and ultimately ‘building a better NSW’.

All of these are important and indeed achievable purposes, which a fully developed PWF could promote, but they are not straightforward in the current climate of departmentalism, short term government vision, and diminishing citizen trust. They will require considerable time and resources and the strongest government leadership.

The Consultation Paper states that it is aiming to present ‘a complete Framework in the 2025-26 Budget.’. Such a short time cycle seems to contradict the paper’s frequent acknowledgement that these ambitious strategic goals will take time and that New South Wales should learn from the experience of other international models, which in most cases have required a much longer time frame for the full development and entrenchment of such a framework.

Ultimately, what needs to be recognized (and has been in the most successful international models, discussed above) is that this is a process purposely designed to effect a change, not just in statistical measures of success, but in the basic paradigm of government – a change in which the goal of equitable and sustainable well-being effectively replaces GDP growth as the most influential indicator of societal progress and the key goal and value of government.

Our experience, from work in many countries and with the OECD, is that the full cycle of developing an effective, community-engaged and ‘built in’ well-being framework is closer to 5-10 years than 18 months. In the case of one of the most successful current examples, the Canadian Index of Wellbeing, with which we have worked since its inception, the development cycle has been closer to 20 years before government buy-in to the project, with the first five years devoted to an extensive national conversation asking citizens

‘What kind of Canada do we want?’⁶. Another successful model is Wales, now regarded by the United Nations as a global leader in this field. Like Canada, it began with an extensive process of community engagement and a gradual campaign to build a wellbeing and future generations approach into government, culminating in comprehensive legislation that requires all government agencies to plan, collaborate, document and evaluate their progress towards key state-wide goals.⁷

We therefore suggest that the government should give priority to developing a comprehensive and fully costed and resourced five-year plan. ANDI is currently working with the government, community and research sectors to develop such a program for Western Australia, which includes a comprehensive 2-year community engagement process and a series of detailed proposals for building the WA wellbeing index into government; and we expect our WA partners would be happy to share the details of this plan with the NSW government.

In the paragraphs which follow, we comment on two important elements of the government proposal outlined in the Consultation Paper.

Proposed wellbeing themes

In general, we believe that the Consultation Paper’s list of proposed themes and indicators is reasonable and fairly comprehensive, and would mostly be supported by the community. However, as we indicate below, we disagree that this should be the starting place or the chief focus for a community engagement process.

That said, there is one key wellbeing theme that seems to have been left out: and it is one which forms part of most international wellbeing frameworks. This is the ‘Governance’ domain, which includes democracy, good government, citizen engagement and human rights, institutional performance and trust – all of which have a very direct bearing on both individual and societal well-being. This is a major omission in a framework that aspires to reflect community priorities and the most critical issues determining progress and wellbeing, but tends to be overlooked by governments for political and electoral reasons⁸.

Proposed community engagement program

In section 3.4 below, we discuss at greater length the important role that community engagement plays in developing wellbeing and progress measures, both for better policy and better democracy. The democratic importance stems mainly from the greater accountability and transparency such a framework can provide, but even more from the fact that meaningful citizen participation in determining the state’s or the community’s priorities directly impacts the life outcomes and opportunities of people, both current and future generations and strengthens civic trust in the democratic system. What we measure, matters. It is therefore a process which demands considerable thought, planning and resourcing.

Although both the Consultation Paper and the Minister’s statement, acknowledge the importance of community input, and for the reasons indicated above, there is so far no

evidence of a detailed process for engaging citizens, other than the process of making submission to the Parliamentary Inquiry.

In fact, there are many excellent international models for comprehensive community engagement in the process of developing new wellbeing frameworks, including those of Canada and Wales (above), the OECD, and the Australian Public Service which have all produced handbooks to guide the community process.⁹

From these examples, it is clear that a 'best practice' community engagement process needs to be well planned, fully resourced, inclusive and accessible, engaging and interesting, and should provide a variety of diverse engagement processes and platforms to ensure the widest possible input, and a realistic time frame to make all this possible.

We therefore suggest that, as a major component of the 5-year development plan proposed above, the government should include a comprehensive, inclusive and well-resourced community engagement program, on the 'best practice' lines indicated above.

A second issue that we believe needs to be reconsidered is the question of what the community will be consulted on. A close reading of the Consultation Paper suggests that the government is proposing that the primary topic of consultation should be the community's agreement or disagreement with a very detailed set of potential wellbeing indicators. The paper itself devotes 32 out of its 49 pages to listing 120 more or less technical indicators. We believe most people would be unable or unwilling to make detailed commentary on these.

We think it would be more sensible to construct a longer-term and more accessible community engagement process in stages: first, a general conversation about 'the kind of NSW we want', starting off with high level goals, aspirations and values, then moving to key themes or domains and then to the specific outcomes needed in these theme or domain areas. The selection of specific indicators is really only the very last stage of this process; and while it is highly desirable to ensure as much community and stakeholder input as possible, even into the selection of indicators, a significant part of the process by this stage will be an expert-informed (for example, the selection of environmental indicators). This is in effect the model used in the most successful national community engagement process, that of Canada.

3: The path to a best practice model for NSW

In the sections above, from all the sources indicated, we have identified a series of features which we assume the state government will want to include, or at least to seriously consider, in developing a comprehensive and effective well-being framework that can guide policy, promote wellbeing and strengthen democracy.

We conclude that the NSW government has a unique opportunity to develop a lasting legacy, in the form of a state wellbeing framework that can represent, in effect, the collective vision for the future development of NSW, a clear statement of specific goals and priorities, a strong platform for cross-government coordination and reporting, and a trusted and reliable measure of real progress across all the key dimensions that matter most to NSW people. This can be - as the government apparently wants it to be - a powerful vehicle for 'building a better NSW together'. We think that, in general, the government has made a good start on this process.

In this section, we address the question 'What does the New South Wales government need to do over the next 5 years to address these ambitious goals'?

We summarise what we believe are the most important elements for the development of a 'best practice' NSW progress measurement framework, based on an extensive review of national and international work in this field. We believe that such a model is both desirable and feasible for NSW and that it certainly appears to fit with the broader goals and ambitions of the Treasury project.

We recommend that all of these elements should be considered more explicitly in the government's forthcoming Budget statement and in a more comprehensive plan for the framework's development, such as we have suggested.

1. A clear statement of the project's broad rationale and aims

We think that the PWF proposal could be improved by clarifying and consolidating the major and longer-term purposes of the project. We suggest that the most important of these should be:

- To produce a clear and authoritative map of the progress and wellbeing of NSW and its people as measured against their key goals and aspirations and in all important dimensions of their lives, communities and environment and ensure that is used, understood and trusted in government and the community;

- To build a multi-purpose public policy tool that will inform and improve state planning, priority-setting, policy making and economic reform and that will put wellbeing at the heart of government decision-making;
- To improve political transparency and accountability and strengthen democracy, community engagement and civic trust;
- To help provide a shared vision for New South Wales' future development based on clear goals and values and concrete outcomes.

2. Recognition of the scale and importance of the project

There should be an explicit recognition that developing and applying a comprehensive, ongoing state progress and wellbeing measurement framework is a large-scale and long-term undertaking that can significantly contribute to a better, fairer and more sustainable NSW. This objective is of particular importance at the present time, given climate and environmental problems, economic and employment pressures, growing inequality and diminishing democracy and civic trust, and especially in a post Covid era, when there is a clear national wish for 'building back better' and a longer-term vision for Australia.

3. Planning and resourcing

To be successful, the project will need to be comprehensively planned and fully resourced, with an initial development period of at least five years, a series of concrete stages and targets, and a process of iterative development coupled with a willingness to trial new approaches. Thereafter, provision will need to be made for its maintenance and regular updating in terms of both data and community input, given likely changes in community views, government priorities etc.¹⁰

4. Democratic and citizen engagement

The NSW Wellbeing and Performance Framework will need to develop an effective and credible community engagement program if it wants to know 'what matters to New South Wales people' – the core rationale given for the project.

International experience has consistently emphasised the direct links between strengthening democracy and developing national progress and wellbeing measures, through factors such as increased transparency, better informed citizens, higher levels of trust etc.¹¹

Research also shows that Australians believe that promoting people's wellbeing should be the most important priority of government (ahead of increasing national wealth) and that national progress should be measured in terms of health, wellbeing and the environment rather than mainly through GDP growth.¹²

Further, given the current low levels of democracy and civic trust in Australia and many other countries¹³, there are good reasons why government should seek every opportunity to strengthen democracy and citizenship. Direct and authentic participation by citizens in shaping policy on issues that concern them has been shown both to increase both democratic trust and citizen wellbeing¹⁴ and engagement in the process of developing community progress measures is a strong example of meaningful citizen engagement.

Thus, for NSW's state wellbeing framework to be legitimate and trusted, to ensure it reflects what matters to citizens, and as a powerful and meaningful process to engage citizens in its own right, it is essential that the NSW community be extensively and inclusively involved in its development. This will require a diversity of engagement programs, excellent communications and support material, and generous resourcing.

As indicated earlier, we suggest that the government should include in its forthcoming budget statement a stronger account of the democratic value of the project and a proposal for a statewide community engagement program which highlights its key elements.

ANDI has had considerable experience in the design and implementation of community engagement projects of this kind, including most recently a multi-level 2-year community program for the development of the West Australian Development Index. We would be pleased to provide advice to the state government on this.

5. Collaborative development

As far as possible, the project should be co-developed: that is, promoted, developed and managed as a collaborative project between the government, community, research and business sectors. This should include appropriate funding and resource contributions from the philanthropic and non-government sectors.¹⁵

6. Leadership within government

Within government, the project will require strong leadership and advocacy at the highest levels of government. In the development of the project, the Treasury should work closely with the Department of Premier and Cabinet, the Productivity and Equality Commission and key wellbeing-related Ministries. The ABS should also be a major participant, given its long experience in the development of progress measurement frameworks. As well, we would recommend that the NSW state government creates a collaborative relationship with other state and territory governments embarking upon or already committed to such a process (ACT, NSW, WA, Victoria and Tasmania) and the federal government.

In this connection, it should be noted that in its Measuring What Matters proposal, the federal government has endorsed the concept of national coordination in this field, in order 'to provide common understanding of objectives across levels of government especially as between state and federal governments'.¹⁶

7. Using international best practice

As we indicated, there is now a well-established global movement and a great deal of international practice in this field, as well as much local knowledge and experience that Australian governments, state and federal, can draw on.¹⁷ In the development of its progress measurement framework, NSW should aim to include the best and most relevant models wherever possible. It should also be noted that the work in this field of the OECD and other leading governments in the Wellbeing Economy Governments

(WEGo) group extends to governments at the sub-national level, such as Wales and Scotland.¹⁸

8. Key technical issues in constructing a national framework

As indicated above, the Treasury Consultation Paper includes a quite extensive discussion of the potential progress domains and the kinds of indicators required for a national framework. However, based on multiple reports by the OECD and international and Australian research organisations (see ‘References’ section below) and our own experience, we suggest that there is a wider range of issues that will need to be decided on in the technical task of constructing an effective national framework (in addition to the important task of getting community input). They are summarised below.

- (1) **Core concept of progress and wellbeing:** We suggest that the unifying concept for the framework should be broad and holistic, such as the OECD’s ‘equitable and sustainable wellbeing’ or ‘societal wellbeing’, include social, cultural, environmental, economic and democratic dimensions of progress and measure both individual wellbeing and the broader health of communities, institutions and systems.¹⁹
- (2) **Selection of domains:** The Federal government’s ‘Measuring What Matters’ (MWM) statement correctly indicates that most national progress and wellbeing frameworks tend to include very similar domains; and the PAC Terms of Reference highlight as good models the MWM framework and the OECD’s wellbeing framework, with its eleven domains of current wellbeing. We agree that these frameworks are a reasonable starting point, but ultimately the key themes and domains selected for the PWF must reflect the priorities of the community of NSW. We would also suggest consideration of two additional domains, for children’s and indigenous wellbeing. ANDI believes that both areas in their different ways are crucial indicators of overall societal wellbeing in Australia. The proposed NSW model is to be commended for its strong emphasis on indigenous well-being and culture. (In Appendix A, we set out as a possible model the list of ANDI’s wellbeing domains.)
- (3) **Objective and subjective wellbeing:** There is now general agreement that comprehensive wellbeing measures should include both objective and subjective elements of wellbeing, although the relative weighting of each is still contested. We believe that the measurement of subjective wellbeing should include basic psychological needs and capabilities such as meaning, purpose, resilience, satisfying relationships etc.
- (4) **Measurement of future wellbeing (capital stocks):** Increasingly, the more advance wellbeing frameworks are pointing to the importance of measuring not just current wellbeing, but the wellbeing of future generations as represented by stocks of the ‘capital’ required for wellbeing - human, social, natural, financial etc. While the OECD, the World Bank and New Zealand have reasonably well-advanced models for measuring future wellbeing or wellbeing ‘stocks’, there is still considerable work to do in this area and difficult decisions to make about their inclusion in a wellbeing framework; but we believe that the NSW framework should make a start on defining and measuring capital stocks.

- (5) **Focus on outcomes:** In general, most measurement systems tend to focus on the measurement of outcomes (such as improved health) rather than inputs (such as increased hospital spending). However, inputs can be an important contextual indicator and need to be included in some cases, which can be a matter for particular judgement.
- (6) **Better measures of economic wellbeing:** The Federal MWM model appears to suggest that current economic progress indicators are adequate to measure economic wellbeing, although they need to be complemented by broader social and environmental measures to give a fuller picture of society's progress. It also fails to acknowledge the broader distorting impact that the excessive influence of GDP is generally acknowledged to have in policymaking and the assessment of national progress.²⁰ We suggest that there is a range of economic outcomes that matter a lot to the wellbeing of ordinary Australians and to national and state progress but are not adequately measured. These would include, for example, the impact of our economy on the environment and the climate, the economy's performance in creating secure and satisfying jobs, and the fair distribution of the wealth and benefits created by our current economic structures.
- (7) **Alignment with UN SDGs:** An important but not straightforward issue to be resolved in the construction of a state or national wellbeing framework is how it should align with, and if possible, adopt the key measures of the UN Sustainable Development Goals (SDGs) framework. The problem in part is that while maximum alignment is desirable, the two systems have different purposes and emphases, and in a number of cases, targeting measures that are appropriate for poor or developing countries would not be appropriate or priorities for Australia. But this isn't true in all cases: in the environmental area, for example, where Australia (and Australian states) have been comparatively poor performers on the SDG measures and most recently, on UNICEF's measures of environmental conditions that affect children's wellbeing, where we rank 30th out of 39 countries.²¹
- (8) **Calibrating progress against appropriate targets and goals:** It has been argued that true progress means movement towards one's specific goal or destination, and on this basis, the most meaningful progress measures are those which specify the standard or goal which constitutes success (as, for example, the SDGs do), rather than merely providing snapshots of historical change without specific context or comparison. We support this target-oriented approach, and the Budget Consultation Paper seems to do so also. However, in practical terms it adds another step to the development process, which will require both community and expert input - that is, the identification of the most important outcomes or standards in specific domains that constitutes the progress 'destination'.
- (9) **Indices or headline indicators:** The decision to present indicators as a dashboard of separate indicators (sometimes called 'headline' indicators) or as composite indices is a long-running controversy in this field. The problem is often presented as an 'either/or' choice but in our view, this is a false dichotomy as both headline indicators and indices have important value in the reporting process. Indices are a useful shorthand and attract more media attention, but they do not detract from the more detailed picture that the individual or headline indicators convey. ANDI strongly

recommends both overall progress indicators and indices, both of overall progress and within each domain.²²

- (10) **Reporting and disseminating results:** This is not dealt with in the Consultation paper, but ANDI recommends the provision of an annual progress report overall and in each progress domain (perhaps released in a different month) including an analysis of the trends and suggestions for policy responses. These reports should be written in an attractive and accessible format, with maximum publicity and released through an event such as an annual conference attended by key stakeholder organisations in the specific policy field. The notion of an annual State of the State report, (a long running tradition in economic development) perhaps to Parliament, is also attractive.
- (11) **Disaggregation and replicability of framework at state and local levels:** An important issue to be resolved in the design of a new framework is how to ensure that as far as possible, the data used in the framework is able to be disaggregated to local levels and the framework itself is broadly replicable at local levels. Doing this will ensure the optimum policy value of the framework not just for local government, but to enable comparability between localities.
- (12) **Data quality and availability:** The Consultation Paper provides sensible criteria to assess the quality and usefulness of the data needed for progress and wellbeing measurement, such as regularity, reliability, alignment with the issue etc. However, another significant data issue (recognised by the Consultation Paper) will relate to the production and availability of new data which will inevitably be needed to fill gaps revealed in the full development of the framework (for example, in fields such as democracy, governance and human rights). One initiative that should be considered is the institution of an ongoing NSW Progress and Well Being Research and Data Council, including the ABS, key researchers and universities and the provision of adequate funds for new data and research.
- (13) **Independence and oversight:** From the outset, careful consideration will be needed to ensure that NSW's progress and wellbeing framework operates at the highest levels of expertise, integrity and independence. European evidence suggests low levels of public trust in government data generally, and the perception, very likely shared in Australia, that governments tend to use statistics tendentiously and in their own political interests.²³ One possible model is that established in the Tasmania Together project in the 1980s, with an independent Tasmania Progress Board, which included representatives of the community, research and government sectors, reporting to parliament. Another model might be to establish a purpose-built institute at an appropriate university. The tasks of such bodies would include ensuring regular independent audits and evaluation.

9. Application and benefits of wellbeing frameworks in government

In the past decade, in countries advanced in the field of developing new progress measures, the focus has shifted noticeably from the design of wellbeing frameworks to their practical application and use.

Dutch social scientist Rutger Hoekstra argues that, in the global 'Beyond GDP' movement, we have spent decades developing dozens of different and competing frameworks to

define and measure societal progress in place of GDP, each vigorously promoted, but mostly covering very similar ground. This is because in most countries the key elements of progress and wellbeing are broadly agreed, even if the titles of their frameworks or indexes are different, such as 'Wellbeing', 'Quality of life', 'Social Progress' etc.

Hoekstra comes to two conclusions about where we need to go now. First, he believes that what we need now is not more models, but a strong process towards harmonisation and universal standards of wellbeing and social progress that can be applied and compared across the world. Ironically, he points out, it was the international harmonisation of GDP that instantaneously catapulted it to global influence and application. And the second thing is that we must start to build wellbeing goals and measurement into government and institutions at all levels.²⁴

As the OECD has shown²⁵ there are now many important applications for such frameworks which go well beyond the mere statistical measurement of progress and which aim to build wellbeing into government at different levels: in budgeting, policy making and planning across all departments, in legislation and as the basis for major economic reform towards a wellbeing economy.

These leading countries have deployed a wide range of entrenchment mechanisms: from making wellbeing a constitutional priority in Ecuador, or legislating it as a whole of government priority in Wales, or setting up a national wellbeing policy coordination body even more powerful than our own Productivity Commission, in Bhutan, to a series of rules and regulations in many countries for applying wellbeing criteria and measurements in developing budgets, and evaluating cabinet submissions.²⁶ A majority of OECD countries now have some form of holistic wellbeing measurement framework; and many have national community engagement programmes and surveys supported in varying degrees by the government and non-government sectors.

Probably no other country has built wellbeing so comprehensively and thoughtfully into its legislation, policy making, planning, budgeting and education processes as Wales. The Welsh legislation, the Wellbeing of Future Generations Act²⁷, is far sighted and visionary; it defines clear sustainable wellbeing goals and values; it requires all government agencies to abide by these values, and to set their own goals and evaluate progress against them; it is powerfully focused on young people and developing youth leadership; it establishes a Commissioner for Future Generations with extraordinary powers to interrogate and intervene in government policies and decisions; and it nurtures an imaginative and inclusive community engagement and schools education program. It is not for nothing that the Secretary General of the United Nations a few years ago proclaimed Wales as an example to the world and a model for the UN itself. And there is no reason why NSW could not work towards such a model.

Benefits for better government

In terms of practical day-to-day governance there is a wide range of specific benefits and applications which Australian federal and state governments could reap from a fully developed wellbeing approach built into and across government. They include the following:²⁸

- More credible and effective public reporting of national progress
- The capacity for deeper qualitative analysis of data

- Better ways to promote government and stakeholder dialogue on key challenges as a basis for collaborative action
- A tool to report annual wellbeing 'stocks and flows' (as discussed above)
- Using wellbeing reporting frameworks as a basis for more powerful evidence platforms to build shared understanding
- Using wellbeing reporting as a tool to improve policy coherence, priority determination and whole-of-government coordination across portfolios
- Integrated policies for tackling 'wicked' problems which cross many traditional policy silos, like child wellbeing, long-term poverty and climate change
- New approaches to federalism based on agreed data, evidence and priorities as between federal, state and local governments which have shared wellbeing measurement frameworks and approaches
- New and more attractive community engagement approaches and platforms.

4: Conclusion

Our economy is not doing enough to create the fair and sustainable society that most Australians want, and our economic measures do not capture the wellbeing of our society as a whole. After Covid-19, we have an unrivalled opportunity to 'build back better' and create a better vision for Australia, in which new wellbeing measures could play a key role.

Peta Murphy, MP for Dunkley ²⁹

A wellbeing approach to the budget is an opportunity to open up public discourse about what kind of country Australia wants to be and move debates about deficits and bottom lines to mean something to more than policy boffins and economic wonks in Canberra. ... Some spending shouldn't be seen as spending, it should be seen as investment — spending on education, particularly on education in a way that is equitable, spending on good quality healthcare that produces good health outcomes. Both of those things are investments, and yet often, we talk about them in a very (limited) sense ... This is an opportunity to open up that political and public conversation about what it is that we want.

Prof Sharon Bessell, ANU ³⁰

We are facing both an opportunity and a duty to rethink what progress really means and to build stronger and more inclusive visions for the future of our societies. Citizens are looking for new ways to improve their lives. We need committed citizens, scientists and well-informed leaders ready to engage the whole of society in an assessment of the challenges ahead. Adequate measurements are essential in helping our societies to define their goals; ensure that we design the right policies to achieve them; and tell us whether those policies are working.

Angel Gurría, Secretary General, OECD ³¹

As we have argued, developing and applying a comprehensive, ongoing state progress and wellbeing measurement framework with citizen engagement is a large-scale and long-term undertaking that can significantly contribute to a better, fairer and more sustainable state. And it is especially important and timely for NSW at the present time, given mounting economic, cost-of-living and employment pressures, geopolitical insecurity, growing inequality and declining democracy and civic trust, all combining in a post Covid era, when there is a clear national wish for 'building back better' and a shared longer-term vision for Australia.

Our review of NSW's plans above indicated some key challenges and shortfalls, but also identified some very positive goals. Overall, we think NSW has made a good start and built firm foundations for success

In our view, NSW has opportunity to develop a national best practice model for building fair and sustainable wellbeing into government and the community. However, if this project is to succeed, there will need be an explicit recognition of its scale, a strong commitment to community engagement, transparency and good process, and above all determined and consistent political leadership at senior levels, in the face of inevitable opposition and distortion.

Finally, this is a project that ANDI strongly supports and has worked towards for decades. We believe we are uniquely qualified to help make this vision a reality and we would like to participate in it in any way we can.

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Appendix A: ANDI's key wellbeing domains

1. **Children and youth wellbeing** – Children and young people growing up happy, healthy and secure, and able to achieve their full potential
2. **Communities, regions and infrastructure** – Strong communities and regions, good local facilities, well planned cities, high quality transport, sense of community, good local governments
3. **Culture, recreation and leisure** – Ensuring people have access to a range of arts, cultural, sporting, and leisure activities, preserving and enhancing cultural and natural heritage, celebrating diversity and different cultures
4. **Democracy and governance** – A fair and democratic government, giving people an equal voice, governments that are honest, trusted and effective, and that plan for the future and consult the community
5. **Economic life and prosperity** – A prosperous, balanced, productive and diverse economy that provides useful products and services, creates valued and fairly paid jobs and skills and is sustainable
6. **Education and creativity** – High quality education that is affordable, accessible and inclusive for all ages, teaches basic skills, life skills and community values, promotes innovation, creativity and lifelong learning
7. **Environment and sustainability** – Tackling climate change, protecting and enhancing our lands, forests, green and public spaces, seas and rivers, reducing pollution and waste, developing renewable energy
8. **Health and housing** – Promoting physical and mental health at all ages, access to high quality, affordable healthcare, local health services, healthy eating, dental health, and reducing obesity and alcohol and drug consumption; decent, affordable and secure housing.
9. **Indigenous wellbeing** – Supporting Australia's indigenous people to enhance their health, wellbeing, educational and economic opportunities, strengthen their autonomy, and promote their culture and history
10. **Justice and fairness** – Equal legal treatment and full human rights, ending poverty, fair distribution of wealth, support for the disadvantaged, equal opportunity, reducing violence and crime
11. **General (subjective) wellbeing** – People are happy and satisfied with their lives, have good friends, relationships, a sense of purpose, good values, and trust others
12. **Work and work life** – Availability of work, support and retraining, decent, secure jobs with fair pay and good working conditions, supportive unions, work-life balance

Notes

¹ See for example, Salvaris 2022a; Centre for Policy Development 2022

² Bache and Scott 2018; Allin and Hand 2014

³ See, for example, Salvaris 2022b

⁴ As reported in the Sydney Morning Herald, 18/3/24: Matt Wade, *NSW budgets to measure wellbeing, not just dollars and cents*:

<https://www.smh.com.au/politics/nsw/nsw-budgets-to-measure-wellbeing-not-just-dollars-and-cents-20240317-p5fd0w.html>

⁵ See New South Wales 2024

⁶ See Canadian Index of Wellbeing; <https://uwaterloo.ca/canadian-index-wellbeing/about-canadian-index-wellbeing/history>

⁷ <https://www.gov.wales/well-being-of-future-generations-wales>

⁸ See Salvaris 2024

⁹ See OECD 2022; Australia, Department of Industry, Science and Resources 2021

¹⁰ See Stanley 2022 for a summary of the proposed Western Australian Development Index (WADI) project for which ANDI is currently a consultant. This project has a detailed 5-year development plan prepared by consultants Ernst and Young. It sets out stages, goals and milestones and includes an extensive state-wide community engagement program conducted over 2 years.

¹¹ See Salvaris 2022a.

¹² See, for example, Centre for Policy Development 2022, Salvaris 2021

¹³ Two recent examples among many point to a decline in public trust and political participation in Australia (in an ANZSOG report), and a significant fall in Australia's overall democracy ranking (the Economist Democracy Index). See

<https://www.abc.net.au/news/2023-02-02/thailand-soars-up-democracy-rankings-asia-falls/101922378>)and Noveck, B. and Glover, R. 2019. 'Today's Problems, Yesterday's Toolkit', ANZSOG, p 6.

¹⁴ See, for example: OECD 2020; ANDI 2023.

¹⁵ The WA Development Index (WADI) project is planned as a co-developed and co-funded project with government, community, research and philanthropic partners; see Stanley 2022

¹⁶ For an overview of state government projects, see: Salvaris 2022b; Centre for Policy Development 2022; New South Wales 2022.

¹⁷ 'For a good part of the 20th century there was an implicit assumption that economic growth was synonymous with progress. The world now recognises that it isn't quite as simple as that ... Over the past 10 years or so there has been an explosion of interest in producing measures of societal progress ... that go beyond GDP to represent a broader view of the ways in which societies are progressing and regressing ... Initiatives to do just this are being run in many countries rich and poor ... by governments, by

civil society, by academics and the private sector ... A world movement is emerging and the linkage between statistical indicators, policy design and democratic assessment of the performance of a country (a region, a city etc) is at its core.

(OECD Statistics Directorate, 2008. *'Global Project on Measuring the Progress of Societies: Strategic Action Plan'*, Paris: OECD: selected quotations)

See also note 4 above, and details of 'best practice' elements in 'Key technical issues' above..

¹⁸ <https://weall.org/wego>

¹⁹ In 2012, the ABS produced an important report based on community and expert consultation which included a detailed analysis and discussion of how a national wellbeing framework should be structured and what should be the core concepts and the overriding definition of progress and wellbeing. It is still very relevant. See: ABS 2012

²⁰ This has been extensively documented over the last 30 years: for a sample of key findings over this period, see Salvaris 2022a

²¹ See UNICEF 2022, p 13.

²² Alex Michalos, one of the founders of the Canadian Index of Wellbeing, and an internationally distinguished scholar in this field, has written extensively on the relative merits of indexes versus headline indicators, and comes to this same conclusion. See for example Michalos 2011.

²³ For example, a 2007 Harris poll of five European countries (UK, Germany, France, Italy, Spain) and the USA showed that between 60% and 74% (of people believed that official figures are manipulated or adjusted for political purpose: <http://straightstatistics.org/print/257>

²⁴ See Hoekstra 2019.

²⁵ OECD 2023, OECD 2020

²⁶ A detailed table showing the many different ways wellbeing frameworks are applied and built into government is provided in the Appendix to Salvaris 2022c.

²⁷ See Wales 2023.

²⁸ We are indebted to our colleague Prof Rod Glover of the Monash Sustainable Development Institute for providing this list.

²⁹ Peta Murphy, MP for Dunkley, 2020, 'Economic growth and wellbeing', Opinion piece for Australian Strategic Policy Institute, 4 December 2020, <https://www.petamurphy.net/media1/media-releases/opinion-piece-economic-growth-and-wellbeing-4-december-2020/>)

³⁰ Prof Sharon Bessell, ANU Crawford School of Public Policy, quoted in Melissa Coade, 'Government's wellbeing framework could create a more sustainable Australian economy', The Mandarin, 25-10-22, <https://www.themandarin.com.au/203592-governments-wellbeing-framework-could-create-a-more-sustainable-australian-economy/>)

³¹ Angel Gurría, Secretary General, OECD, Opening Message, 3rd OECD World Forum on Statistics, Knowledge and Policy 'Charting Progress, Building Visions, Improving Life', Busan, South Korea, 27-30 October 2009.