Redefining progress

Global lessons for an Australian approach to wellbeing



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EXECUTIVE SUMMARY

Australians believe people's wellbeing should be the guiding purpose of government¹. And the view is broadly shared by public officials – both elected representatives and bureaucrats – that government decision-making should advance wellbeing. Despite this, the tools available to decision-makers do not always readily account for the things that matter most to the people they serve, and Australia does not yet have robust, tested frameworks that ensure government decisions advance wellbeing.

This is far from unique to Australia. Countries around the world have encountered obstacles in their pursuit of a wellbeing approach to government decision-making. Many governments – from Wales to Ecuador; Bhutan to New Zealand – have embarked on a "wellbeing" journey. In this report, we survey global approaches to government-level wellbeing frameworks to provide a contemporary and inclusive knowledge base to inform an Australian government approach to wellbeing.

The most successful approaches extend beyond measurement and encompass the whole of government. Four elements emerge from wellbeing approaches around the world, although few governments have successfully integrated all of these elements.





The bulk of this report is structured around understanding how governments are using these four elements in their own wellbeing approaches to government decision-making. In the figure we map these four elements to the well-known 'Australian Policy Cycle' (Althaus, Bridgman & Davis, 1998). The things we discuss in this report – evaluating wellbeing outcomes, designing decision frameworks, embedding these goals across coordination systems – are about calibrating policy processes towards the things that matter most.

Measuring what matters

The first step for almost all governments has been to establish a suite of indicators that reflect their goals – often combining existing statistics with new measures. Wellbeing measures are not just an integral part of monitoring the performance and progress of wellbeing initiatives but of government decision-making more broadly. It is only with the right kinds of measurements that we can assess the outcomes of budget allocations and policy selection.

Measurement must be carefully designed to be effective as a means rather than an end. This means it must be timely, able to be disaggregated, have a measure of consistency while being responsive to change in accordance with best practice, and have a necessary tolerance for both ambiguity and gaps in data availability.

Making decisions based on what you measure

The purpose of wellbeing frameworks is to optimise wellbeing itself, not to optimise the practice of measuring wellbeing, yet only a few countries have taken further steps to integrate wellbeing measures into decision-making. It is on this point – the translation of measurement and principles to practical policy – that we see wellbeing economy approaches stumble.

Governments that have placed a higher priority on this difficult question (such as Wales) have experienced the most success in delivering wellbeing approaches to government decision-making.

The production of explicit practical guidance for decision-making throughout the public service takes wellbeing beyond abstract rhetorical statements and connects it more directly to day-to-day policy design, decision-making and implementation.

Embedding wellbeing across institutions

Ensuring public servants internalise and understand the value of a wellbeing framework presents a significant challenge. However, it also presents opportunities for embedding new approaches to delivering wellbeing outcomes.

There is a risk that "wellbeing" becomes merely a tick-box exercise, an unwelcome burden on constrained resources, or something to be easily gamed where resources flow to the executives who can best write a "wellbeing statement". We have seen some governments invest significantly in changing underlying cultures and expectations around how decisions are made.

Several governments are changing how they do business in order to achieve their wellbeing goals. Governments have many tools at their disposal here: from creating central coordinating teams to working with citizens and communities to set priorities.





Building accountability for progress

Regular reporting, independent oversight and clear accountability mechanisms are vital to the success of wellbeing frameworks.

Transparency in the assessment and reporting of wellbeing progress provides an important safeguard against corner-cutting and lip-service, and can be implemented with appropriate measures to enable frank advice from public servants and robust debate among elected officials. The strongest measures combine reporting with additional mechanisms such as independent oversight and structural changes in the way departments work together.

In some countries governments have changed the way they structure departments and agencies, and the way they use resources, to advance wellbeing. Others have developed new ways of working and measuring progress that bridge existing gaps between agencies.

1. Introduction

Around the world a growing number of countries, states, city councils and municipalities are adopting new models of progress – progress that is defined in terms of greater equality, improved quality of life for all, and sustainable societies and environments. While diverse in their approaches, these efforts all aim to focus government decision-making on the wellbeing of people, communities and the environment in which they live. Ultimately, these are all attempts to build new paradigms of government ways of working, problem identification, policy analysis and decision-making.

Wellbeing movements focus on the ability of current and future generations to live lives that they have reason to value in balance with the natural environment. As much as wellbeing may seem like a vague concept which has the potential to mean different things to different communities, there is significant overlap between the conceptions of wellbeing globally. The wellbeing 'domains' in the OECD's "Better Life Index" capture common core components of wellbeing that are reflected in measures and frameworks internationally. They include: civic engagement; environmental quality; health; housing; income and wealth; knowledge and skills; safety; social connections; subjective wellbeing; work and job quality; and work-life balance (Durand, 2015; OECD, 2011).

While global examples of transitions to wellbeing frameworks are mostly still in their early stages, there are an increasing number of examples of success. Since the adoption of their Gross National Happiness (GNH) approach to development in 1972, Bhutan has seen strong GDP growth² that has not come at the cost of the environment³ or equality⁴ The adoption of a wellbeing framework in Wales in 2015 has led to a complete rethink in the way transport is approached – rather than the traditional model of huge investment in new motorways aimed at reducing congestion, a wellbeing lens is now applied to transport decisions, placing more emphasis on active transport such as walking and cycling.⁵ This is not to say that there have not been obstacles to the design and implementation of wellbeing-based policies and wellbeing-centred economic systems. This is still a relatively new area of public policy development, and although there are promising initiatives there is no such thing as "global best practice". Instead, we see patterns of 'emerging' practice around the world, which we hope will provide a greater understanding of some of the paths available for making the shift to a wellbeing economy.

In this report we use the language of 'wellbeing approaches' and 'wellbeing economies' to refer to a wide spectrum of approaches within government and policy-making. What they have in common, and what distinguishes them from the operations of any specific initiative or department that typically focuses on improving wellbeing (such as Health and Social Services Departments), is that they have the following related features:

Holistic: Overall wellbeing has many contributing factors, and wellbeing approaches employ systems thinking, aiming to break down thematic or administrative silos and work towards intersectional opportunities to increase wellbeing.

Long-term: Wellbeing is not just about short-term happiness. Policies, initiatives and approaches to raise wellbeing typically take a long time to implement and a long time to work. Wellbeing approaches look beyond election cycles to the kinds of outcomes that can only be achieved with sustained, long-term commitment.

Future focused: Wellbeing approaches are concerned not just with current generations, but also with future generations. They often involve a significant component of planning for the future and have an emphasis on sustainability and environmental protection.

ALTERNATIVE TERMS FOR 'WELLBEING'

There are many terms used to convey concepts largely synonymous with 'wellbeing' in the context of international policy, legislation and measurement. While the term 'wellbeing' itself is used in countries including the UK and New Zealand as well as Australian states and territories such as the ACT and Tasmania, what we refer to as 'wellbeing approaches' are also described in terms of 'happiness' (Bhutan, UAE); 'quality of life' (Canada); 'Buen Vivir', meaning 'good living' (Ecuador); and 'social value' (UK). Wellbeing approaches are also sometimes referred to as being 'outcomes based' (Scotland, NSW) or including 'new wealth indicators' (France).

Economic metrics do have a role, but they should be seen as just one measure in a suite of indicators that better capture the full range of factors that contribute to citizens' sense that they can lead a good life. Further, there should be safeguards in place to ensure that social and environmental risks are accounted for in financial and economic decisionmaking. Governments have deep and sophisticated analytical toolboxes to understand the economic and fiscal impacts of policy decisions - but these are not without their shortcomings.⁶ An important goal for wellbeing frameworks is to extend these analytical toolboxes to a broader set of outcomes, ensuring that we address the limitations of traditional economic and fiscal approaches, and measure and account for what really matters to the Australian people. A focus on economic measures risks overemphasising business at the expense of environment, relationships, community, equality, culture and meaning - all of the things that Australians routinely say are critical for human flourishina.

Some of the examples we discuss in this report are part of coordinated national programs broadly implementing wellbeing frameworks (for example, New Zealand's 'Wellbeing Budget'). Others are initiatives aligned with the principles and approach of wellbeing frameworks (for example, the UK Treasury's Greenbook update – see Section 3). Wellbeing approaches can have specific





issues-led priorities such as a focus on child poverty or housing, but they typically focus on earlier points of intervention or policies that indirectly affect the specific issue by intervening further upstream. For example, while one approach to a knife crime problem is to increase policing, in 2005 a violence reduction unit (VRU) was set up in Glasgow with the aim of reducing knife crime with a very successful holistic and upstream approach.⁷ This unit took what we would classify as a wellbeing approach, treating knife crime as a public health problem and requiring police to work with health, education and social work sectors. Actions included offering targeted help with housing, employment and training to those identified as most likely to offend.⁸

While smaller scale programs and issuesled priorities should be considered wellbeing approaches, the focus of this report is wellbeing frameworks and broader aligned initiatives that take a structural approach to government decisionmaking (e.g. budget principles), as opposed to the individual programs and interventions that such frameworks generate.

The broad principles of what makes a good life may be almost universal but the specifics vary by location and demographic. This represents a challenge to governments because the best way to achieve their aims may be to devolve power to those who are operating at the appropriate scale. The latest iteration of Closing the Gap is a good illustration of a program that devolves power and responsibility to those best able to understand the priorities and needs of Aboriginal and Torres Strait Islander people.

Measuring and reporting on wellbeing outcomes is a common first step for many governments at the moment, but in our analysis it is only the beginning of a successful wellbeing government framework. In this report we identify four elements that emerge from wellbeing approaches around the world, although few governments have developed an approach to successfully integrate all of these elements.⁹ Our research indicates that if any of these elements are missing – effective measurement; integration into policy analysis processes; embedding the concepts across institutions; and creating accountability and transparency – the likelihood of achieving meaningful and lasting change is greatly reduced.

The aim of this paper is to provide a detailed glossary of wellbeing approaches grouped under the four elements above so that they can inform discussion and design of how wellbeing approaches can be adopted in Australia.

A VERY BRIEF HISTORY OF AUSTRALIA'S TREASURY WELLBEING FRAMEWORK

For a long period, Australia was at the forefront of the shift in international government to focus on wellbeing. The Australian Treasury responded to the Club of Rome's report The Limits to Growth (Meadows et al. 1972) in 1973 with a paper titled "Economic Growth: Is it Worth Having?". While this paper argued that the criticisms of economic growth were misdirected, it was the beginning of a conversation that can be traced through to the Treasury's wellbeing framework in 2004. The Treasury's framework aimed at providing high-level advice to staff on undertaking an objective and thorough analysis of options on which to advise the government. While the framework did change practice within the Treasury, it was subsequently abandoned alongside the Australian Bureau of Statistics' wellbeing measure Measures of Australia's Progress in 2014 (see Box 3, page 10). However, the Australian Treasury's framework was referenced as part of the inspiration for the New Zealand government's wellbeing agenda.

2. Measuring wellbeing

Measuring wellbeing-related outcomes has become the default first step – after articulating what matters (see Appendix 1) – for almost all countries moving towards a wellbeing framework. It is an integral part of monitoring the performance and progress of wellbeing initiatives. However, measurement should not be seen as the end point of a wellbeing framework, but rather as providing an important tool to support such a framework.

Around the world, many governments are moving towards a multi-dimensional approach to wellbeing - that is, defining a set of dimensions or domains that they value. While nation-specific values will often emerge (for example New Zealand's inclusion of "swimmable" water quality), there is a very high level of convergence on the key areas that matter to the wellbeing of all people. This is true even for frameworks that have no lineage back to the OECD's framework, such as Bhutan's approach (see Appendix 1), New Zealand's Māori wellbeing framework He Ara Waiora, or the Measures of Australia's Progress (see Box 3) developed by the Australian Bureau of Statistics and then retired before the OECD Better Life Index took off. In Appendix 2 we provide a comparison of these sorts of multi-dimensional frameworks.

Regardless of how a government defines and articulates their values, there are common challenges in then effectively measuring wellbeing. There is a tension between the types of data used; with more subjective or local measures often able to provide context and nuance that is missing from national statistics. Governments also have to decide the extent to which they will aggregate measures into a single index, as opposed to attempting to simultaneously optimise separate dimensions – and there is no easy answer here. And finally it is critical to make sure that the design of any wellbeing measures will support the integration of their findings into decision-making (which we come to in later sections).



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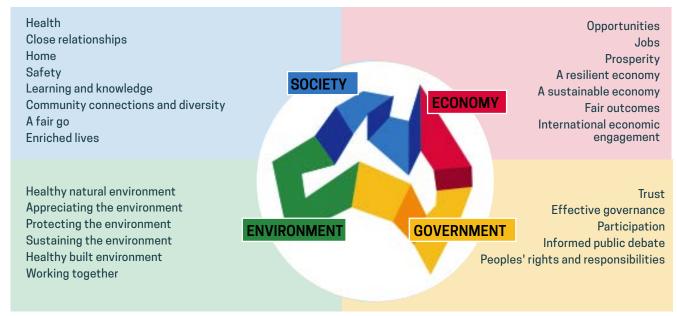
BOX 3 WELLBEING MEASUREMENT IN AUSTRALIA

The Australian Bureau of Statistics (ABS) developed and published Measures of Australia's Progress (MAP) from 2002-2015 to collate and present various statistics about Australia's society, economy and the environment.

The goal of MAP was to inform decision-making and start a conversation about what matters to Australians. The initial design of MAP had three broad domains, Society, Economy and Environment, and it was eventually expanded to include a fourth domain (Governance) and 26 indicators (Exton and Shinwell, 2018). The MAP project also highlighted indicators with data gaps for future consideration (ABS, 2012).

MAP presented progress using a dashboard approach, providing detailed analyses of changes in the indicator metrics disaggregated by age, gender, and sub-national levels. As a summary, the ABS also provided an annual written report on progress made on all indicators, with the last one presented in 2013 (ABS, 2013). The ABS stopped updating the dashboard in 2015, after cuts to their budget (Martin, 2014).

Domains and Indicators of Measures of Australia's Progress



Current efforts to measure wellbeing in Australia

CONNECT. CONVINC

Prior to Measures of Australia's Progress, some state and territory governments had measures for wellbeing. Some have been abandoned following changes of government, others have been revised. The COVID-19 pandemic served as a catalyst for governments to revisit wellbeing measurements. The ACT wellbeing framework, introduced in 2020, presents 12 domains of wellbeing (ACT Government, 2021). Wellbeing initiatives of various kinds are currently in development in several other Australian states.

Beyond the sub-national level, there are a number of established non-government wellbeing measures in Australia including the Herald/Age - Lateral Economics (HALE) Index, the Australian Unity Wellbeing Index, and the Australian National Development Index (Lancy and Gruen, 2013; Cummins et al, 2003). These measures assess wellbeing at the national level.

2.1 Using both subjective and objective measurements

Researchers and policymakers have categorised wellbeing measures into those that measure objective and subjective wellbeing (Voukelatou et al, 2021). Objective wellbeing measures include the tangible indicators of material wellbeing and quality of life: for example health outcomes, crime and safety rates, educational access and attainment. In contrast, subjective wellbeing measures capture people's perceptions about their lives and can include indicators such as life satisfaction and whether they feel optimistic about the future.

Subjective wellbeing measures are valuable and should be included in wellbeing measurement frameworks alongside a wider spectrum of objective wellbeing measures. There is a strong correlation between measures of subjective wellbeing and those objective factors we understand to contribute to wellbeing such as social relationships (Powdthavee, 2008), physical and mental health (Layard et al., 2013: Layard, 2018), and employment (Clark and Oswald, 1994; Blanchflower and Oswald, 2004).¹⁰ However, without subjective wellbeing indicators it can be difficult to see the impact that objective factors have on the lives of individuals and, therefore, their value in contributing to wellbeing within a particular context. For example, significant growth in China and India brought with it an increase in objective wellbeing indicators such as income, education and health, but in each country early growth transitions came at the expense of informal social safety nets. This led to a modest decrease in some measures of subjective wellbeing - something that would have been missed if the focus were only on the improvement in objective indicators of wellbeing (Easterlin et al, 2021; Frijters and Krekel, 2021).

Subjective wellbeing indicators have the apparent advantage that they go straight to the people who are at the heart of wellbeing approaches. They avoid paternalism or dogmatism about what makes a good life and instead ask people directly whether they feel they are living or able to live good lives.¹¹ However, subjective wellbeing measures lack the precision and causal usefulness of objective measures of wellbeing.¹² One challenge for subjective measures is subjective wellbeing 'homeostasis' or 'hedonic adaptation'. This is the principle that subjective wellbeing has a tendency to return to a set point even after negative or positive spikes,¹³ making it hard to use subjective wellbeing to compare the long-term impacts of policy interventions on wellbeing (Armenta et al, 2014; Frederick and Loewenstein, 1999). Further, there are some groups, children in particular, who are less likely to be able to engage in subjective wellbeing surveys often because such surveys are designed and administered only with adults in mind.14

For this reason, it is common for those countries that use wellbeing measures to include subjective wellbeing as a dimension, or reported subjective wellbeing as an indicator, alongside a much wider spectrum of objective wellbeing measures.

2.2 To index or not to index

There is a lack of consensus on whether it is better for wellbeing measures to use a single metric for progress (as an alternative comparator to GDP) or to examine a range of domains and indicators separately. That said, indexes and multidimensional wellbeing frameworks serve different purposes and needn't be seen at odds with one another. Instead there is value in having measurement systems that combine both.

Some frameworks have opted to reduce all indicators into a single metric.^{15 16} For policy makers, having a single index of wellbeing makes it easier to identify progress as compared to going across a series of dimensions and indicators – it can act as a signpost that can be easily communicated in the way GDP is. However, the multi-dimensional approach is much more common in contemporary approaches to wellbeing.



The preference for multi-dimensional dashboards is in part due to the fact that how to weight indicators and domains in calculating an aggregate wellbeing index can be somewhat fraught and arbitrary. Often indicators within a framework are assigned the same weight, depicting equal importance for all, as in Luxembourg and Canada (CIW, 2016). Equal weight is sometimes considered the default in the absence of having strong grounds for weighting any particular indicator more or less than others (CIW, 2016). However, equal weighting of indicators within an index has some drawbacks. Primarily, the assumption that all indicators have an equal impact on wellbeing is not grounded in evidence; indeed it would be a staggering coincidence if this were true. There are also concerns that, given the fact that some indicators are closely correlated - for example, housing, income and jobs – without more analysis we may be double-counting some features of wellbeing if they are all weighted equally (Gruen, 2017b). Further, over time, as basic needs are satisfied the marginal gains from satisfying an additional basic need diminishes – \$1000 has more of an impact for a poor person than for a rich person.¹⁷

Giving equal weighting to all indicators that make up a wellbeing index has the potential of masking the real trend of wellbeing in a country, or overstating a change in wellbeing if one indicator changes dramatically even if the rest remain stable (Gruen, 2017b). This can be resolved in how indicators are specified and how the index is constructed. For instance, rather than directly incorporating an indicator (e.g. household income), an index could use the logarithm of the indicator, which would dampen the effects of changes at higher magnitudes. However, indexes don't have to weight indicators equally. There are examples of indicators being weighted depending on the importance of the measures or credibility of the data source. For example, in Bhutan, objective indicators are assigned higher weights than subjective indicators, given the certainty in the data of the former (Ura, 2008). There are also promising community consultation approaches to weighting wellbeing indicators in a

composite index – this is done, for example, in the proposed Australian National Development Index (ANDI).

Countries also have the option of including both a dashboard and index to draw on the benefits of both these types of measurements. For some, this is an inbuilt feature of a national wellbeing measurement such as in Bhutan where it is possible to decompose and identify various indicators that are aggregated to make the Gross National Happiness. In other areas, indexes are developed by different institutions using data from national dashboard-style wellbeing measures, such as in the UK where Carnegie UK runs the Gross Domestic Wellbeing (GDWe) Index generated using the Office for National Statistics (ONS) Measures of National Wellbeing Dashboard.

2.3 Designing wellbeing measures that support decision-making

Measuring wellbeing, particularly at a national or state level, is an expensive endeavour – so governments have every incentive to make it as useful as possible. Despite this, there are many hurdles that a wellbeing measurement framework must overcome to actually be useful for decision-makers.

This is an area of weakness for many wellbeing frameworks. A well-designed system should have the capacity to answer specific and more pointed questions over time, targeting the impact of changing conditions, and creating an evidence base for future decision-making. Canada, for example, is moving towards regular Community Wellbeing Surveys which aim to do this at a local level. In Iceland, some areas identified as important to wellbeing are not yet able to be measured accurately due to lack of data (e.g. the environment) or lack of clear measures (e.g. social capital). Rather than leaving them out of wellbeing reporting there are essentially 'placeholder' indicators designed to encourage the collection and use of data in these areas when and where possible. In Italy additional

wellbeing indicators were developed to address the economic and social ramifications of the pandemic (ISTAT, 2020a; 2020b).

Looking across global examples, we find that there are four principles for data and metrics that will make them more useful for decision-making:

- Data should be **timely**. Often wellbeing measures tend to be fairly slow to register changes. Statistical agencies have an impressive suite of near-real-time economic indicators, and this level of work is probably required to develop wellbeing indicators. In the meantime, a proactive approach to measurement design can go some way. For instance, if the best metric for a particular issue is based on census data, then the measurement could be supplemented with experimental higher-frequency data.
- 2. It should be possible to **disaggregate data**. The ability to analyse the data by demographics and geography may also reveal new information about wellbeing in particular groups that is not well recognised in the broader population.18 This is a critical requirement for targeted and nuanced policymaking. If agencies are unable to produce and analyse disaggregated statistics, then any "wellbeing measurement" approach will struggle to move beyond a rhetorical exercise.
- 3. There should be some **consistency of measures and goals** between jurisdictions. For robust cross-jurisdiction comparisons, some level of consistency across wellbeing measures will be required. There is an opportunity for Australia's states and territories as they move towards wellbeing economies to produce data valuable for policy assessment if they introduce wellbeing measures that are consistent across borders, potentially supported by a national wellbeing measure.
- 4. Any framework should **reflect data gaps and uncertainty**. No jurisdiction is going to have a perfect suite of statistical products and tools to furnish a wellbeing approach to decision-making. Rather than ignore these gaps (and try to make perfect decisions with imperfect information), a robust data framework will be clear about which concepts and ideas are important to the government but do not have sufficient quality data behind them.



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DISAGGREGATION OF IMPACT ANALYSIS AND CLOSING THE GAP

Disaggregated analysis gives attention to specific groups needing improvement in their wellbeing. For example, several countries have established targeted gender budgeting (e.g. Mexico, Netherlands, Israel, Austria, Iceland and Morocco), where gender budget statements disaggregate the impact of budget measures to report specifically on the impact on gender equality. Several jurisdictions, including New Zealand and Tasmania, have also had specific wellbeing strategies for children and young people, acknowledging the different determinants of their wellbeing from that of adults.

Disaggregation in Australia - Closing the Gap

Closing the Gap began more than 15 years ago as a Council of Australian Governments (COAG) commitment to close the gap in life expectancy and education between Indigenous and non-Indigenous Australians. The most recent iteration, the 2020 National Agreement on Closing the Gap (National Agreement), is a much broader strategy aimed at enabling "Aboriginal and Torres Strait Islander people and governments to work together to overcome the inequality experienced by Aboriginal and Torres Strait Islander Strait Islander people, and achieve life outcomes equal to all Australians."

Not only has the scope broadened but the development of the 2020 National Agreement was done in partnership between all Australian governments and the Coalition of Peaks (representing around 50 Aboriginal and Torres Strait Islander controlled peak organisations), meaning Aboriginal and Torres Strait Islander centred in the decision-making, planning and agreement. The National Agreement has seventeen targets under eight subject areas: health and wellbeing, education and employment, justice, safety, housing, land and waters, languages and digital inclusion.



3. Policy analysis and selection

While measuring wellbeing at the national level is becoming increasingly common, most countries do not systematically use the data generated from their wellbeing measurements in their policymaking processes. Only a few countries have taken further steps to integrate wellbeing measures into decision-making, and we found this to be one of the least developed areas of practice and research.

The implicit aim of many wellbeing frameworks is to support the selection and design of policies that improve wellbeing outcomes. There are a number of different tools to analyse policy proposals, and though there are some emerging approaches with promising elements, there is still no straightforward path from measuring wellbeing (the previous section) to integrating it into policy analysis and selection (this section).

Connecting wellbeing measures into the policymaking process requires careful consideration. We don't suggest a simple tick-box "wellbeing impact statement" is adequate. The most important step is providing clarity about the principles that connect wellbeing measures to policy decisions. From there, there are a variety of ways for governments to guide policy selection, either through formal analytical frameworks such as cost-benefit analysis, or through structured expert input. Finally, there is a need to think through the benefits of creating prescriptive policy tools versus maintaining flexibility for officials and decision-makers.

3.1 Creating a theoretical framework for setting policy objectives

There are a small number of examples of wellbeing frameworks which specify 'ways of working' – guidance that could be used by ministers, departments or public bodies on how to approach researching, assessing and selecting policies and initiatives. The principles at the heart of these ways of working can assist those who want to make better-informed decisions that will efficiently deliver wellbeing outcomes, but who are not clear about how to approach this task. This approach can also increase policy skills, communication and understanding between staff, and contribute to greater consistency amongst decision makers and advisors (Australian Treasury, 2012).

One example of this approach was the Australian Treasury Framework (see Box 2, page 8) which set out five dimensions with 'important implications for wellbeing', the consideration of which was intended to aid those working within the Australian Treasury in providing analysis of options when providing advice to the government. The five dimensions were:



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- » The set of opportunities available to people,
- » The distribution of those opportunities across the Australian people,
- The sustainability of those opportunities available over time,
- » The overall level and allocation of risk borne by individuals and the community, and
- » The complexity of the choices facing individuals and the community^{19.}

In comparison, on a far larger scale, the The Wellbeing of Future Generations (Wales) Act (2015) has two levels of guidance for approaching decisionmaking by ministers, government and public bodies. The first is a requirement for the Welsh government and Welsh ministers (alongside all public bodies under Welsh jurisdiction, see Section 4) to set and publish wellbeing objectives that are "designed to maximise [their] contribution to achieving each of [Wales's seven] well-being goals" and to take "all reasonable steps to meet those objectives". These wellbeing goals are more than domain categories they contain within them detail to clearly guide the kinds of approaches that need to be taken to meet Wales' wellbeing objectives. For example, one goal, 'a Prosperous Wales', is stated as follows:

An innovative, productive and low carbon society which recognises the limits of the resources efficiently and proportionally (including acting on climate change); and which develops a skilled and welleducated population in an economy which generates wealth and provides employment opportunities, allowing people to take advantage of the wealth generated through securing decent work.

The second level of guidance details five 'ways of working' that should be used in working towards meeting the wellbeing goals. These 'ways of working' are applied at the point of policy assessment or analysis and also at policy development and broader administration of public bodies (for example, they may be used in procurement decisions). They are:

- » Collaboration (within or between public or other relevant bodies and individuals),
- Integration (considering the impact of approaches to a particular wellbeing objective on other wellbeing objectives and on the objectives of other public bodies),
- » Involvement (making sure that people with an interest in achieving the goals are involved, and that those involved reflects the diversity of the area the body serves),
- » Long-term (making sure that short-term needs are balanced with safeguarding long-term needs), and
- » Prevention (acting to prevent problems occurring or getting worse where possible).

To give one example, using the ways of working with a focus on long-term preventative action, collaboration, integration and involving citizens, a public health consultant was seconded into Cardiff council to lead the development of the transportation strategy. With a public health lens applied to Cardiff's transport problems, the solutions presented were very different to those that had typically been generated prior to the introduction of the Future Generations Act. This process resulted in policies that targeted active travel and public transport investment to communities with the lowest levels of life expectancy and the highest levels of air pollution, and that included novel policy features such as giving doctors the ability to issue bicycles on prescription.

There is a wide range of examples of how public bodies in Wales have used the wellbeing goals and ways of working to deliver improved outcomes, from supporting the wellbeing of firefighters, to collaborations between arts and health bodies, to tackling homelessness.²⁰ The Welsh Future Generation Commissioner's office also reports that an increasing number of private businesses are incorporating the goals and ways of working into their practice, though they are not required to do so. This is evidence that wellbeing frameworks which provide guidance for decision-making fill a potentially unrecognised need, both in government bodies and in community more broadly.



BOX 5 WALES' WELLBEING ECONOMY JOURNEY

Wales' devolutionary legislation which first created a Welsh Assembly, the *Government of Wales Act 1998*, included a unique duty to promote sustainable development in the exercise of its functions. According to Jane Davidson, a key senior minister in the Welsh government from 1999-2011, three governments tried over 15 years to deliver on this duty, adapting and learning from successive failures (Davidson, 2020).

The first attempts focused on trying to teach people how to live differently – putting sustainable development at the heart of everything they did – but after four years no real change was seen in the government, attributed in part to the fact that there was a lack of clarity about exactly what they were trying to achieve.

In 2004, in response to the lack of progress, they introduced a new scheme, *Starting to Live Differently*, which created a set of individual actions to provide a clearer path to sustainable development – actions such as increasing the use of renewable energy and protecting nature. However, this approach failed to gain traction, in part because it was seen as threatening the loss of thousands of jobs from the steel industry.

In 2007 the Assembly for Wales voted to make sustainable development the central organising principle of government – making it clear to all what the government was trying to achieve. However, once again this approach did not deliver the expected benefits. A few years into 'One Planet Wales', two critical reports highlighted its failure to deliver on the sustainable development goals. A Wales Audit Office (2010) report stated that there was a 'tick-box' approach to sustainable development in government, where ministers and senior civil servants saw it as just one of a number of competing priorities. A second report argued that the term 'sustainable development' still did not have specific meaning and Wales' ministers were failing to deliver despite their clear intentions (Netherwood, 2011).

These previous attempts and lessons led to the *Well-being of Future Generations (Wales)* Act (2015), with a clear focus on accountability for delivery. The act established a Future Generations Commissioner to review the activities of government and critically support good practice; and it required a regular wellbeing and sustainability audit. The legislation requires each public body to contribute to sustainable development, setting and publishing wellbeing objectives defined by the seven goals, and taking all reasonable steps to meet these objectives. Wales is now considered one of the leading success stories of adoption and implementation of a wellbeing framework at a national level.



3.2 Integrating wellbeing into formal cost benefit analysis

Some efforts have been made to give wellbeing outcomes monetary values in order to adequately assess their costs and benefits. For example, in the New Zealand city of Porirua (see Box 6, page 20), an area with high levels of deprivation and housing crowding, a business case for policy intervention was made that included costing of wellbeing benefits (Kāinga Ora - Homes and Communities, 2018). While for each option the fiscal and economic benefits of a regeneration project in Porirua were outweighed by the projected cost, when wellbeing measurements were included not only did this tip the calculation firmly in favour of regeneration, but it provided a metric for ranking the available policies alongside assessments of qualitative criteria and costs. The inclusion of wellbeing benefits tipped the analysis in favour of the project and it was funded.

The policy setting approach most often used is to incorporate wellbeing data into typical cost-benefit analysis (CBA), which weighs the benefits and costs for proposed interventions, identifying those policies that are best value for money and recommending their prioritisation. Viewed from the perspective of wellbeing economies, this would involve giving priority to policies that had the highest expected outcome-per-dollar in terms of wellbeing increases.

Prioritisation of policies that produce the highest wellbeing outcomes can be part of integrating wellbeing concepts into fiscal policy processes.²¹ In theory, this method of wellbeing policy prioritisation has the obvious advantage of having the potential to increase overall wellbeing by the greatest amount given limited resources. Further, it is relatively simple, which increases the transparency of the political decision-making process.²² However, it is not clear whether it is possible to do this well or consistently. One issue is that it is not possible to translate all projects and benefits into monetary values: for example subjective benefits from reduced air pollution, or increased social connection



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(Durand and Exton, 2019; Frijters and Krekel, 2021). If integrating wellbeing indicators into CBA is only done selectively, then it will not lead to a systematic change in prioritisation.

To undertake CBA, most outcomes are converted to monetary units. However, this may be challenging for subjective outcomes in wellbeing frameworks, as their units are expressed differently. In some situations where monetising outcomes has become a challenge or appropriate subjective wellbeing valuations are difficult to elicit, cost-effectiveness analysis (CEA) can be an alternative to CBA. CEA is a technique which estimates the costs incurred for a gain in subjective wellbeing. Instead of focusing on the predicted financial benefits of implementing a policy, CEA looks at the comparative effectiveness of interventions. For example, one version of CEA looks at effectiveness in terms of wellbeing-years (WELLBYs). Similar to the quality-adjusted life-years (QALY) measure used to estimate the quality of life in medical evaluations (Frijters and Krekel, 2021), WELLBYs are a measure of an individual's expected wellbeing over a year measured as a score between 0 and 10. WELLBYs are then averaged across a relevant population and multiplied by average expected years of life to deliver a figure which can be used to assess the predicted wellbeing impacts of competing policy choices (Layard and Oparina, 2021).²³ CEA can be

used, for example, to selectively approve policies that will produce a quantity of WELLBYs per dollar spent over a specified cut-off amount (Layard, 2021).

While CBA is an essential tool for government agencies to make robust policy decisions, and CEA can be an important accompanying tool, without consistency in how the value of impacts are estimated or weighted across different government agencies and departments, these tools can be inconsistent and lack transparency, and wellbeing values may be de-prioritised in favour of more traditional fiscal values. The research shows that the clearer and more detailed the instruction provided across agencies, the more effective CBA is as a tool for a wellbeing framework. For example, New Zealand Treasury's CBAx toolkit provides a database of some New Zealand wellbeing values and standardises modelling using a spreadsheet designed to make it easier for government agencies to model benefits and costs alongside practical guidance. and wellbeing domains templates indicating which wellbeing impacts can be captured in dollar terms and which can't (Jensen and Thompson, 2020; New Zealand Treasury, 2020). The CBAx tool has been shown to be highly successful with agencies, doubling the quality of their cost-benefit analysis advice within a few years of its introduction (Jensen and Thompson, 2020).

BOX 6 EASTERN PORIRUA COMMUNITY REGENERATION

In 2018 Eastern Porirua had some of the highest levels of deprivation and housing overcrowding in New Zealand, with failing schools and a score of 10 (most deprived) on the New Zealand Deprivation index. The New Zealand Treasury was asked to develop a business case for regional regeneration. The Treasury used its Living Standards Framework to analyse the regeneration proposals not just in terms of fiscal and economic impacts, but also in terms of wellbeing impacts (Little, 2019). For example, the fact that warm, safe and dry housing can play a role in reducing hospitalisations was included as contributing to a fiscal saving, an economic benefit from increased productivity of such individuals, and a wellbeing benefit for the individuals' health. International evidence was used to quantify impacts across the three areas of analysis.

After exploration of a range of investment options in eastern Porirua four shortlisted options were selected for cost-benefit analysis (Kāinga Ora – Homes and Communities, 2018):

- » Option 1: Focus on all existing housing and public housing.
- » Option 2: Renew all existing housing (as in Option 1) and undertake a series of investments in community infrastructure.
- » Option 3: Undertake the same investments in community infrastructure as in Option 2, and retrofit better-quality freestanding homes, redevelop problematic multi-unit typologies and high-uplift sites, and divest sites with low development potential (for example, slope constraints).
- » Option 4: Undertake the same investments in key enabling infrastructures as for Options 2 and 3 and demolish and redevelop all Housing New Zealand (HNZ) units.

The options were assessed using wellbeing valuation frameworks developed by Housing New Zealand, the Social Investment Agency and the Treasury. Wellbeing benefits were combined with projected economic and fiscal benefits to provide estimated total benefits for each option, using projected capital costs to determine net quantitative benefits. These were then plotted against analysis of qualitative benefits of the options – the extent to which the options met the investment objectives. Option 3 emerged as the preferred option on this basis.

For all four options, fiscal and economic benefits were offset against costs, but the inclusion of wellbeing benefits not only increased the analysed benefit of the project to a net increase level, but also aided in selection between the shortlisted options. The analysis did not simply conclude that the option that increased wellbeing by the greatest amount should be selected. Option 4 scored the greatest on qualitative wellbeing criteria and was preferred by stakeholders, but the quantitative analysis suggested it was not worth the greater expense: the government could achieve a greater increase to wellbeing by directing that marginal money elsewhere.

The Eastern Porirua Community Regeneration project is now underway with the New Zealand Government announcing NZD1.5 billion investment over 25 years to work with the community on the regeneration of eastern Porirua starting in November 2018.

3.3 Using expert panels to weigh wellbeing policies

To make sure that the policies that are proposed and selected aren't just those that best fit the metrics, but rather those with the best chance of genuinely addressing the roots of barriers to increased wellbeing, expert interdisciplinary analysis can be used. Examples of such analysis show that it may be guided by, but cannot simply be distilled into, quantitative metrics. Such analysis can be used in the absence of sufficient relevant data, and can also be used to identify the key problems or solutions that might take the form of novel and/or contextually-based policy approaches.

In Bhutan, for example, the Gross National Happiness Commission (GNHC) forms an ad hoc committee composed of qualified experts and professionals with a sound knowledge of the relevant subject matter. They administer a screening tool on policy proposals to rank policies and projects against the nine wellbeing domains of Gross National Happiness (GNH). The GNHC then selects projects with scores above the threshold (neutral) of 69 (out of 100) (Penjore, 2008; Ura, 2008). Selected projects must also meet an equity requirement of reducing the existing rich-poor gap and have a positive impact on society (Penjore, 2008).

3.4 Balancing prescriptiveness and flexibility

One common factor of stronger frameworks is clarity. The more clear and detailed are the instructions provided as part of a policy assessment framework, the more effective these tools are in supporting a wellbeing approach to government decision-making. But this clarity and prescriptiveness can come at the expense of flexibility, both for the officials that manage government delivery as well as for the political decision-makers that ultimately decide what to prioritise. We see this trade-off in some of the more detailed frameworks emerging around the world, for instance, in New Zealand's updated version of a cost-benefit analysis tool (CBAx), or in Wales' detailed guidance for how to research, develop, and choose between policy proposals. These tools do not bind the hands of policymakers – Cabinet retains the discretion to ignore the recommendation of a cost-benefit analysis – but the tools can make it clear which policy is "better" (according to the tool's definition of wellbeing).

Proponents of wellbeing approaches to government decision-making will need to grapple with the fact that, at least to some degree, an effective framework will reduce flexibility. But this is not necessarily any more than current fiscal decision tools reduce flexibility: e.g. a minister must find offsets for new spending, or a new program is assessed relative to costs over the forward estimates. Indeed, government decision-makers are quite used to prescriptive processes.

The key difficulty is that this cannot be valuesneutral – it explicitly integrates the values of the government into formalised and structured decision tools. It is a major step to go from measuring wellbeing to formally integrating it into decision processes. Whether it be standardised impact assessments, or a codified cost-benefit framework, it requires being explicit about the goals of the government, the trade-offs the government is willing to make, and how the government expects senior officials and ministers to balance these considerations.



4. Embedding wellbeing within an entire system

In order for policy and political structures to work directly, consistently and efficiently towards the goal of promoting wellbeing, it's necessary that everyone (or as many people as possible) believe in the value of wellbeing as a goal. Political leaders and parties will change over time whereas the public service remains with its institutional inertia. This inertia can be a strength of the public service, but it also makes it incredibly hard for new ways of thinking to gain a foothold.²⁴ Perhaps the most significant challenge to effectively developing and implementing a wellbeing framework is ensuring that public servants across the bureaucracy internalise and understand the value of the framework. The risk is that "wellbeing" becomes merely a tick-box exercise, or an unwelcome burden on constrained resources, or something to be easily gamed by executives vying for funding and power.

Moving to a place where a wellbeing approach is truly embedded requires clear guidance to people working in the public service – they need to know what they are working to achieve and how they are going to get there. We are seeing evidence of this in some countries, and we are also seeing attempts to motivate and enable policy analysts and subject matter experts to seek out and apply evidence to their decisions. At their boldest, governments are trying to change the culture and expectation around how decisions are made, including involving the public who play an often understated role in policy agenda setting and success.

4.1 Creating a central unit for bureaucratic management

In embedding their wellbeing agenda, some nations have created a central unit for process management, or have embedded the 'wellbeing' function within existing central units like a cabinet secretariat or a treasury budget group. Indeed, this is almost an essential component for governments that want a standardised approach to the assessment and application of wellbeing in decision-making processes (as detailed in Section 3). These are similar to the central coordination functions that have developed alongside other recent trends in public administration, such as 'delivery' units or 'nudge' units, in that they are located in a central agency (often the prime minister's department, cabinet secretariat, or president's office). For example, New Zealand created a unit in the Prime Minister's department specifically to advance a 'Child and Youth Wellbeing Strategy' across the government (which is not directly linked to their treasury's living standards framework and wellbeing budgets) (New Zealand Treasury, 2019). And the Scottish government has established a National Performance Framework Unit - alongside their treasury functions - to oversee the integration of their performance reporting framework.

Beyond the sphere of wellbeing, we can learn from local experience in the implementation of regulatory impact assessments in Australia. In 2007, the Australian Office of Best Practice Regulation (OBPR) was transferred from the Productivity Commission (an independent economic advisory authority) to the Department of Finance (a central agency). The OBPR acts as a central coordinator and gatekeeper - between 75-85% of major proposals that went to Cabinet (in 2012) had OBPR-approved regulatory impact assessments Australian Government Productivity Commission, 2021). This model also involves networks of coordinators across iurisdictions, and dedicated units within major departments to work with the central OBPR on regulatory assessments.

This approach – creating gatekeepers to oversee and monitor a decision-making framework – is likely to be necessary for governments that desire standardised and consistent implementation of a wellbeing approach. But it is far from sufficient on its own to change the way that governments work.



4.2 Mobilising and training government departments

Wales is at the forefront of governments trying to integrate their wellbeing framework into every level of government, bureaucracy and public service delivery. Wales' Well-being of Future Generations Act sets out wellbeing requirements for all public bodies within Wales's jurisdiction including all health bodies, local authorities, and national agencies such as national parks authorities and arts and sports councils. As with government and ministers, each body is required to set objectives that maximise their contribution to all seven of Wales' wellbeing goals, and must take all reasonable steps to meet those objectives. Taking 'all reasonable steps' is a concept that permeates every aspect of what these institutions do: from spending funds, to workforce planning, to risk management, to developing policy and delivering services. However, Wales still has a long way to go to fully realise its ambitious wellbeing goals throughout every level of government and the public service, and there have been requests for more training to take place throughout the public service to help upskill staff at all levels to administer it (Future Generations Commissioner of Wales. 2020).25

Training programs on wellbeing frameworks can join the regular suite of professional development activities that junior staff undertake, to ensure that wellbeing assessments are well-written. There are strong arguments to extend some form of training to senior officials and even ministerial staff, to ensure that the demand for good, consistent, policy development comes from the top rather than relying on junior staff to manage up. It should also help to ensure that a 'wellbeing culture' is shared at all levels of government. In Scotland, the government ran intensive training for senior executives and established an ongoing forum for these senior officials to come together around their National Performance Framework.



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4.3 Community-centred governance connected to national priorities

Some national wellbeing initiatives use locally-led governance structures to implement, adapt and deliver national priorities at the community level. In 2015, both Scotland and Wales introduced these as part of their wellbeing approaches: Scotland's *Community Planning Partnerships* (CPPs), and Wales' *Public Services Boards* (PSBs) look at national wellbeing goals at the local government level. In Scotland's case, this was part of a broader public service reform effort (Wallace, 2019).

While they have slightly different membership requirements, both structures share a focus on:²⁶

- » Local coordination, in which public bodies/ authorities must work collaboratively, participate in and facilitate locally-led wellbeing priority setting and planning.
- » **Community Plans**, in which local wellbeing priorities must be decided, articulated and aligned with the national level priorities including an action plan to achieve them.
- » Duty to act, compelling members of locally-led governance bodies to consider local wellbeing goals in their day-to-day operations and to leverage their resources to achieve the goals (Future Generations Commissioner of Wales, 2022).
- » Community engagement, where members of the broader community are expected to be consulted and involved in design and delivery of local wellbeing work.²⁷

In practice, a key difference between the Scottish and Welsh local governance structures is the extent of their delivery responsibility. Scotland's CPPs have had oversight of funding and deliver community projects to improve wellbeing outcomes, whereas the Welsh PSBs currently function as directionsetting for the area, without the dedicated funds for project work (Auditor General for Wales, 2019).

Reviews and analysis of the early implementation in Scotland and Wales highlight challenges to the implementation of local governance structures which action and deliver national priorities. For example, one study suggested that services have not improved as a result of locally-coordinated services (Wallace, 2019). Further, participation of local community members and third-sector organisations in the governance arrangements has been limited.

Another challenge is that wellbeing goals and plans set by locally-led bodies sit among many sets of goals and frameworks for organisations working in public services (Wallace, 2019). Delivery organisations face an 'alphabet soup' of frameworks including the broader national wellbeing framework (Thomson, 2019). Funding from central government for the local bodies can be inflexible, attached to strict accountabilities and even compliance to central government. This can leave communities unable to tailor operating arrangements to local context (Wallace, 2019; Auditor General for Wales, 2019).

While there are issues in the effective delivery of community-led governance, some early findings clearly highlight the potential for positive impact. For example, a 2018 survey of Community Planning Partnerships (CPPs) practitioners in Scotland highlighted how the Community Empowerment Act had propelled "the spread of hundreds of participatory budgeting processes, with £8 million mobilised by 2019 and over £100 million estimated over the next two years across local authorities", as well as highlighting that "there is a new cohort of elected politicians who are improving how they work with participatory processes to inform decisions" (Escobar, 2022). Furthermore, a review by Audit Scotland in 2016 found that Community Planning Partnerships were "improving leadership and scrutiny and are using data to set clear priorities" (Audit Scotland, 2016).

4.4 Citizens can participate in wellbeing design and decision-making

In our scan of global approaches, citizen participation through national consultation processes was often part of the identification and selection of national wellbeing priorities and indicators. In Iceland, public surveys were distributed widely to gather public views on wellbeing priorities, which went on to inform the priorities in their Five-year Strategic Financial Plan. In Germany, national dialogues in each region were held to determine 'What Matters To Us', which together with online and postcard methods, went on to inform the selection of Germany's national wellbeing priorities and indicators (Wellbeing Economy Alliance (WEALL), 2021a).

Several countries have sought to include citizen participation in public planning and decision-making at all levels of government. As discussed above, Scotland's Community Planning Partnerships aim to design and deliver public services in ongoing partnership with local communities. These move beyond point-in-time consultation with citizens to an approach based on ongoing active involvement of citizens in planning. Scotland's Community Empowerment Act (2015) complements this with participation requests: a "right to be heard" by local public services to help improve local outcomes. According to the Act it is a mechanism "for community bodies to seek dialogue with public service providers on their own terms, when they feel they can help to improve outcomes". As part of Ecuador's Good Living framework, there is a decentralised system to involve citizens in decisionmaking at the local regional and national levels. the 'National Decentralised Participatory Planning System' (Government of Ecuador, 2013).²⁸

Outside of narrowly defined 'wellbeing' initiatives, other countries have also sought to improve citizen participation in regional and local decision-making, with a particular focus on achieving democratic governance and transparency. For example, in South Korea public agencies directly engage non-state



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stakeholders in formal, collective, deliberative decision-making processes to make, implement and manage public policies and resources (Kim, 2010; Wellbeing Economy Alliance (WEALL), 2021b). South Korea has become the first and only nation that mandates all local governments to adopt a participatory budgeting system, so citizens can articulate their public policy priorities and input into decisions on local public spending. At the regional level, Kenya offers another example. In 2010, Kenyans voted to decentralise government, devolving policy implementation to county governments in a bid to make government decision-making more responsive to people's needs, particularly young people and women (Wellbeing Economy Alliance (WEALL), 2021c).²⁹

These case studies highlight potential difficulties in successful, ongoing citizen participation in decision-making, including:

- » Citizen attitudes to public participation (Government of Ecuador, 2013),
- » Capabilities to promote and sustain citizen-led processes (Government of Ecuador, 2013),
- Inclusion of diverse social groups in public decision-making to ensure processes are truly representative and responsive to needs (Kim et al, 2018)
- » Citizen education and knowledge of public process and participation mechanisms (Scotland's Community Empowerment Act, 2015; Kim et al, 2018).

Notwithstanding the challenges, clear positive impacts have been observed in studies of participatory budgeting. A scoping review of 37 evaluations from across the world (Campbell et al, 2018) found significant positive impacts: some studies reported an increase in participation of disadvantaged groups. Other studies reported a positive impact on how people act in political settings, and still others highlighted increased learning about the political process. Interestingly, two Brazilian studies reported that poverty rates fell in municipalities implementing participatory budgeting (Campbell et al, 2018).

Civic engagement is one of the OECD's six wellbeing domains and it features in the wellbeing frameworks of 16 nations (see Appendix 2). The process of participation in governance and decision-making is important for wellbeing in and of itself, but it also contributes to other wellbeing goals, increasing trust in government and other institutions, and leading to more inclusive and sustainable outcomes.³⁰ Increasing the scope of citizen and community participation can also contribute to the longevity of wellbeing initiatives by increasing public understanding and support, and decreasing the power that vested interests may have in influencing political agendas (Wallace, 2019).

5. Creating accountability and transparency

Even with clearly defined wellbeing goals, metrics and frameworks, national efforts to embed wellbeing frameworks can hit significant roadblocks. Vested interests can be a significant barrier and prevailing mindsets are often deeply embedded and hard to change. Institutions have their own momentum and can be difficult to steer in new directions. If efforts are not carefully monitored, and if those charged with administering a wellbeing framework are not held accountable, then the result is likely to be superficial changes in language and post-hoc justifications for decisions that have already been made. Indeed, many of the wellbeing frameworks around the world have been criticised for failing to get beyond this kind of "wellbeing wash".^{31 32} A good accountability framework is going to do more than just report on wellbeing metrics, but rather it will report on the policies and actions of the government, how they reflect the wellbeing priorities, and what impacts they have on wellbeing.

Accountability mechanisms are strongest when they combine reporting with additional mechanisms that are embedded throughout the system such as independent oversight – for example with the appointment of dedicated commissioners with oversight powers – and structural changes in the way the departments work together so there is more transparency and inter-departmental support to overcome opaque within-department budgeting practices.

5.1 Regular reporting on wellbeing outcomes creates a basic level of accountability

Independent reporting on wellbeing metrics is very common, with independent government statistical agencies often tasked with regular measuring and reporting (e.g. Bhutan, Ecuador, UK, Scotland, Wales, Italy). However, Wales aside, independent analysis, evaluation and reporting of government performance is rare. Many jurisdictions require internal reporting by government departments and some have dedicated wellbeing budget statements (e.g. Canada, New Zealand) but in the absence of independent external scrutiny or the application of a transparent decision-making framework, it's very easy for the language to change without the substance changing. It's also easy for vested interests, or public servants under pressure to deliver for political agendas, to influence decisions that are then given wellbeing justifications post-hoc.³³

Regular presentation of the findings of wellbeing measurements (see Section 2) can draw public attention to the level of progress being made against wellbeing objectives. However, such measurements can fail to genuinely inform policy, suggesting that their value as an accountability mechanism can in some cases be superficial. In Germany, for example, there has been little attempt to use the information provided on dashboards to inform policies. And in New Zealand, there is open debate about the extent to which budget decisions are informed by the Living Standards Framework (LSF) – for instance, the 2019 budget priorities were based more on election commitments than the LSF.³⁴

Another means of presenting progress is through periodic reports by government agencies and independent bodies set up by governments. Reports outlining areas of progress and regress, and current and future policies are produced by departments in many jurisdictions, including Bhutan, New Zealand and Wales. The risk of relying only on reports - as opposed to regularly updated statistical measures or dashboards - is the possibility of having infrequent publication on the wellbeing measures, as seen in Ecuador. This lag between measurement and publication may reduce policy responsiveness. Due to these challenges, some countries combine both dashboards and published reports to inform about progress on wellbeing indicators (e.g. New Zealand). Some nations have paired these regular reports with further accountability requirements. For example, Bhutan requires departmental reporting to parliament and sets aside one day every year for parliament to scrutinise and deliberate on the progress being made on Gross National Happiness.



Regularly reporting progress against wellbeing goals is incredibly common, but this only forms a basic level of accountability. After all, the government gets to write the report. It can lead to robust debate about government decisions, as seen in New Zealand, which is certainly a positive result. But ultimately, it does not materially change the incentives or processes for decision-makers.

5.2 Independent oversight and scrutiny

One approach to create a more immediate form of accountability is to appoint independent commissioners to exercise oversight. Fundamentally, the approach is similar to the regular reports described above: a government official writes a report summarising progress against wellbeing goals. But in this case the author is an independent commissioner, at arm's length from the government, able to make their own inquiries and reach their own conclusions.

Of the existing wellbeing approaches, Wales has the most mature oversight mechanisms embedded into its wellbeing framework. The Welsh government developed its approach over several iterations, beginning in the 1990s (see Box 5, page 17). The first attempts failed to embed the sustainable development principles into Welsh government and public service, and ministers identified that independent oversight, reporting and accountability were critical missing links. This led to the establishment of the independent Future Generations Commissioner.

The Future Generations Commissioner has duties to monitor and assess the progress being made towards Wales' seven long-term wellbeing goals and powers to provide advice and support to government and public bodies that have an interest in achieving those goals. The Commissioner's powers allow them to go into an organisation or department which falls under the Future Generations Act providing an audit of how their actions align with the Act. There is a statutory duty for those public bodies to respond to the Commissioner's recommendations. If the body is not going to follow the recommendations, they have to set out why and what alternative course of action they are going to take. While the Commissioner has no formal power to alter or sanction government and public body decision-making, the potential to publicly expose government failure, mismanagement or misreporting is seen as a powerful accountability mechanism, and the requirement of these bodies to 'comply or justify' means that any concerns raised by the Commissioner cannot be ignored or easily dismissed.

To give an example of the Commissioner's role in 2017, Commissioner Sophie Howe submitted evidence to a public enquiry into a proposed M4 Road Corridor. She argued that the proposal should be rejected on the grounds that the trade-offs required for the project promoted the domain of economic wellbeing at the expense of all the other domains (social, cultural and environmental) meaning it was not in the spirit of the *Well-being of Future Generations (Wales)* Act. The proposed road corridor was eventually rejected.

5.3 Restructuring the public service and agency budgets

Some governments have undertaken machinery of government changes to restructure their departments around wellbeing. In some cases, this has also been accompanied by a change to agency resourcing and target setting.

Changes to the machinery of government are sometimes needed to address the fact that departments and agencies are often pitted against one another for resources. For instance, imagine that one department's key outcomes (say, child health) might be improved through resource allocation in another department (say, the education department). The second department may not have any reason or incentive to allocate its resources to that outcome. It can take structural changes to public agencies and budgets to resolve this misalignment. For instance, Scotland restructured its departments to have a smaller number of directors-general – eight at the time of writing – who oversee a cluster of directorates which, in most other governments, would be considered a department. This system was deliberately chosen to de-emphasise the divisions between agencies and instead to foster a sense of collective responsibility towards outcomes (Wallace, 2019).

In contrast, Ireland maintained its existing departmental structures but introduced a requirement that departments identify specific performance targets linked to the nine equality domains. This encourages senior departmental administrators to engage critically, creatively, and constructively with the wellbeing approach: where data exists, it can be used to gauge outcomes, and where it does not exist, senior managers have an incentive to begin collecting it. Where outcomes span multiple agencies, department heads have a framework to account for this spending.

5.4 Transparency of decision-making

Widely held conventions of Cabinet confidentiality and solidarity can keep the deliberative materials of government secret for decades (Australian Government, Department of the Prime Minister and Cabinet, 2020). There are strong incentives behind this: less transparency gives the government more room for action. Politicians can make a decision without the public poring over the details of who advised what. And likewise, public servants can provide 'frank and fearless' advice and briefings, confident that even if the Cabinet disagrees with their recommendation there will not be news cycles about a loss of confidence. But transparency of some advice - specifically the assessments and analysis of wellbeing outcomes - could lead to better institutionalisation of a wellbeing framework.

In Section 4, we discussed the value in having a consistent framework for assessing wellbeing impacts and providing advice on policy proposals.

A further step would be to make these assessments public – disclosing the expected benefits and outcomes from policy decisions. Such a step would not be unheard of: this is part of the role of Infrastructure Australia, which maintains the Infrastructure Priority List and publishes standardised assessments of the benefits of major infrastructure projects in Australia.

Transparency, alongside independent scrutiny, encourages bureaucrats, departments and ministers to engage in good faith with the wellbeing framework. Temptation to cut corners or engage in creative accounting will be tempered by the risk of public critique. It also can reduce the informational barriers that prevent stakeholders from engaging with governments. It becomes easier for civil society to understand why decisions were taken, and to hold the government to account on substantive grounds.

6. Conclusion

Wellbeing government frameworks around the world are a relatively new phenomenon, with one or two older exceptions (e.g. in Bhutan). Most of the work to date focused on deciding what wellbeing is, and how to measure it. Less focus was placed on integrating these new measures of success and progress into government decision-making – and less still into accountability and oversight.

By their nature, interventions that significantly improve long-term wellbeing are unlikely to create immediate results. They take a long time to properly implement, and their outcomes may not occur for a long time (especially for children and future generations). Even where wellbeing has improved, in the absence of a counterfactual (where the wellbeing policy was not enacted), demonstrating a causal link to the wellbeing policy can be impossible.

That said, as more governments around the world develop wellbeing approaches, we are discovering more about how to give these approaches the best chance of success. This report discussed the four elements to a complete wellbeing government approach, identifying features in each case that are vital in their contribution to real and substantive change to the way that policy, and the actions of government and public bodies, deliver on wellbeing objectives:

Measuring wellbeing

Wellbeing measurements should not be mistaken for the endpoint of a wellbeing approach. Measurement is a tool to support a wellbeing framework and should be carefully designed with usefulness in mind. Measurements should reflect what wellbeing means to the people a wellbeing approach is meant to represent – this can be done through a combination of subjective and objective measures as well as through community engagement in developing and refining measurement tools. Measurements should also accurately reflect the best evidence on what matters to people and how to measure it, through design that allows for the level of detail needed to inform policy and the flexibility to allow for regular review and updating.

Wellbeing policy analysis and selection

There are many available options for using wellbeing as a basis for policy development, analysis and selection, many of which can be used in combination with one another. Tools such as extended costbenefit analysis (CBAx) are particularly useful because they augment existing decision-making processes and are therefore easy to understand and implement.

Embedding wellbeing within the entire system of government

Embedding a wellbeing approach though all levels of the government and public service is essential for the success of a wellbeing framework. The foundation of this is providing clear instructions to all people who will play a role in achieving the goal of greater wellbeing for current and future generations. From ministers and senior officials to bureaucrats and people working in service delivery – all need to know what they are working to achieve and how they are going to get there.

Transparency and accountability

Inbuilt accountability mechanisms are needed for the implementation of an effective wellbeing framework. Many countries produce some sort of annual report against their indicators, but on their own these have not been shown to have a significant impact. Restructuring systems so there is more cross-departmental collaboration can help break down departmental silos when approaching wellbeing issues and increase accountability within and between departments. Particularly promising are independent commissioners and dedicated bodies that have power to analyse policy decisionmaking, much as an audit office creates a culture of accountability.

A number of questions remain unanswered and would benefit from further research. One is how to implement wellbeing frameworks that extend beyond election cycles and changes of personnel. Several examples we have discussed were abandoned or significantly altered – often due to



changing political leadership - after a short time. For any wellbeing approach to government to succeed, it requires a runway of stability and commitment. This is highlighted by the fact that some of the most successful examples of wellbeing frameworks retaining their force over a significant time period come from Wales, which has had little political change, and Bhutan, where the Gross National Happiness agenda sits beyond the power of government to change.³⁵ Because of this, anyone looking to implement a wellbeing framework in a location where significant political change is a reality needs to think critically about how to safeguard their wellbeing approach against future political change, while ensuring that it can be revised and adapted in response to new evidence and evaluations of its effectiveness. Anyone aiming to adopt a wellbeing framework should aim to bring the people with them - this can be done through ensuring it reflects a pride in national identity (see Section 2). through consultation and engagement (see Section 4), and by making sure that the work is done alongside moves to increase transparency and trust in government (see Section 5). The people should feel they own their respective wellbeing frameworks and are invested in the success of this project.

Another question regards the best way of using wellbeing frameworks to determine policy selection. There is currently no consensus and limited evidence about how to develop an approach that leads to real change in the way decisions are made and contributes positively to wellbeing outcomes. Further, what works for one jurisdiction and political system may not be directly transferable to another so work is needed to identify what features of wellbeing approaches have the greatest prospect of success in the Australian context.

Internationally, we are very much at the beginning of a journey. There may be false starts on the road to success, and it is important that policymakers remain open to going back to the drawing board – possibly many times (as they did in Wales) – to get it right.

Australian wellbeing approaches must have Indigenous voices at their core, and recognise the importance of First Nations perspectives on wellbeing in shaping our approach. While there are some lessons we can learn from international efforts, we must largely find our own way to value and embrace our diversity, including greater input from First Nations' people on what matters to them.

Australia is in a strong position to take on the challenges of developing successful wellbeing approaches. Significant groundwork has already been done in the Australian context with the Australian Treasury's Wellbeing Framework and Measures of Australian Progress. The ACT is already well down the path to a wellbeing economy and in March 2022 Tasmania announced that it would be developing its own wellbeing framework. The Australian public want governments to focus on what is best for the nation, its environment and its communities, and for its people, their children and their grandchildren.



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Appendix 1: Emergence of a wellbeing framework movement

The dominance of economic growth as a measure of social progress has always had its critics. However, the current wellbeing economy movement really began in the 1960s. Two events in 1968 turned out to be very significant: the formation of the Club of Rome, which led to the publication of the *Limits to Growth*; and a speech by Robert F Kennedy, which later became famous:

"Our gross national product...counts air pollution and cigarette advertising and ambulances to clear our highways of carnage... It counts special locks for our doors and the jails for the people who break them. It counts the destruction of the redwood and the loss of our natural wonder in chaotic sprawl.... Yet the gross national product does not allow for the health of our children, the quality of their education, or the joy of their play." (Robert F Kennedy on the presidential campaign trail in March 1968.)

The *Limits to Growth*, published in 1972, was a landmark report that framed economic growth and ecological integrity at odds with each other. Environmental thinking and campaigning rapidly developed and spread throughout the 1970s and 80s and led to greater environmental focus from political parties and candidates. The United Nations Conference on Environment & Development in Rio de Janeiro in 1992 (the 'Earth Summit') resulted in 178 countries adopting Agenda 21,³⁶ a non-binding sustainable development plan aimed at sustainability for the 21st Century. These efforts eventually led to the Millenium Development Goals, the 2030 agenda for sustainable development and the adoption of Sustainable Development Goals, which are integral to many wellbeing economy initiatives around the world.

At around the same time that the Club of Rome was forming, Bhutan was getting attention for questioning the value of GDP as a measure of success and instead pursuing Gross National Happiness (GNH). Bhutan, a Buddhist monarchy at the time, has a very long history of prioritising happiness, with their 1629 legal code stating: "if the government cannot create happiness for its people, then there is no purpose for government to exist." GNH is now enshrined in Bhutan's constitution and inspired the UN General Assembly, in 2011, to pass resolution 65/309 Happiness: towards a holistic approach to development.³⁷

One of the dominant philosophical approaches to thinking about wellbeing came from the work of economist Amartya Sen. Sen's "capabilities" approach, developed with philosopher Martha Nussbaum, conceives of wellbeing as individuals having and realising the opportunities to live a good life – these include basics such as being wellnourished and the ability to bring up a family, but also having equality of opportunity. The capabilities approach sees wellbeing as tied to individuals having the resources and capacities to pursue whatever is meaningful to them. Sen's work inspired the United Nations Development Program's Human Development Index, a measure of progress in human wellbeing first established in 1990.

Also influential for policy makers was the report commissioned by French President Nicolas Sarkozy in 2009 on alternatives to GDP for measuring progress. The report, led by Sen as well as economists Joseph Stiglitz and Jean-Paul Fitoussi, was a broad critique of economic indicators and provided a good summary of possible alternatives, but fell short of making clear, actionable recommendations beyond suggesting more measurement and focus on a broader set of indicators.

Inspired by, and in line with, the key recommendation of the French report, the OECD developed its Better Life Index in 2011 and significantly increased research into the wellbeing economy. This represented a dramatic shift in international development thinking for an influential international institution that had previously been very focused on economic indicators.

The UN, OECD and Nobel Prize winning economists lent credibility to various notions of wellbeing as alternatives to traditonal growth-heavy economic

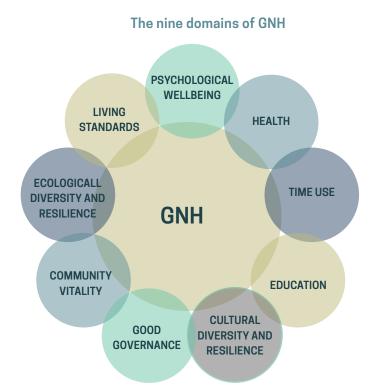


indicators and helped inspire national and regional governments to develop their own measures of progress and wellbeing. Some of these have now formed the Wellbeing Economy Alliance, with the governments of Finland, Iceland, New Zealand, Scotland and Wales having joined together to form a formal collaborative group of Wellbeing Economy Governments (WEGo).

A diversity of origins and theoretical underpinnings

The decision to move to a wellbeing economy is often initially driven by a recognition of the shortcomings of traditional economic indicators when used as the measure of success for a society. However, unlike GDP, the concept of wellbeing varies between individuals and between cultures. As a result, each society needs to define what wellbeing means for them as part of determining what they are striving for in the shift to a wellbeing economy. Bhutan, with its Gross National Happiness index, is one of the best known and also one of the oldest government wellbeing initiatives. Wellbeing has been culturally, politically and legally prominent in the small Buddhist nation of Bhutan since at least 1629. However, the modern Bhutanese focus on happiness really began in the early 1970s when King Jigme Singye Wangchuck coined the phrase Gross National Happiness, declaring "Gross National Happiness is more important than Gross National Product", though it wasn't until 2008 that the first GNH survey was conducted.

The concept of 'happiness' that is used in the GNH is not the common idea of subjective wellbeing – how people assess the quality of their lives and their short-term emotional states – but rather the Buddhist concept of happiness (Ura, 2015) which focuses on developing positive emotions (such as compassion and calmness) and decreasing negative emotions (such as selfishness and anger) (Ura et al, 2012). The nine domains of GNH are tied to this Buddhist conception of happiness.



The Nine Domains of Gross National Happiness - Kingdom of Bhutan

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Government of Wales - Well-being of Future Generations

By contrast, the beginnings of the wellbeing economy in Wales have been far more technocratic, with inspiration coming from the Rio Summit in 1992 and *Agenda 21* and the emerging international focus on sustainable development. These led to the inclusion of a special duty for the newly devolved government in 1998 to promote sustainable development. The approach that Wales took to wellbeing had a focus on the wellbeing of future generations, giving a clear focus to what would develop into the *Well-being of Future Generations (Wales) Act*, 2015.

A third, very different origin is the Ecuadorian 'Buen *Vivir'* (good living) which rejects western notions of based on Indigenous Qechuan philosophy that emphasises achieving harmony for individuals, community, and nature. Those three principles lead to seven wellbeing dimensions and thirty-three indicators. As a result of this Indigenous focus, Ecuador became the first country in the world to recognise nature as having constitutional rights in 2008. Another clear element in the formation and adoption of Buen Vivir was anti-colonial sentiment and a desire to acknowledge Indigenous rights and push back on the Washington Consensus that dominated Latin American international and economic relations through the 1980s and 90s. In both Ecuador and Bolivia at around the same time this push for Indigenous rights became a strong political force that led to constitutional reform and formalising Ecuadorian 'BuenVivir' (good living) in the constitution in 2008. Buen Vivir's focus on

harmony leads to different outcomes than individual capability-based approaches because harmony requires dialogue, obligation and compromise – not necessarily maximising individuals' capabilities. This is typical of many Indigenous approaches to wellbeing in which there is less emphasis on the individual and more on the community and the relationships between individuals.

In spite of the difference in origins and underpinning philosophies, it is notable that the wellbeing approaches considered in this appendix, and in the next appendix, have significant commonalities in their agendas. Different theoretical underpinnings lead to remarkably similar high-level conclusions. For example, all these conceptions of wellbeing contain elements of health, opportunity, education, connection to culture and community, and a balance with the natural environment. The environmental underpinnings of the different wellbeing movements is in part historical, but it also shows the deep tie between human welfare and the environment. For some countries such as Bhutan and Ecuador the natural environment was a key part of the wellbeing concepts they adopted: human wellbeing could not be removed from environmental wellbeing. In Wales things went the other way: repeated attempts to achieve environmental wellbeing were unsuccessful until they explicitly approached it with a human wellbeing lens.

Most contemporary frameworks used to define



Appendix 2: Dimensions and indicators of wellbeing measurement

and measure "wellbeing" are two layers deep, with a series of individual metrics/indicators sitting underneath a smaller number of domains/ dimensions, which collectively articulate the goals and values. A domain/ dimension is a specific area identified as contributing to overall quality of life. This could include, for example, the environment, living standards, education, or safety. Indicators, on the other hand, are statistical measures that show how far a domain has progressed. For example, countries may include indicators such as life expectancy and the levels of physical activities to give a picture of "good health". Some countries also set wellbeing goals as the ultimate target to achieve within a wellbeing framework using domains and indicators. In Scotland, for example, one goal of the wellbeing framework is to protect, value, enjoy, and improve the environment by utilising renewable energy sources.

In designing its Better Life Index, the OECD identified common domains:

- » civic engagement;
- » environmental quality;
- » health; housing; income and wealth;
- » knowledge and skills;
- » safety; social connections;
- » subjective wellbeing;
- » work and job quality;
- » work-life balance

(Durand, 2015; OECD 2013).

These identified domains have become common in measuring societal wellbeing, especially for OECD member countries such as New Zealand, Germany, Italy and Wales. However, some countries choose domains/ dimensions outside of these broad categories but within the same economic, social and environmental sphere.

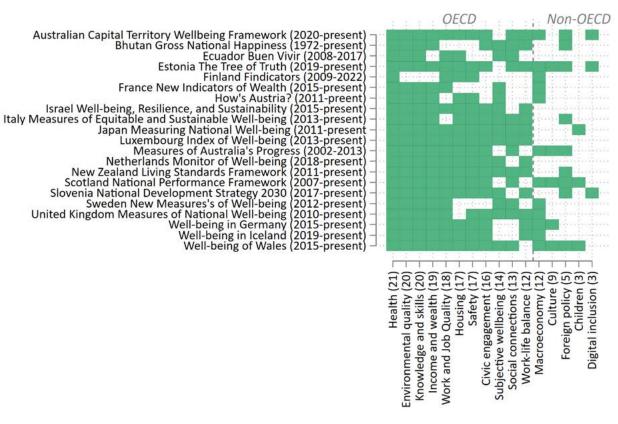
Figure 1 presents domains/dimensions for 21 wellbeing frameworks with their domains mapped onto the OECD Better Life Index constituents. Out of 11 domains from the OECD Better Life Index, four are most commonly used across 19 of the 21 economies: environmental quality, health, knowledge and skills, and income and wealth. Fewer governments, have adopted the OECD Better Life domains of social connectedness (13 of the 21 countries) or work-life balance (12 of the 21 countries). Many governments (12 of the 21) also include a domain of macroeconomic success – looking at measures like productivity growth and inflation





Figure 1: Comparison of Dimensions of wellbeing frameworks

Framework



Dimensions

Note: The data in the graph are wellbeing frameworks set up by governments or their agencies. They exclude all nongovernment agencies. The y-axis indicates the frameworks and years of existence, and the x-axis indicates the dimensions within a framework. The numbers in brackets show the total number of dimensions selected by all frameworks. Dimensions are identified from indicators and mapped onto OECD's 11 dimensions. The first 11 dimensions are mapped dimensions based on OECD classifications. Additional dimensions identified in existing frameworks include children, culture, digital inclusion, macroeconomy and foreign policy. The macroeconomy dimension includes macroeconomic indicators like GDP, productivity and inflation. Green square boxes indicate dimensions selected by governments, whereas empty boxes represent dimensions absent from wellbeing frameworks.

stability – which is not part of the OECD Better Life framework.

Beyond the identified dimensions of the OECD's wellbeing framework, there are other concerns that influence the way in which wellbeing frameworks' measurement tools are developed. Some countries include a domain to have a clear focus for specific groups in society – like children and women – or to address a specific concern within a country. For example, for countries like Slovenia and Estonia, the wellbeing framework includes a dimension that measures progress in reducing the digital divide that exists in the country. The decision of what to measure is also influenced by whether a country is inward or outward-looking. For countries like Scotland, Wales, Germany and Estonia, establishing lasting and favourable foreign policies with the international community matters to the citizenry. The selection of wellbeing indicators can also be an opportunity to identify unique features of national character, such as the inclusion of 'water quality (swimmability)' in the New Zealand domain of environmental amenity or Bhutan's choice to include metrics around the observance of 'Driglam Namzha', a cultural code of behaviour and dress.

Another deciding factor in wellbeing measurement is the recognition of macroeconomic indicators like GDP, productivity and inflation as part of wellbeing frameworks as seen in Estonia, France, Finland, Germany, Iceland, Scotland and Wales. While wellbeing frameworks are a move beyond GDP, some countries still consider GDP as an important measure of progress. However, it is either adjusted or supplemented with other economic, social and environmental measures.

Indicator selection is also influenced by accessibility and frequency of data. Identified data, most of the time, have to meet outlined criteria before they can be considered worthy of a wellbeing measure. This poses a challenge for identified indicators with no available data or with less frequency. For identified indicators, the solution is to revise surveys to collect data as practised in Bhutan and Wales, or have a placeholder in the domain and hope data will be available in the future as seen in Germany and lceland. But issues arise when countries identify various concerns but have no definitive ways of incorporating them in their wellbeing measurements, often due to the lack of established ways of measuring those concerns.

Globally, though there is some considerable overlap of the content of wellbeing measurements, as seen in *Figure 1*, there is significant variation in the number of domains and indicators selected by countries with wellbeing frameworks. *Figure 2* presents the number of domains and indicators selected by national governments for their wellbeing frameworks. The number of domains ranges between 6 and 15, and indicators, between 10 and 152. This variation leads to a average of around ten indicators per dimension in Italy, and around one indicator per dimension in France. In some cases the set of indicators are revised regularly with new indicators added. For example, in the wake of the COVID-19 pandemic, Italy revised its indicators from 130 to 152 to address the economic and social ramifications of the pandemic (ISTAT, 2020a; ISTAT, 2020b).

Creating a wellbeing measurement framework clearly involves a trade-off when selecting the number of indicators: having too few sets of domains/indicators may omit important issues (Durand and Exton, 2019). However, a large set of domains and indicators will make it difficult to identify priority areas to focus on in decision-making. A large set of indicators may also make it difficult to achieve targets as agencies may have to try to optimise across a pool of many indicators at once. Further, the burden of monitoring and assessment will scale as more dimensions and indicators are added.

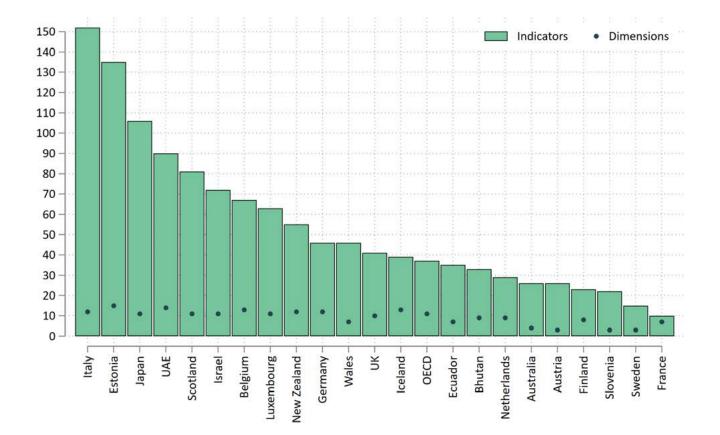


Figure 2: Dimensions and Indicators of national wellbeing frameworks ³⁷

ENDNOTES

- 1 CPD polling, Essential Media, February 2022
- 2 Bhutan will move from the list of developing countries to the list of middle income countries in 2023.
- 3 Bhutan has some of the most stringent environmental impact assessment policies. These have led to the prevention of a road being built that would have affected a tiger sanctuary; shutting down mines on the basis that they were creating too much air pollution; not permitting mountaineering, though seen as a strong potential source of revenue. due to the environmental risks it would pose. In 1974 Bhutan constitutionally committed to protecting more than 60% of their land for forest cover (currently forest cover in Bhutan is 72.9%) - this means that they are a carbon sink, sequestering three times more carbon emissions than they emit. Bhutan is also opening up to foreign investments for the first time, but they are exclusively seeing green and ethical investments.
- 4 Bhutan has seen a reduction in poverty from 32% to 10.2% in the last decade. Life expectancy has increased by more than 30 years since 1972 when the King of Bhutan

declared GNH to be more important than GDP.

- 5 Prior to this shift which began in 2019, two thirds of the Welsh infrastructure budget was spent on roads. That proportion has since been reduced to one third. Further details are provided in this Stockholm 50+ panel, "Well-being economies: a new economic approach for human and planetary health": https://www.youtube.com/ watch?v=bDT1jNfmzH4
- 6 See, for example, the work of Phyllis Deane, Marilyn Waring, Esther Duflo & Abhijit Banerjee, Stephanie Kelton, Mariana Mazzucato and Kate Raworth.
- 7 Scotland's knife crime problem at the time was significant: a United Nations report that year found it the most violent developed country in the world.
- 8 This program has been highly successful - in its first decade it was linked to a more than halving of violent crime and emergency hospital admissions for assault, and a 65% decrease in the crime of handling offensive weapons (Evans, 2019).
- 9 Wales is the one example we found of a country effectively integrating all these elements which makes it not only a valuable case study

throughout this paper, but a rare demonstration of the wider benefits of a cohesive and holistic approach.

- 10 See Frijters and Krekel (2021) for a more extensive list of objective and subjective wellbeing correlations.
- 11 This has been given as the justification for the World Happiness Report's focus on subjective wellbeing (Helliwell et al, 2015): "[W]e attach fundamental importance to the evaluations that people make of their own lives. This gives them a reality and power that no expert constructed index could ever have. For a report that strives for objectivity, it is very important that the rankings depend entirely on the basic data collected from population-based samples of individuals, and not at all on what we think might or should influence the quality of their lives."
- 12 For further critiques see Austin (2016).
- 13 For example, according to the Australian Unity Wellbeing Index, personal wellbeing in Australia has remained relatively stable over the last 20-year period despite events like COVID and the Black Summer Bushfires.
- 14 There are examples of subjective wellbeing surveys

that are designed for children (Chandy et al, 2021) though these are not used as components of national wellbeing surveys.

- 15 For example, GNH in Bhutan, Buen Vivir in Ecuador, Luxembourg Index of Wellbeing, OECD Better Life Index, Canadian Index of Wellbeing (CIW, 2016), the Australian Unity Wellbeing Index and the Australian National Development Index (Cummins et al, 2003)
- 16 There are other approaches to wellbeing measurement that go beyond this division. though these are typically not those adopted by national governments. The Herald/ Age, Lateral Economics Index of Australia's Wellbeing (HALE Index), for example, produces a single dollardenominated measure of well-being based on real net national disposable income 'corrected' to account for human and natural capital and adjusted to incorporate data on subjective wellbeing (Lancy and Gruen, 2013).
- 17 This is referred to as the Easterlin paradox.

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18 Wellbeing among adults and families is not the only determinant of wellbeing among children, for example, and where a measure had specific tools to look at child wellbeing, it may reveal surprising results that show where action is needed (Rees and Gromada, 2021).

- 19 However, it has been questioned whether complexity is sufficiently important to include alongside the other dimensions, and further it has been pointed out that some kinds of complexity can be a good thing, making this inclusion somewhat ambiguous (Gruen, 2017a).
- 20 A number of case studies are available on the Welsh Future Generations Commissioner's Website: https://www. futuregenerations.wales/ resources_posts/casestudies/
- 21 In 2020, the UK's Treasury amended The Green Book, a guide on appraising policies. programs and projects, to include references to wellbeing at all stages of policy appraisal. It recommends that wellbeing analysis be conducted alongside existing economic valuations as part of a cost-benefit analysis of policies. It also recommends wellbeing evidence be used to inform policy strategy. Guidance in The Green Book includes translating

information on wellbeing impacts into estimated equivalent monetary values, and facilitating the in-principle identification and prioritisation of those policies that would produce the greatest increases of wellbeing relative to cost.

- 22 While the mechanism of cost benefit analysis is simple, it should be noted that the process of integrating wellbeing data into cost benefit analysis is not itself simple when you account for the need to identify and collect relevant data. "The cost benefit analysis needs to be even more rigorous than when you're just taking into account fiscal impacts - this is because you need to be very clear about the impacts, and in particular, to ensure that wellbeing benefits are not overstated." (Little, 2019)
- 23 Given the increasing uncertainty of wellbeing effects the further into the future one looks, there is typically some discounting applied for projected wellbeing effects on future generations.
- 24 This explains, for example, why it is so difficult to export "good governance" to developing countries. On paper, Uganda is rated

as having the best anticorruption policies in the world, but it is beset by corruption scandals (Andrews et al, 2017). This failure is common because it's easy to think the specific form of a system - like a tax code or a multi-dimensional wellbeing framework - is what makes it successful; when actually it is the laver of institutional norms and culture on top, which is far harder to change. In the case of Uganda, the norms and cultures did not change, and so the technical policies to reduce corruption were not as successful as expected.

- 25 There are moves to address this need for training with a new 'Three Horizons Toolkit', developed by Public Health Wales and the Future Generations Commissioner's Office, which aids in training staff to 'avoid making decisions that don't stand the test of time'.
- 26 See the Community Empowerment (Scotland) Act 2015 and Welsh Local Government Association, Local Authorities and Public Service Boards.
- 27 The Scottish government's Financial Management Directorate publishes guidance on community

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planning as part of their overall policy to improve public services: https://www. gov.scot/policies/improvingpublic-services/communityplanning/

- 28 At the local level, citizen planning councils and local assemblies carry out assessments and programming exercises involving local citizens. At the regional level, zonal agendas are designed with territorial stakeholders. Zonal citizen sectorial councils work with the national secretariat responsible for national planning and development on wellbeing.
- 29 Ghana has a similar decentralised decisionmaking process (Government of Ghana, 2010).
- 30 See Wellbeing Economy Alliance (WEALL) (2022b) for a discussion of citizen participation as key to the development and implementation of wellbeing agendas.
- 31 It is worth noting that in some cases it may be too soon to tell whether a national approach amounts to nothing more than "wellbeing wash". As noted these are long term projects that take time to implement and require constant revisiting. In New

Zealand, for example,, the wellbeing budget has only been in place for three years, so it would be asking a lot to expect dramatic changes in that time.

- 32 For example, despite the significant work undertaken in establishing Scotland's National Performance Framework (NPF), a 2022 report produced by the Scottish Leaders Forum found accountability in application of the NPF to be, at best, patchy (Scottish Leaders Forum, 2022).
- 33 It is felt amongst some working closely with wellbeing approaches in Scotland, for example, that the influence of vested interests directly contributed to a relative lack of progress in advancing Scotland's wellbeing objectives.
- 34 There has been criticism that budget funding has continued to focus on groups that may be politically valuable but are not those shown by the LSF to be in the greatest need of increased funding and policy intervention (Grimes, 2021).
- 35 The Gross National Happiness agenda has the authorization of the King of Bhutan and is consequently binding on all governments.

- 36 Agenda 21 ostensibly focused on sustainable development, is very much driven by human wellbeing. It begins: "We are confronted with a perpetuation of disparities between and within nations, a worsening of poverty, hunger, ill health and illiteracy, and the continuing deterioration of the ecosystems on which we depend for our wellbeing. However, integration of environment and development concerns and greater attention to them will lead to the fulfilment of basic needs, improved living standards for all, better protected and managed ecosystems and a safer, more prosperous future."
- 37 UN General Assembly. Resolution 65/309: Happiness: towards a holistic approach to development. 1–2 (2011).



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