



Response to the Supplementary Questions

**NSW Public Accounts Committee
Inquiry into a Framework for Performance Reporting
and Driving Wellbeing Outcomes**

by

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Background

Earlier this year, the NSW Parliamentary Public Accounts Committee called for submissions to its Inquiry into a Framework for Performance Reporting and Driving Wellbeing Outcomes.

ANDI made a detailed submission to this Inquiry in August 2024, entitled 'Building a better NSW together through best practice in measuring wellbeing', and followed this with a supplementary submission by letter of 16 September which included references to a range of relevant research and policy reports.

In September ANDI received a request for answers to a series of supplementary questions relating to the NSW Treasury's 'Performance and Wellbeing – Consultation Paper'. The questions were as follows:

1. How would your organisation improve the performance indicators included in NSW Treasury's Consultation Paper, including to ensure:
 - 1.1. The right number of indicators are included to capture a holistic, integrated set of outcomes?
 - 1.2. Both lead and lag indicators are included, and that there is an appropriate balance between the two
2. How would your organisation structure the indicators and/or metrics in a hierarchy to effectively measure wellbeing in NSW?
3. What should the NSW Government do to ensure that there is appropriate consultation and continuous feedback on the themes, indicators and outcomes in the Consultation Paper?
4. Does your organisation have any other feedback or comments on the Consultation Paper

This paper responds to those questions, and refers to relevant sections of ANDI's initial submission and other references where they provide useful detail.

About ANDI

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

internationally, with the OECD, national governments and research bodies. More information about ANDI's work and organisation, and the submission authors, is provided on ANDI's website: www.andi.org.au

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1 Improving performance indicators

How would your organisation improve the performance indicators included in NSW Treasury's Consultation Paper, including to ensure:

- 1.1. The right number of indicators are included to capture a holistic, integrated set of outcomes?**
- 1.2. Both lead and lag indicators are included, and that there is an appropriate balance between the two.**

In our submission to the Inquiry, we provided a detailed general analysis and critique of the Treasury Consultation paper, and the broader process proposed for the Framework's development. We included some key examples and references to other national and regional models for the development of such a framework; and in later correspondence (as indicated above) we provided a list of additional research and policy reports relevant to the NSW process.

On the Consultation Paper, we said:

This is a lengthy (60 page) paper which has much detailed and well-informed content, but also some notable omissions. We assume the government is planning to fill these gaps as the project develops, although in our view it has set itself a very unrealistic timeline, as indicated below. The paper includes more information on the background, purpose and rationale for the project; a great deal of detail (perhaps too much at this stage: see below) on possible well-being indicators; but very little information on the proposed process for the PWF's development: such as how the community is to be engaged, and how it is proposed to build the PWF into government so as to achieve the complex goals the government has set for it. These goals include: reforming the budget and resource allocation process; benchmarking service delivery; improving cross-sectoral and cross-departmental collaboration around major priorities, 'big challenges' (such as 'rebuilding central services') and long term goals; increasing democratic transparency and citizen engagement; and ultimately 'building a better NSW'.

On the basis of the evidence we provided and our own experience of other national and international models over the past 30 years, we strongly advise that the NSW Government should as a priority develop an overall process and plan for the development of a framework of wellbeing measures for the state based on extensive community engagement and a clear plan to ensure this framework and the relevant indicators were used by and built into government.

We would suggest that the development and selection of specific indicators - including what are the right number of indicators, which indicators are needed to make up a holistic or integrated set of outcomes and which are more effective, how to ensure a mix of lead and lag indicators – are essentially detailed and more technical questions most appropriately addressed in the later stages of this process, when the overall priorities, values and outcomes have been determined by a combination of community engagement, research and expert processes. This is especially true if, as the Treasury paper states, the aim is for the framework to represent keep social issues and the priorities that are most important to citizens.

As an important earlier UNSW report argued (Saunders and Wong 2013), starting such a process with a large number of indicators for citizens and others to decide upon can have the effect of alienating citizens (who are not technical or statistical experts) and predetermining the outcome, and diverting it away from the larger questions that needs first to be decided.

Ultimately, the indicators that should be included in a holistic and integrated set of progress and wellbeing measures and outcomes, and which of these are more important and meaningful, can only really be determined once there are clear definitions of the wellbeing priorities and outcomes to be measured. This is because, from a common sense perspective, ‘You can't measure what you can't define’; or as US indicators expert Kenneth Land put it, ‘To develop social indicators that can evaluate the health of society, we are faced with the necessity of spelling out some more or less explicit working model of society’ (ANDI 2024).

2 Organising the indicators

How would your organisation structure the indicators and/or metrics in a hierarchy to effectively measure wellbeing in NSW?

This issue is an important and long standing one in the history of wellbeing frameworks and their development.

At the end of the day, if what we have is essentially a very large collection of different indicators and statistical progress measures, grouped loosely under traditional policy categories such as health, education etc, we will not have a clear and reliable tool for societal improvement and rational policymaking, resource allocation and planning; and governments (and citizens) will free to choose whichever measures suit their own interests or predilections.

This means that it is essential that a wellbeing framework from the start should try to identify priorities in some form of hierarchy, related to broader societal values and goals and the outcomes or targets needed to achieve them. There are a number of ways to do this.

The ANDI model referred to in our initial submission to the PAC is designed on a system of weightings that directly reflect citizen and expert priorities for specific progress domains and for the specific outcomes within them. There are various feasible methods for

designing such priorities or weightings, and one of the simplest is an importance ranking by citizens on (say) a zero to 10 scale which can be combined with an expert panel's assessment of the policy weight or importance (related to specified goals) of a particular outcome.

A related question is whether there should be a composite index as a way of structuring and prioritizing progress outcomes. In our submission, we said

Indices or headline indicators: The decision to present indicators as a dashboard of separate indicators (sometimes called 'headline' indicators) or as composite indices is a long-running controversy in this field. The problem is often presented as an 'either/or' choice but in our view, this is a false dichotomy as both headline indicators and indices have important value in the reporting process. Indices are a useful shorthand and attract more media attention, but they do not detract from the more detailed picture that the individual or headline indicators convey. ANDI strongly recommends both overall progress indicators and indices, both of overall progress

There is a third related issue that affects how indicators or metrics are structured or arranged in a hierarchy to most effectively measure progress. This is the need to identify clear targets against which progress can be more meaningfully measured. Again, in our Submission to the PAC, we said:

Calibrating progress against appropriate targets and goals: It has been argued that true progress means movement towards one's specific goal or destination, and on this basis, the most meaningful progress measures are those which specify the standard or goal which constitutes success (as, for example, the SDGs do), rather than merely providing snapshots of historical change without specific context or comparison. We support this target-oriented approach, and the Budget Consultation Paper seems to do so also. However, in practical terms it adds another step to the development process, which will require both community and expert input - that is, the identification of the most important outcomes or standards in specific domains that constitutes the progress 'destination'.

Appropriate consultation

What should the NSW Government do to ensure that there is appropriate consultation and continuous feedback on the themes, indicators and outcomes in the Consultation Paper?

In our submission, we laid great stress on the importance of a comprehensive, transparent and inclusive community engagement program to develop a framework that would be accepted and trusted by citizens as well as useful to policymakers.

That importance reflects not only the value of citizens' contribution to the eventual outcome, but also the need for to foster new forms of democratic engagement to address what has become, not just in Australia but elsewhere, a general decline in democratic trust.

We said in our submission:

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

International experience has consistently emphasised the direct links between strengthening democracy and developing national progress and wellbeing measures, through factors such as increased transparency, better informed citizens, higher levels of trust etc.¹

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

Further, given the current low levels of democracy and civic trust in Australia and many other countries, there are good reasons why government should seek every opportunity to strengthen democracy and citizenship. Direct and authentic participation by citizens in shaping policy on issues that concern them has been shown both to increase both democratic trust and citizen wellbeing² and engagement in the process of developing community progress measures is a strong example of meaningful citizen engagement.

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

We have worked with numerous governments and civil society organisations to design effective community engagement programs and as our submission indicated, we are currently engaged in a comprehensive 3-year program for community engagement in the development of state wellbeing index in WA, which we would be happy to share with the NSW government.

Some of the most important elements of a successful consultation and feedback process for the development of well-being frameworks are as follows

- comprehensive initial planning involving community groups and communications specialists
- the provision of adequate resources and a realistic time frame (realistic for citizens, not bureaucrats)
- designing the project in stages starting with broad questions of goals, values and priorities, and moving to specific wellbeing 'domains' and outcomes, and (only then) to actual measures of progress
- a concentrated focus on community groups that are hard to reach or less likely to respond
- a multi-platform design including different and interesting forms of response and engagement ranging from making written submissions, focus groups, scientific research surveys, film and video, young people's educational materials, and harnessing local networks
- a sustained effort to respond and provide feedback to participants
- the use of well-known community figures to endorse the process or act as 'Ambassadors'.

The Canadian Index of Wellbeing (for which ANDI was an advisor) we think constitutes one of the best examples of a sustained and thoughtful community engagement program, developed in stages (Canadian Index of Wellbeing 2013).

Other feedback

Does your organisation have any other feedback or comments on the Consultation Paper?

We refer the Committee to our original submission, which includes comments, suggestions and feedback on all aspects of both the Consultation Paper and the broader process for developing the framework

We concluded then and reiterate now that NSW has a unique opportunity of developing what may be a national best practice model for Australia in this field, provided it is prepared to plan and resource the process carefully and collaboratively.

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