

**Submission  
No 33**

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

**Organisation:** NSW Government

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# A framework for performance reporting and driving wellbeing outcomes in New South Wales

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NSW Government submission

August 2024

## Acknowledgement of Country

We acknowledge that Aboriginal and Torres Strait Islander peoples are the First Peoples and Traditional Custodians of Australia, and the oldest continuing culture in human history.

We pay respect to Elders past and present and commit to respecting the lands we walk on, and the communities we walk with.

We celebrate the deep and enduring connection of Aboriginal and Torres Strait Islander peoples to Country and acknowledge their continuing custodianship of the land, seas and sky.

We acknowledge the ongoing stewardship of Aboriginal and Torres Strait Islander peoples, and the important contribution they make to our communities and economies.

We reflect on the continuing impact of government policies and practices, and recognise our responsibility to work together with and for Aboriginal and Torres Strait Islander peoples, families and communities, towards improved economic, social and cultural outcomes.

Artwork:

*Regeneration* by Josie Rose



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# Executive Summary

This is an NSW Government submission to the Public Accounts Committee on the inquiry into a framework for performance reporting and driving wellbeing outcomes in New South Wales.

Performance reporting has evolved in New South Wales over the past twenty years or more and setting performance reporting within a wellbeing framework is consistent with a global shift in this direction. Given the introduction of the NSW Performance and Wellbeing Framework for public consultation in the 2024-25 Budget this inquiry is timely, as its findings can help shape the development and implementation of the framework.

Key points:

- The NSW Government has a legislative obligation to report on government performance. The approach to performance reporting has evolved with changes in data capabilities, IT systems and community attitudes.
- There has been a shift towards wellbeing-focused reporting both nationally and internationally as such frameworks provide a broader picture of societal progress supplementing traditional measures like GDP and employment.
- The Performance and Wellbeing Framework proposed for public consultation in the 2024-25 NSW Budget combines both performance and wellbeing reporting into a single framework. It would provide more wellbeing-focused and transparent performance reporting over time and promote a more citizen-centric approach to government performance reporting.
- The Cabinet Office and Treasury are supporting the Government by working with the public sector and communities to identify and refine the best performance indicators and wellbeing measures to report the performance of government services.
- The Cabinet Office and NSW Treasury are working with agencies to identify and fill any data gaps that may prevent the NSW Government delivering a wellbeing-focused performance reporting framework.
- A common framework that supports shared objectives will foster a sense of purpose and cohesion within government, with agencies given clear direction, despite their individual approaches to performance monitoring and planning.

The Performance and Wellbeing Framework presented in the 2025-26 Budget will enhance performance reporting and decision-making in several ways:

- **Holistic approach:** The Performance and Wellbeing Framework extends beyond traditional performance indicators by incorporating a range of wellbeing metrics. These metrics, covering quality of life, health, and social factors, provide a more comprehensive view of social progress.
- **Alignment with priorities:** The Performance and Wellbeing Framework ensures that performance reporting reflects the NSW Government's strategic goals. This allows decision-makers to allocate resources on areas that matter most to residents.
- **Transparency and accountability:** The Performance and Wellbeing Framework promotes transparency by directly linking performance data to NSW Outcomes. This ensures agencies' priorities are aligned to achieving the outcomes that directly impact citizens' wellbeing. By connecting performance data to outcomes, the Performance and Wellbeing Framework provides context for NSW Government spending decisions.

This Framework will enhance performance reporting by aligning outcomes with wellbeing metrics. This approach acknowledges both the essential role of performance reporting and the growing importance of wellbeing in measuring and reporting on social progress.

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# 1 Introduction

This submission is a whole-of-government response to the parliamentary inquiry referred to the Public Accounts Committee by the Minister for Finance. Under its terms of reference, the inquiry will examine an effective framework for reporting performance of NSW Government services and wellbeing of residents.

This submission provides an overview of:

- Obligations and objectives of government wellbeing and performance reporting and how the Government's approach has evolved over time.
- The new NSW Performance and Wellbeing Framework, currently subject to community consultation. Stakeholder engagement is expected to continue through 2024.
- Opportunities under the new Framework to improve:
  - the quality of performance information and the alignment of government programs and policies with targeted, meaningful outcomes for the people of New South Wales.
  - data collection and reporting to inform government decision-making, enhance inter-departmental collaboration, and ensure accountability for cross-sector outcomes.
  - measurements of quality of life and wellbeing in New South Wales, building on existing framework including the Commonwealth's "Measuring What Matters" framework and the OECD's framework for *Measuring well-being and progress*.
- How the Performance and Wellbeing Framework will fit with other frameworks and processes across government.
- Implications for agency business planning from the introduction of the Performance and Wellbeing Framework.
- How the NSW Government collects and uses data and how data quality and capability will be improved over time.

For the purposes of this paper, "performance reporting" refers to performance of government services. This includes how agencies administer or deliver programs and the indicators used to measure their effectiveness.

The NSW Government plans to present the complete Performance and Wellbeing Framework in the 2025-26 Budget. This Framework will align with strategic goals and ensure transparency and accountability in service delivery and performance. Recommendations from this inquiry will inform the final Framework.

NSW Treasury has coordinated with agencies to prepare this whole-of-government submission. We thank the Committee for the opportunity.

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## 2 Obligations and objectives of reporting on performance and wellbeing outcomes

The NSW Government has a legislative responsibility under the *Government Sector Finance Act 2018* (GSF Act) to report on performance. This Act aims to promote and support sound financial management, budgeting, performance, financial risk management, transparency and accountability across the NSW Government. It also aims to facilitate the recording and sharing of performance information within the sector to inform resource allocation decisions.

Section 4.3 of the GSF Act outlines that NSW Budget Papers must include information on the performance and activities of Government Sector Finance agencies (agencies). The presentation of this information in the NSW Budget is determined by the Treasurer. Section 8.2 of the GSF Act also requires agencies to ensure that records are kept to properly explain the performance of agencies, which may be called on for resource allocation decisions. The Act defines performance as:

- the way the agency performs in administering or providing any programs for which the agency is responsible, and
- indicators about the way the agency performs its work (including in relation to any programs the agency administers or provides).

The NSW Government is also legislatively bound by Section 7 of the *Fiscal Responsibility Act 2012* (FRA Act) that outlines principles for sound financial management. Principle No. 2 of the FRA Act focuses on effective financial and asset management and emphasises the need for robust policies and processes for performance management and reporting.

Performance reporting is also embedded in policy instruments such as the budget process and formal policy directions such as *TD23-11 Annual reporting requirements*.

Through the budget process, the NSW Government considers a range of issues when making resource allocation decisions. These include:

- the state's revenue and economic position, including any impacts arising from the Australian Government Budget
- parameter and technical adjustments to current policies
- new policy proposals that align with the NSW Government's priorities and outcome objectives.

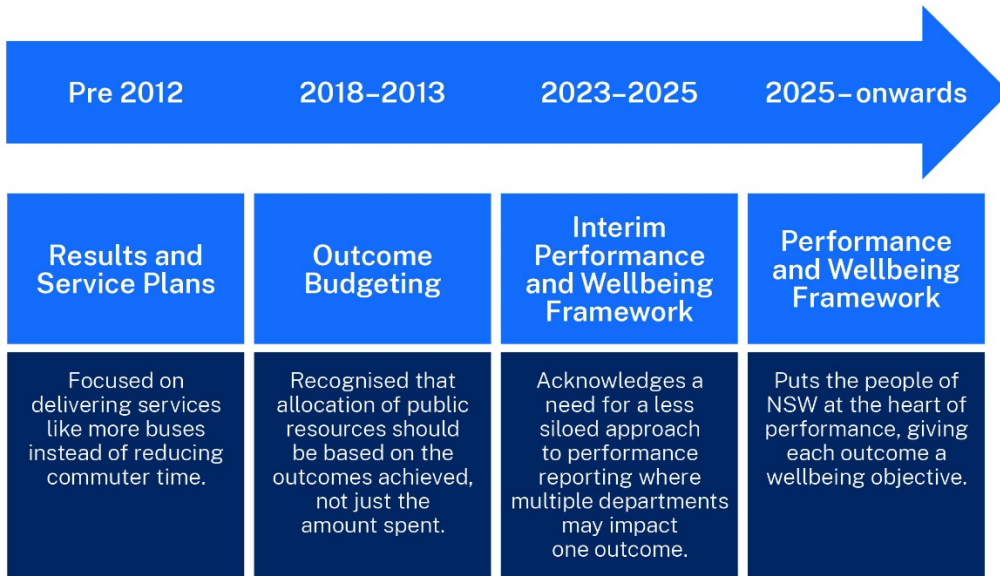
Decisions on changes to new or existing policies also consider the performance of ongoing policies, service levels and evidence of program effectiveness.

### 2.1 An evolution of performance reporting frameworks

Over time, the NSW Government has refined its whole-of-government performance reporting frameworks.

Figure 1 illustrates this evolution across various NSW Budgets, highlighting improvements made possible through better data capabilities and IT systems, as well as evolving community views on the outcomes that government services and programs deliver.

Figure 1: NSW Government performance reporting frameworks over time<sup>1</sup>

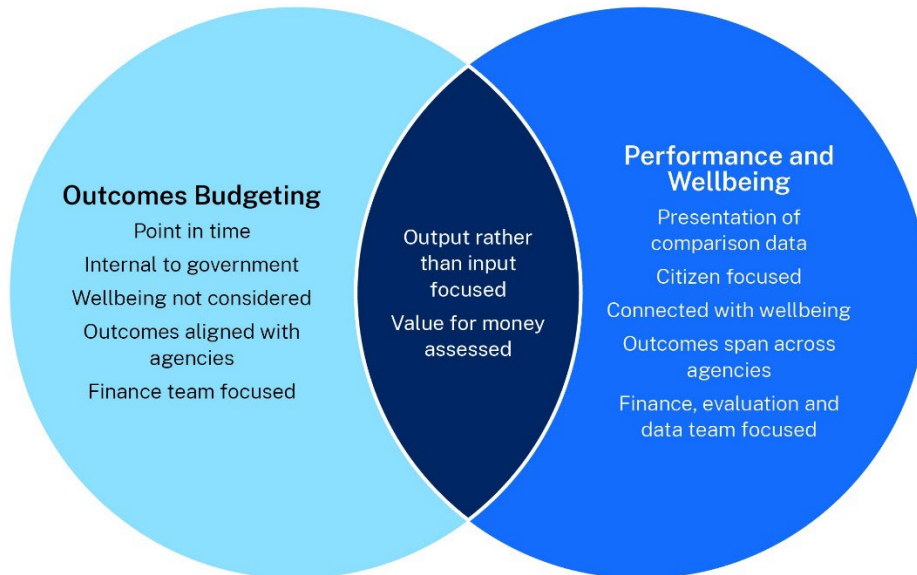


The NSW Government is developing a Performance and Wellbeing Framework, designed to benchmark service delivery against desired outcomes and track the overall quality of life of the people of New South Wales.

This Framework will support prioritisation of NSW Government programs and ensure accountability for achieving their desired outcomes. It will replace the Outcome Budgeting Framework. Figure 2 illustrates the similarities and differences between the Performance and Wellbeing and Outcome Budgeting Frameworks.

For more information on the differences between the two frameworks see Appendix A.

Figure 2: Differences and similarities between Outcome Budgeting and Performance and Wellbeing Frameworks



By expanding beyond traditional measures of progress, such as Gross Domestic Product, to consider a broader range of indicators, we can better understand the impact of policy and resourcing decisions. Better information serves our community by supporting more effective allocation of our collective resources, thereby improving our wellbeing.

<sup>1</sup> There was no formal reporting framework between 2012 and 2018 (between the archiving of Result and Services Plans and the implementation of Outcome Budgeting).

Addressing complex social challenges take time. Sustained focus and evidence-based responses helps decision makers take the right steps to support a better future for all NSW residents.

### **Case study 1: Shifting from a service delivery approach to an outcome focused approach – Transport for NSW**

When Outcome Budgeting was announced, the sector transitioned its monitoring and reporting efforts from service delivery to outcomes. Transport for NSW undertook the task of integrating outcomes into strategy, business, asset and services planning, as well as budgeting, reporting on both financial and non-financial outcomes.

Previously, Transport for NSW had a focus on monitoring safety, punctuality, customer satisfaction and expenditure, for example. With the introduction of Outcome Budgeting, Transport for NSW was enabled to expand its view and understanding of its impact on the community in respect of economic activity, places for communities, active transport, and equity considerations.

The Performance and Wellbeing Framework continues this shift to outcomes-focused delivery but adds clearer objectives from the wellbeing themes and a stronger emphasis on equity. Transport for NSW started this work in 2018 and continues today. The shift toward embedding outcomes in decision-making can take time and effort but holds great potential for NSW residents.

## **2.2 Other jurisdictions approach to performance reporting**

Governments around the world, including in Australia, are increasingly looking to improve decision making by supplementing their performance reporting with measures of community wellbeing.

The Australian Government's Measuring What Matters Framework provided a starting point for the NSW Performance and Wellbeing Framework. Measuring What Matters tracks progress across five wellbeing themes. It is considered a living framework that will continue to evolve based on community feedback, new research, data enhancements, and changing community views. As the framework matures the Australian Government aims to embed it into decision-making processes.

The Australian Government's framework is, in turn, consistent with the Well-being Framework developed by the Organisation for Economic Co-operation and Development and the United Nations Sustainable Development Goals. These examples are summarised in Appendix A.

Internationally, jurisdictions such as New Zealand, Wales and Scotland have well established wellbeing frameworks to measure and report on progress toward improving community wellbeing. New Zealand and the United Kingdom (UK) have added wellbeing reporting requirements in legislation and started embedding wellbeing considerations in policy making. These governments also have cost benefit analysis guidelines as well as wellbeing appraisal and evaluation guidelines to supply policy analysts in the provision of their advice to government. For example, HM Treasury has issued 'Wellbeing Guidance for Appraisal: Supplementary Green Book Guidance', which explains how to measure and evaluate wellbeing throughout the policy-making process.

Within Australia, the ACT has also adopted a wellbeing framework and similar approaches are being developed and refined in the states. For example, Victoria has a public health and wellbeing outcomes framework that aligns with the Victorian public health and wellbeing plan. South Australia has a wellbeing index developed by an independent agency (Preventive Health SA) that aims to track wellbeing for the state.

The development of the NSW Framework will be guided by best practice and insights from other jurisdictions who have recognised that measuring performance and wellbeing can bring benefits to policy advice, resource allocation and service delivery.

## The economics of wellbeing

Policy makers are faced with the task of how best to allocate resources efficiently to maximise social welfare or wellbeing. This is one of the fundamental objectives of welfare economics. Traditionally, governments have used measures like GDP as a proxy for evaluating societal progress, and tools like cost benefit analysis to compare policy options. Both are valuable for understanding how society is tracking and how policy decisions are impacting welfare. While improvements in GDP are strongly correlated with improvements in wellbeing, the relationship breaks down after a certain point.<sup>2</sup> As New South Wales has an advanced economy well beyond this point, many welfare gains are in areas outside GDP.

Policy makers have an opportunity to broaden traditional measures and tools to make sure they are tracking what is important to the community and broader welfare considerations. A wellbeing approach emphasises a more comprehensive understanding of prosperity by considering factors that contribute to overall life satisfaction and happiness. While cost benefit analysis remains the key tool for assessing the welfare impacts of policy proposals, wellbeing frameworks can supplement traditional economic measures and tools.

Wellbeing frameworks take a holistic view of the community and can be an overarching approach guiding the insights we gain from traditional approaches, while still emphasising use of data and quantification. Welfare economics has explored the difficulty of synthesising diverse individual preferences into collective decisions. Arrow's Impossibility Theorem finds that delivering perfectly on complex trade-offs fully aligned with individual preferences cannot be achieved. People place different values on distinct aspects of wellbeing, such as health, housing, and sustainability. Integrating diverse preferences into one metric, or policy, will always involve conflicts and trade-offs. Policies improving one area might harm another, confounding overall optimisation.

A wellbeing framework acknowledges this reality but shining light on how government decisions impact areas of wellbeing. It can support decision makers with quality information and give timely feedback on how a decision made in one domain can lead to unintended consequence in another.

Wellbeing frameworks are also useful for making distributional impacts more explicit. For example, wellbeing approaches can help us to take a longer-term, intergenerational view on equity, by drawing attention to trade-offs between current and future wellbeing. Wellbeing frameworks also support cost-benefit analysis with better data and evidence to improve estimates of the extent to which proposals are welfare enhancing.

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<sup>2</sup> These concepts are explored in the "Report by the Commission on the Measurement of Economic Performance and Social Progress," Stiglitz J., Sen A., Fitoussi J.

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## 3 The proposed NSW Performance and Wellbeing Framework

The NSW Government intends to fully introduce the NSW Performance and Wellbeing Framework in the 2025-26 Budget. The Framework will track impact on government outcomes and guide the measurement of our wellbeing. It will also strengthen our understanding of the connection between government policies, programs, and the results and impacts achieved.

This will be done transparently to build public trust and to keep the NSW Government accountable for its policy and resource allocation agenda. Once implemented, the Framework will:

- articulate how government performance drives outcomes
- strengthen performance reporting to improve accountability and transparency
- improve the quality of data insights that inform government decision-making
- encourage cross-agency collaboration and strategic planning to deliver improved outcomes.

The Framework will aim to better align strategic planning, budgeting, and performance management across government. Performance indicators will highlight the relationships between government service delivery, NSW Outcomes and community wellbeing themes. The Framework will present relevant and accessible performance information that provides context; both in terms of past performance, and comparable jurisdictions.

To foster whole-of-government collaboration in delivering outcomes, the new Framework explicitly recognises cross-agency activity. NSW Outcomes will not necessarily be owned by one agency. Instead, it recognises the reality that agencies can contribute to multiple outcomes, with outcomes shared by several agencies.

The new Framework will differ to previous performance frameworks in that its development will be informed by the public. The NSW Government is consulting now until late 2024 to gather feedback on the proposed Framework. Recommendations from this inquiry will be used to inform the development of the framework.

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### 3.1 Framework structure

Figure 3 illustrates the conceptual basis for the proposed Performance and Wellbeing Framework, which is built on two tiers:

- Wellbeing themes
- NSW Outcomes

These two tiers are supported by government programs and policies. Sitting at the top, the wellbeing themes are the pillars that support the wellbeing of NSW people and communities. NSW Outcomes come next as they help track the State's progress across various domains.

Figure 3: Performance and Wellbeing Framework Structure



There are eight wellbeing themes proposed in the Framework. These are Healthy, Skilled, Prosperous, Housed, Secure, Community, Connected and Sustainable. For example, 'Healthy' could mean that people are healthy throughout life; have equitable access to quality health and care services; and have good physical and mental health.

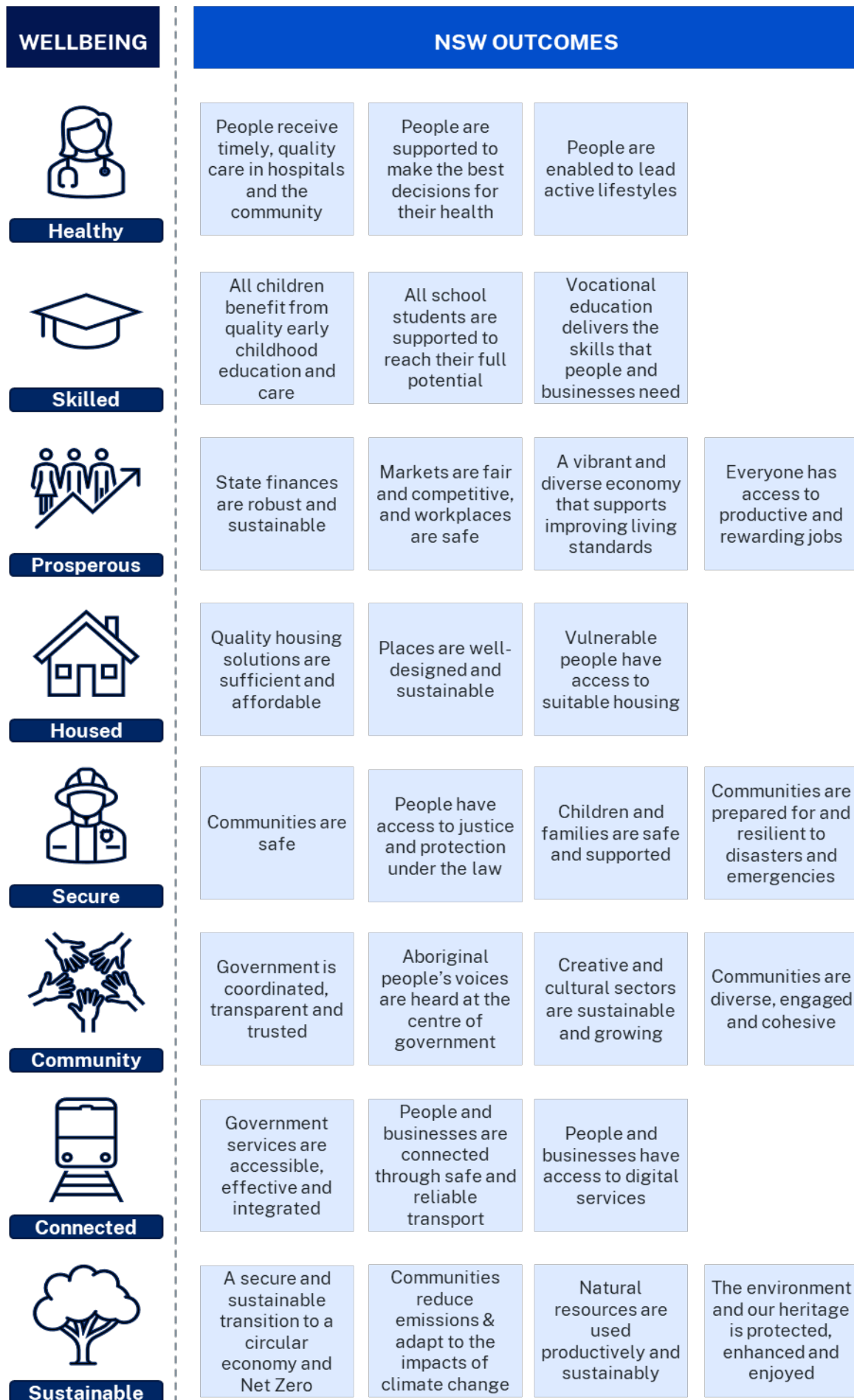
Progress towards wellbeing themes will be measured by wellbeing metrics. These are intended to keep track of changes in our quality of life across each of the eight wellbeing themes. These are high level, whole of society metrics, such as life expectancy and gross state product per capita.

There are 28 proposed NSW Outcomes covering general government sector government activities and services. Each wellbeing theme has three, or four, NSW Outcomes set against it. Progress towards outcomes will, over time, support improvement in wellbeing themes across the eight themes as illustrated in Figure 4.

Each outcome is measured with performance indicators, which describe the performance of services and programs under that outcome. The Framework will use a refreshed, strategic and targeted set of performance indicators to improve indicator quality compared to previous frameworks. The previous Outcome Budgeting Framework, for example, included around 40 outcomes, over 250 outcome indicators and over 700 program performance measures. A more focused set of indicators will improve alignment between performance reporting and strategic decision making through business planning and budget processes.



Figure 4: The proposed NSW Performance and Wellbeing Framework





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## 3.2 Selection of indicators

Wellbeing metrics and performance indicators will be selected based on the following criteria:

- **Purposeful** – relevant to policy and service delivery priorities.
- **Comparable** – defined and measured consistently to enable comparisons with both past performance and other jurisdictions.
- **Timely** – data is available in a timely manner.
- **Relatable** – easy to understand based on the experiences of NSW residents.
- **Measurable** – can be measured.

Indicators selected on these criteria are more likely to be suitable for reporting progress and informing policy decisions. NSW Outcomes, wellbeing themes and performance indicators are not ranked.

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## 3.3 Embedding equity, inclusion and fairness

Equity, inclusion and fairness are cross-cutting objectives that are relevant to all wellbeing themes. As a general principle, proposed wellbeing metrics and performance indicators will cover the largest possible proportion of the NSW population. This will help us understand how we are faring at a whole of society level. Such macro indicators can, however, mask differences in outcomes for different groups in society.

A strength of the new Framework is being able to use disaggregated data to compare the experiences of different groups in society. Where such differences are significant and raise issues, this will be drawn out through the presentation of information for different groups, where available. For example, the indicator ‘proportion of NSW population over 15 who experienced personal crime’ covers the entire NSW population over 15, which could be broken down by age or gender. Where the measure disproportionately affects a particular group, more detailed information can highlight this.

Similarly, ‘customer satisfaction with NSW Government services’ covers the entire NSW population but can also be tracked by different population groups including First Nations, regional, people with disability and age.

First Nations communities are considered specifically within the Framework with performance indicators for the NSW Outcome ‘Aboriginal people’s voices are heard at the centre of government’. Having a First Nations specific NSW Outcome recognises both the unique historical context of First Nations people and the NSW Government’s formal Closing the Gap Partnership Agreement.

## **Integrating government regulators within the Performance and Wellbeing Framework**

NSW Government regulators, such as SafeWork NSW, NSW Education Standard Authority, Liquor and Gaming NSW and the Reconstruction Authority, play a crucial role in ensuring the safety and prosperity of businesses, institutions, and citizens. The Framework is designed to work for service delivery agencies and regulators.

Stakeholder feedback suggests that the role of regulators within the NSW Outcomes and wellbeing themes is not always clear. Regulation should have a clear objective and measurable outcome, with active monitoring of progress. This thinking can support the wellbeing of NSW citizens and prevents unnecessary regulation.

A strong performance framework for regulators will:

- Identify and articulate the specific objectives and outcomes regulations aim to achieve
- Implement robust monitoring and reporting systems to track the impact of regulatory activities
- Encourage engagement with key stakeholders, such as data owners.

SafeWork NSW provides an example of a regulator that seeks to collaborate with stakeholders and actively monitor its objectives and outcomes. They collect internal data on expenditure and gather information from stakeholders regarding workplace fatalities, injuries, and illnesses. Analysing this information SafeWork NSW gain insights into how their activities impact workplace safety and help stakeholders create safe workplaces.

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# 4 Driving performance across the NSW Government sector

## 4.1 Integrated performance and investment frameworks to inform resource allocation and improve outcomes

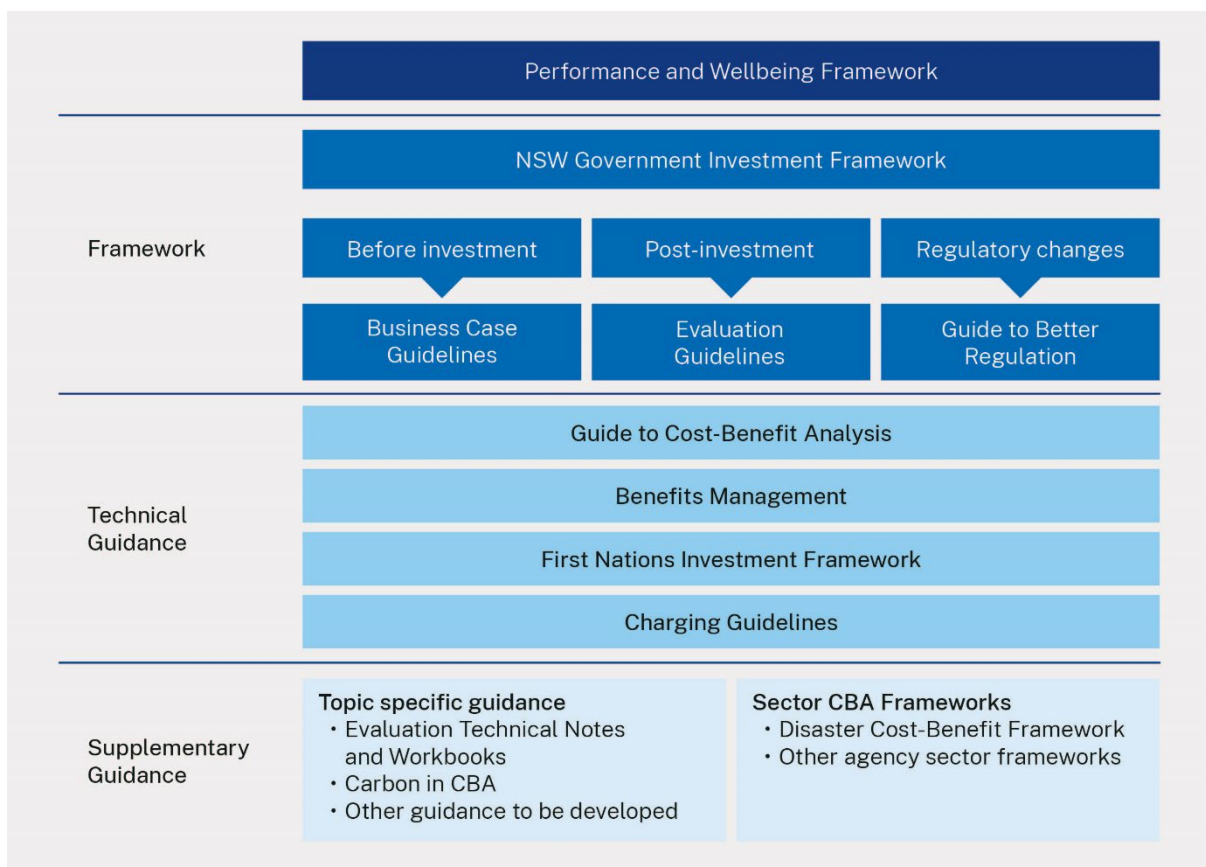
The NSW Government is responsible for delivering essential services that impact on people’s quality of life. Accomplishing these tasks requires substantial funding. In 2023-24, general government sector expenses were \$120.5 billion.

Driving sector performance is integral in ensuring that these services are improving wellbeing outcomes and represent value for money. The Government uses performance frameworks, investment frameworks and technical guidance papers to set the strategic objectives of government, promote transparent reporting and guide evidence-based decision-making. How these frameworks and guidelines interact is illustrated in Figure 5.

The Performance and Wellbeing Framework will overlay the NSW Government Investment Framework and technical guidance papers. Use of these frameworks ensure an evidenced based approach when assessing new policy proposals, through the budget process. They also align strategic planning, performance reporting and evaluation.

The scope of the Performance and Wellbeing Framework is intended to cover recurrent government expenses (including business as usual and core services and programs) as well as incremental investment decisions.

Figure 5: Investment and performance frameworks



The Performance and Wellbeing Framework will be the overarching framework outlining the objectives and performance metrics of government. This will enable agencies make informed decisions when developing and proposing new policy proposals during the budget process.

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## 4.2 Agency annual reporting and business planning

Agency annual reporting and business planning are essential components of the functioning of government. They support accountability and transparency and enable strategic delivery on the priorities of the government of the day. This section outlines how an NSW Government performance and wellbeing framework will be an important part of annual reporting and business planning process.

### Agency reporting

As of 1 July 2024, agencies are required to undertake annual reporting through the Treasurer's Direction *TD23-11 Annual reporting requirements*. Annual reports are an important way in which agencies demonstrate accountability and provide transparency to parliament and the community for the way public resources have been applied. They help inform resource decisions and provide a record of the past.

Agency annual reports must include an overview of the agency's strategy, operations and performance, management and accountability, sustainability and financial performance. Regarding agency performance reporting obligations, this should include outlining what has been delivered, qualitative and quantitative performance showing efficiency and effectiveness, performance or strategy reviews undertaken, improvement plans and major issues that have arisen that year.

Having a whole of sector performance and wellbeing framework enables agencies go beyond simply reporting their performance against the agency's strategic objectives set out in their corporate plan. It supports the alignment of agency outcome objectives with broader, whole of sector priorities, incentivising cross-sector collaboration strengthening capacity to deliver on whole-of-government priorities.

Agencies will also be required, as part of the Performance and Wellbeing Framework, to report regularly to government on their performance. This regular reporting will be an important aspect in managing agency performance and delivery, but also in building the evidence necessary to inform policy and resource allocation decisions.

### Agency business planning

Agency business planning involves setting long-term objectives that align the agency's activities with government priorities. This process includes internal resource allocation, performance metrics, and regular reviews to ensure effective execution and accountability. To be successful, it requires quality data collection, governance and stewardship of service delivery responsibilities.

While each agency has its own approach to business planning, a consistent element across all agencies is the alignment of plans with the priorities and desired outcomes set by government. A whole-of-government performance framework that articulates strategic objectives and are linked to a vision, which agency business plans can align to, enables the effective cascading of desired government outcomes to agency plans.

The Performance and Wellbeing Framework will provide a clear but flexible structure that business plans can align with, complementing existing business planning approaches and minimising additional administrative burden for agencies. For example, an agency could use the Performance and Wellbeing Framework in their program design that links to their business plan. Or they could place wellbeing at the centre of agency planning.

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## 5 Data matters for performance reporting and driving wellbeing outcomes

Quality data is crucial to the success of the Framework. Data underpins the indicators used to track government performance and monitor wellbeing. Data needs to be meaningful and trustworthy, and indicators should be reflective of people's lived experiences. Poor quality data has the potential to mislead rather than inform.

Similarly, data gaps create blind spots in our understanding of important aspects of people's quality of life. Consideration of the indicator selection criteria in Section 3.2 ensures that quality data is used and that indicators can be trusted.

Data quality does not happen on its own. Active data management and continuous data improvement is necessary to keep up with rapidly growing expectations on how NSW Government uses, manages, and shares data. Having the right data available at the right time for the performance reporting can be challenging; time and resources are necessary to develop robust data sources and processes across government. However, this will mitigate the risk of siloed approaches, avoiding duplication and enable linking of related datasets.

There are also data challenges inherent in a performance and wellbeing approach. Wellbeing is notoriously difficult to measure, with available indicators not directly relating to intended outcomes. Additionally, rapidly changing community behaviours, or expectations, may not be captured by existing data collections and indicators may not be able to fully capture all aspects, or components, of an outcome.

NSW Government is well placed to meet these challenges. We already have significant data sources and management frameworks used for effective reporting. Further, in recognising the importance of data for the framework, we can harness the growing data capabilities across government to make sure indicators continue to be robust, meaningful, and trustworthy.

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### 5.1 How NSW Government collects data

NSW Government agencies collect and use extensive amounts of data for a variety of purposes, including performance reporting, but significant administrative data collection also occurs as part of everyday operations across NSW Government. This is in line with stringent privacy and security controls. For instance, NSW Health collects data across the whole health system through well-established processes, with the majority being a byproduct of clinical care provision. Another example of data collection is via the administration of grants; agencies often collate data from organisations receiving grants.

The NSW Government also collects some data separately to services and programs, such as through surveys, or purchasing specific data collections, as well as drawing on national data and statistical sources, such as those generated through the Australian Bureau of Statistics (ABS) and the Australian Institute of Health and Welfare (AIHW).

Increasingly, all governments can access linked data capabilities, which are created when data about service use and outcomes collected across different agencies and/or jurisdictions is linked together in a way that de-identifies the individuals that the source data related to, preserving privacy. This kind of linked data can show patterns of use of services and outcomes that could not otherwise be clearly seen.

Data collected for operational purposes can often be used for reporting and generating insights. In some instances, this kind of data – known as administrative data – can be used to generate insights that also draw on other sources, such as ABS statistics. Regardless of whether a single or multiple sources of data are used, for meaningful reporting and analysis, we need to be able to trust the quality of the underlying information. NSW Government recognises the importance of data quality and is committed to continually improving data collection, management, and analysis practices. This includes alignment of data collection and management with national and international standards,

development of clear metadata, increasing access to open and shared data, and broader strategic planning, as through the NSW Data Strategy<sup>3</sup> described in Section 5.4.

Most of the effort to improve the quality of data occurs within agencies, and sometimes within the organisations that agencies collect data from. For example, Create NSW has simplified data collection practices using clear guidance, improved processes and capability building with organisations involved in grants funding. The case study below, from the NSW Department of Education, illustrates an agency-wide approach to improving data quality across data collections.

### Case Study 2: NSW Department of Education

Improving access to high-quality data is a key pillar of the NSW Department of Education's data strategy. Key initiatives include:

- Reviewing and updating of the department's data quality framework
- Developing a data quality rubric and templates for data quality statements
- Trialling and refining processes for data quality deep dives.

This focus on data quality aligns with inter-jurisdictional data standards for national data collection. The department's data team conducts thorough anomaly checks on 13 priority datasets, including:

- the NSW contributions to the National Schools Statistics Collection,
- the National Consistent Collection of Data on School Students with Disability and
- the National Early Childhood Education and Care Collection.

Improvements to data collections are made each year as better processes are identified or become available.

Schools are also continually improving data quality, including by correcting data at source rather than through the departments' data collection website. This ensures the data collected and published is more accurate and consistent.

## 5.2 Quality data is necessary, but not sufficient for effective performance reporting

While NSW Government collects and securely manages extensive administrative data, and draws on other data sources, further efforts are needed to:

- find and select the appropriate data source
- process the data so that it is reliable for analysis
- develop quality indicators for monitoring performance of NSW Outcomes and how they impact on wellbeing.

Significant progress has already been made in developing robust, public-facing indicators for various purposes, including agency-level performance reporting and national and international reporting frameworks. This significant existing data work will be leveraged to meet the data needs of the NSW Performance and Wellbeing Framework.

With the increasing quality of data collection, the advent of new data and digital capabilities, and improved accessibility of NSW Government and national data, it is imperative that the Framework uses the best possible indicators to report on the performance of NSW government services. To do so, requires taking a data development approach to the Framework. This is an approach that

<sup>3</sup> <https://data.nsw.gov.au/nsw-government-data-strategy>



assumes that NSW Government should revise its way of measuring indicators periodically to take advantage of emerging data collections and capabilities, as well as proactively identifying how to improve the data collections and capabilities NSW agencies have access to, so as to better measure indicators over time.

### Case Study 3: The NSW Bureau of Crime Statistics and Research

The NSW Bureau of Crime Statistics and Research (BOCSAR) is a statistical and research agency within DCJ. BOCSAR processes data from primary data custodians such as NSW Police, Courts, and Corrective Services to generate a wide range of Criminal Justice System insights. This includes rich data on crime incidents, victim and offender characteristics, court outcomes, custodial episodes, and domestic and family violence (DFV).

BOCSAR does not capture any data directly. Instead, regular data transfers from primary data custodians, including NSW Police, Courts, and Corrective Services are received. These transfers are typically extracts from administrative systems. Once BOCSAR receives these data extracts, it processes the information to ensure it is suitable for reporting, analysis, and research purposes. This involves data validation, cleaning and adding new derived data items to maintain accuracy and consistency across datasets and significantly improve their value.

Data profiling, testing and metadata management are key activities undertaken to curate clear, meaningful, and reliable data to be used downstream. For example, BOCSAR analyses trends in domestic violence incidents across different regions, evaluates recidivism rates among repeat offenders, and examines sentencing patterns for various offenses. These insights help to identify crime hotspots, assess the impact of policy changes, and support policy evaluation, strategic planning, and resource allocation within the criminal justice system. BOCSAR's data enables stakeholders to make informed decisions aimed at improving public safety and justice outcomes.

## 5.3 Data development – Improving quality and capability

Data development is the process of improving data design, collection, and use to achieve an identified business objective. When we consider the data requirements for a policy or program and put plans in place to improve data collection or analysis, we are taking a data development approach. For example, consideration of a data collection framework during project design within *TPG 22-22 NSW Evaluation Policy and Guidelines* is taking a data development approach to evaluation. A data development approach can also be taken on a broader scale than a given business objective or project, for example when agencies work together to create new data capabilities that can be used for multiple purposes, including measuring outcomes.

Taking a data development approach is common practice. It is regularly and deliberately built into data strategies, reporting frameworks and investment plans.<sup>4</sup> Taking a data development approach helps us to make sure we are using the right data to measure performance against NSW Outcomes, and helps increase opportunities for trust, in articulating the quality of source data, how we are using it appropriately, and importantly, how we are improving into the future.

Improving the quality of data on which outcome indicators are based may mean developing one or more dimensions of an indicator's data quality in line with the indicator selection criteria in Section 3.2, or changing the indicator to take advantage of new or different data sources or capabilities.

How NSW Government implements the data development approach will be outlined in a Data Development Plan as part of the development of the Framework. Current areas of focus for data development in the Framework include increasing our ability to understand performance in different places within New South Wales, or between different groups in the population.

<sup>4</sup> For example see Appendix A to *Measuring What Matters*, Australia's Disability Strategy 2021 – 2031 - Data Improvement Plan ([disabilitygateway.gov.au](https://disabilitygateway.gov.au)), the data development plan for the National Agreement on Closing the Gap, or the New Zealand Government Data Investment Plan.

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## 5.4 Opportunities for cross-sector collaboration

Taking a data development approach opens new opportunities for a 'joined up' approach to tracking NSW Government performance. A key opportunity being investigated for the Framework is cross sector reporting opportunities, where inputs, or programs, in one agency are interdependent with, or best measured by, data provided from a different agency.

An example is the Brighter Beginnings program, which is aimed to improve outcomes in early childhood and involves multiple agencies.<sup>5</sup> Data development activities may include aligning methodologies between agencies, or with established standards, to enable data to be more easily compared or joined. Data development activities can also involve determining the value of opportunities for performance reporting where cross sector data is being linked to enable deeper policy relevant insights, such as has been achieved with the Human Services Dataset<sup>6</sup>.

As NSW Outcomes are not always owned by a single agency, data dependencies that may have previously been a source of delay or contention are instead being recognised as part of the collaborative delivery of programs to improve wellbeing. Doing so acknowledges and values the mutual interdependence of government agencies. There is support for growing cross sectoral approaches to performance reporting across NSW Government.

Cross sector approaches to data development are co-ordinated through the NSW Data Leadership Group. The NSW Data Leadership Group was formed as part of the NSW Data Strategy (2021). It is comprised of Chief Data Officers from across NSW Government. The NSW Data Leadership Group drives collective decisions on the data capability and policy settings. The overall objective of the NSW Data Leadership Group is to strategically lead a whole-of-government approach to advance the way the government uses and shares data to deliver better community outcomes.

Released in April 2021, the NSW Data Strategy sets a collaborative, coordinated, consistent and safe approach to using and sharing data and insights across government to inform decisions and actions to achieve the best possible outcomes. The NSW Data Strategy was originally developed to align the growing data maturity of NSW Government with the Outcome Budgeting Framework. It is currently under review by the Department of Customer Service, which is considering the data development approach, and how existing governance and controls can better align to more contemporary performance reporting requirements.

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<sup>5</sup> <https://www.health.nsw.gov.au/kidsfamilies/programs/Factsheets/brighter-beginnings.pdf>

<sup>6</sup> <https://dcj.nsw.gov.au/about-us/facsiar/human-services-dataset-hsds.html>

#### **Case Study 4: Cross-sector collaboration at the Rural Fire Service and National Parks and Wildlife Service**

In New South Wales, a coordinated approach to bushfire management across agencies and tenures has enormous benefit for the communities across the State. Bushfire Management Committees are made up of a range of stakeholders including land and emergency managers and community organisations that represent the local area. Each committee develops a Bushfire Risk Management Plans using local expertise, experience and knowledge working together to deliver better bushfire management outcomes for their communities.

Through data sharing and cross-sector collaboration, the Rural Fire Service's Risk Planning Team and the National Parks and Wildlife Service Bushfire Risk and Evaluation Unit developed a new risk assessment methodology to produce quantitative bushfire risk data for the Bushfire Risk Management Plans. The methodology quantifies the bushfire risk using fire simulation modelling and impact models to determine likelihood of fire spread and potential exposure of assets. The methodology addresses risk to human settlement, economic, environmental and cultural assets. The risk maps assist the agencies involved in developing the plan to determine the best strategies to reduce the risk from bushfires.

The new process is based on the best possible fire behaviour science, provides a scalable and consistent model across New South Wales and will enable better evaluation of treatment effectiveness over time.

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## Appendix A: How the Performance and Wellbeing Framework will incorporate lessons learnt from Outcome Budgeting

The Performance and Wellbeing Framework (the Framework) builds on the lessons from Outcome Budgeting, as well as domestic and international experiences in implementing wellbeing frameworks. This appendix provides an overview of outcome budgeting and highlights some lessons learned for the implementation of the Framework.

Outcome Budgeting was introduced in the 2017-18 Budget, with an objective to improve resource allocation by shifting focus on incremental funding to base program funding. Outcome indicators were introduced to track progress in achieving a state outcome. Prior to this framework, performance reporting focused on program budgeting, results and services plans, and standalone departmental performance reviews and evaluations.

The introduction of Outcome Budgeting was supported by legislation, systems change and re-thinking the use of performance information to inform the policy lifecycle. Reporting on performance was embedded into legislation through the *Government Sector Finance Act 2018*. The NSW Government introduced technology platforms that enabled both financial and performance information to be collected systematically. Reporting on state finances became more outcomes focused and included the reporting of outcome indicators, which linked the performance of program activities to achievement of outcomes. Capability was built across the sector to support implementation.

Regular performance reporting to government was a feature of Outcome Budgeting. The amount of performance information required was large and at times administratively burdensome on agencies. For example, over 250 outcomes indicators and over 700 program indicators were reported on across government.

Balancing the importance of performance reporting with the administrative effort required by agencies has been a key learning for the introduction of the Performance and Wellbeing Framework. Choosing focused, relevant and meaningful performance information for government will better inform decision making.

Outcome Budgeting encouraged agencies to work together to deliver good outcomes. The Performance and Wellbeing Framework, however, takes this a step further in recognising that cross-agency collaboration is needed to achieve outcomes. We have also learned that data reliability and accessibility matter. In selecting high-quality performance indicators, high-quality data must also be available. If not, gaps in data capability should be addressed.

Community consultation has also been a focus for the implementation of the Performance and Wellbeing Framework. The NSW Government would like to ensure that the community is provided the opportunity to inform what matters most when it comes to performance and wellbeing. This has been a learning from the implementation of Outcome Budgeting, with the intention that performance reporting remains relevant and meaningful to the public, and at the forefront in maintaining transparency and keeping the government accountable.

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## Appendix B: How other jurisdictions report on wellbeing and performance

Increasingly, governments are acknowledging the importance of embedding wellbeing considerations into their decision-making process.

This appendix provides an overview of wellbeing frameworks adopted in various international and sub-national jurisdictions and examines the extent to which these frameworks are embedded in government policy and decision-making.

International and sub-national jurisdictions have introduced wellbeing frameworks to integrate wellbeing considerations into policy- and decision-making processes. Most jurisdictions have established reporting mechanisms to measure progress against wellbeing and performance indicators. The degree of integration with existing policies and practices varies, with some jurisdictions more advanced.

Global initiatives provide blueprints for developing government wellbeing frameworks in many countries, including Australia. Two notable examples are the UN Sustainable Development Goals and the OECD Better Life Index.

- The UN Sustainable Development Goals (SDGs): Adopted by all UN Member States in 2015, the seventeen SDGs aim to improve outcomes in areas such as health, environment and equity on a global scale. The SDGs provide a comprehensive framework for progress in wellbeing across various dimensions.
- The OECD Better Life Index measures wellbeing in OECD countries and four partner countries, based on eleven topics identified as essential areas in assessing a country's material living conditions and quality of life. These topics include housing, income, jobs, community, education, environment, governance, health, life satisfaction, safety, and work-life balance.

Table B.1 provides an overview of how wellbeing frameworks have been implemented internationally and in Australia.

Table B.1 Overview of how domestic and international jurisdictions have embedded their wellbeing frameworks

Jurisdiction	Framework	Is it referenced in legislation or constitution?	Is it included in government guidance documents/policy processes/other frameworks?	Is it reported/referenced in budget papers?	Transparent reporting in public domain?	Number of wellbeing themes <sup>7</sup>	Number of indicators <sup>8</sup>
Bhutan	Gross National Happiness Index (GNH Index)	✓	✓	?	?	9	30-40
Canada	Quality of Life Framework for Canada	? <sup>9</sup>	?	✓	✓	5	80-90
Germany	Wellbeing in Germany – what matters to us	✗	?	✗	✓	12	40-50
Ireland	A Well-being Framework for Ireland	✗	✓	✓	✓	11	30-40
New Zealand	Living Standards Framework	✓	✓	✓	✓	12	60-70
Scotland	National Performance Framework	✓	✓	✓	✓	11	80-90
UK	UK Measures of National Well-being	✓	✓	?	✓	10	50-60
Wales	Wellbeing of Wales	✓	✓	✓ Separate report published	✓	7	50-60
Australia	Measuring What Matters	✗	✗	✓ Standalone report published	✓	5	50-60
Australian Capital Territory	ACT Wellbeing Framework	✗	✓	✓	✓	12	50-60
Victoria	Victorian Public Health and Wellbeing Outcomes Framework	✗	✓	✗	✓	5	20-30
South Australia	Wellbeing Index for South Australia	✗	✓	✗	✓	4	30-40
Tasmania	Child and Youth Wellbeing Framework	✗	✓	✗	✗	6	N/A
Western Australia	Wellbeing Monitoring Framework for Children and Young People	✓	✓	✗	✓	3	10-20

<sup>7</sup> May be subject to change.

<sup>8</sup> May be subject to change.

<sup>9</sup> Question mark indicates uncertainty (currently under development or data could not be confirmed on public sites).

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