

**Submission
No 36**

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

Organisation: Centre for Social Impact, University of New South Wales

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UNSW Centre for Social Impact welcomes the opportunity to respond to the inquiry into a framework for performance reporting and driving wellbeing outcomes in NSW. Since its establishment 16 years ago, the Centre for Social Impact at UNSW has a long-held reputation for rigorous and effective outcomes and social impact design and assessment. In recent years we have curated data for and published an Australian Social Progress Index at the state level, which we are currently working to bring down to a local level and adapt further for the Australian context.

Given the significance of this field, we are pleased to see this initiative to enhance the effectiveness of government services to improve wellbeing and the quality of life for all NSW residents. We particularly commend the focus on evidence-based program effectiveness (item 1.a. ii) and the exploration of quality of life and well-being measurements (item 1.b.iii). The importance of improving the quality of performance information (item 1.b.i) in the pursuit of better-informed decision-making processes is significant. Our response to the inquiry will focus on these elements and draw on our recent research and expertise.

State of the field in well-being and social progress frameworks: Involving (potential) users

In our recent comprehensive review of publicly available measures and indices beyond GDP we found almost twenty different major publications and proposals. All these measures used different data and techniques adapted to their unique contexts, highlighting the importance of having a clearly defined purpose and conceptual basis for any performance measure. Based on CSI's extensive experience developing frameworks and measuring outcomes and social impact for all types of organisations, we emphasize the importance of adopting a collaborative and co-design approach in the establishment of these foundational features.

We believe that engaging with diverse stakeholders, including community representatives, subject matter experts, and service providers, is essential to developing meaningful and comprehensive measures that truly reflect the needs and aspirations of all NSW residents within flourishing natural environments. The quality of the consultation process will therefore determine the quality and representativeness of the metrics selected and the assumptions that go into building a model of wellbeing in the NSW context.

What information is collated and how it is considered as an indicator to assess wellbeing, and make decisions about improvements, changes, preservation, and conservation should be designed with the input of people in those communities. Forums for co-design should be deliberative and curated to include people with various speciality expertise and disciplinary backgrounds who engage in dialogue

and critical inquiry to ensure assumptions of metrics and modelling are broadly considered and robust.

There is also a need for transparency in the data used if the framework is to achieve trust and buy-in from the broader community. For the sake of external auditability all data used, including linked datasets, should be made available to journalists and researchers, and to the public in aggregated forms.

Data granularity, linkages, and new areas of data collection

State governments are uniquely positioned to see patterns of wellbeing and development across local jurisdictions. An effective wellbeing framework should enable policy and service design to reflect this unique position, through anticipation of potential spatial disparities in the distribution of costs and benefits associated with large scale transformations, shocks and disasters, such as those associated with climate change, including energy transitions and the preservation and restoration of natural habitats. To achieve this, it is vital that data is collected and analysed at as fine a spatial resolution as feasible, preferably not at above the SA2 level. This will allow Government to recognise and anticipate needs on the community level. In auditing the information and data sets currently publicly available we found substantial gaps in local-level coverage, with only around a third of the indicators we would need to meaningfully measure social progress having readily available data sources at a SA2 or LGA level.

Our review of available indicators also identified several areas key to wellbeing where no reliable data is regularly published, including minority representation in community leadership, exposure to environmental contaminants, and the availability and affordability of healthy food within communities. The Government is therefore likely to need to develop new data sources to properly address these aspects of wellbeing. There is also opportunity to consider how measures could be future oriented, considering signals of vulnerability in populations and environments.

It is equally important that existing data sources across different service portfolios are brought together, enabling the Government to carefully consider interdependencies and mitigate negative trade-offs between different policy areas. This will entail building an understanding, through community consultation, about how the people of NSW regard such trade-offs and how they should be made. This will also require improved linkages between Government data sources, as well as greater use of extant linked datasets such as the Department of Communities and Justice's Human Services Dataset.

Understanding performance beyond GDP: Emerging trends

Recognition that GDP does not adequately capture that which is most important to a society or economy – the wellbeing of its people – is as old as the measure itself (Kuznets 1934). As such, there is a long history of efforts to find alternatives to GDP in measuring economic performance. The

'Beyond GDP' movement began with Nordhaus and Tobin's Measure of Economic Welfare (1972) and has expanded over the decades to include a vast number of alternative frameworks, all with their own unique approaches to accounting for the environmental and social determinants of wellbeing. These include large-scale efforts backed by major international institutions, such as the Human Development Index and the OECD Better Life Index, as well as a significant number of smaller and more specialised efforts by NGOs (Non Government Organisations) or academic institutions, such as the Social Progress Index, the Genuine Progress Indicator, and the Happy Planet Index. Measures have also come from a broad range of theoretical backgrounds, including sociology, economics, and ecology, and have used a variety of approaches to presenting data, including dashboards, composite indices, and modifications to GDP expressed in dollar values. However, none of these alternatives have to date achieved the level of recognition given to GDP. They have not been able to offer the combination of simplicity, comparability, and ease of interpretation that has made GDP so successful (Hoekstra, 2019).

Case for composite indices and use of mixed data

Recent developments in the space of GDP alternatives have been driven by technical advancements in data availability and processing capacity. Accordingly, there has been a trend towards using a wider variety of data and more complex analysis techniques. The latter is especially the case for composite indices, which combine multiple forms of data into a single number. Historically, they have used arithmetic processes for aggregation, but doing so implicitly assumes that outcomes are substitutable and that their relative importance is independent of one another and their broader context (Gründler and Krieger, 2021).

In contrast, machine learning and factor analysis approaches are significantly more dynamic, and are capable of recognising interdependencies, complementarities, and trade-offs between factors, as well as taking account of potential non-linearities in these relationships. In addition, as data-driven methodologies, they overcome one of the key criticisms historically facing composite indices: namely, that the way in which they weight factors can be arbitrary. This has made the use of composite indices, which also benefit from simplicity in presentation and ease of comparison, a more appealing approach (Gründler and Krieger, 2021).

There has also been increased recognition within wellbeing research of the value of mixing quantitative data with qualitative data. Doing so can help researchers and policymakers to better understand how different groups of people interpret and respond to the concept of wellbeing (Camfield, 2016). However, it also comes with challenges, particularly around data analysis and presentation. A dashboard approach makes the compilation of different forms of data much easier, as they can be presented side-by-side without need for aggregation. However, dashboard approaches lack the simplicity of presentation and ease of comparison of composite indices.

Community engagement and capability development of users

Any information collected and assembled to inform performance of public service policy and design should be relevant to, understood by and able to be used by both the people who use that information to design support programs and those who use that information to make choices about their own

livelihoods today and in the future. Beyond engagement, we believe performance indicators and frameworks should be ongoingly co-designed and processes for local monitoring, appreciation, evaluation, and learning be designed into the implementation of performance systems.

Any framework should be designed to optimally measure the impact of Government policy on wellbeing as understood by the community, thus enabling the development of evidence-based and effective policies. This means balancing consistency over time, for the sake of comparability, with a capacity to respond dynamically to emerging needs and priorities. This again underlines the importance that frameworks are constructed from a community informed perspective which will make it possible to identify base line performance measures that remain consistent to ensure equitable fundamental rights and basic needs. While also allowing measures to emerge as communities and service providers encounter needs in their local contexts. Communities and environments are dynamic, so too should be those outcomes frameworks that guide us to ensure we can anticipate and respond to futures unimagined in current planning cycles. There is a significant opportunity to work with communities on how they may both inform and use such frameworks for their local decision making, advocacy, and resource allocation. This is an important part of civic wealth creation (Bacq and Lumpkin, 2019).

The NSW State Government is well positioned to develop a successful as the custodian of significant population data sets. So long as the Government continues working alongside communities, universities, and organisations of all forms to ensure the design process is inclusive and the assessment methods are transparent, a NSW wellbeing framework can help to ensure state public services can work for the wellbeing of all.

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