

# Embedding Progress

How to align public institutions with a better future



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**Cpd** CENTRE  
FOR POLICY  
DEVELOPMENT

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CPD uses a distinctive Create-Connect-Convince method to influence government policy making.

We acknowledge and celebrate Australia's First Peoples.

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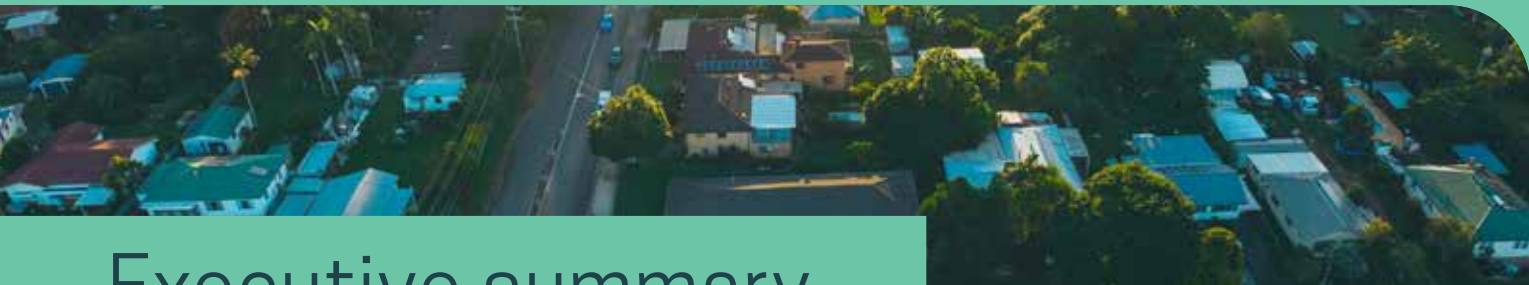
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# Executive summary

**All people want to know they can support themselves and their families, be healthy, connect to their community, build meaning and purpose, and have hopes for the future – this is what we take to mean ‘wellbeing’. Much of what we consider a ‘good life’ relies on responsible stewardship of the systems with which we interact – from our economy to our society to our natural environment.**

Governments across the world have acknowledged that the fundamental purpose of government is to improve the wellbeing of its people, and are taking steps to place wellbeing at the heart of policymaking. Taking a ‘wellbeing approach’ to government focuses on advancing wellbeing through decision-making that is holistic, long-term, prevention-focused, and inclusive.

Over two-thirds of OECD countries now have advanced wellbeing frameworks. With widespread attempts to embed a wellbeing approach or wellbeing ‘tools’ into government spanning back more than three decades, we have many examples of practice to learn from. While significant progress has been made in some jurisdictions, many other attempts have failed, or have only succeeded in bringing about marginal change. This report analyses the successes and failures of current and former initiatives and programs of reform from various jurisdictions, providing a blueprint for ensuring every policy, every regulation and every decision is aligned with better outcomes for people. It illustrates how this could look in practice within the Australian Commonwealth Government.

In this report we identify **six principles** for *how* to embed a wellbeing approach into government. We also lay out *what* governments need to do, highlighting several **components** that are common across successful past and current initiatives, as well as making practical **recommendations** for where governments can get started. As Figure 1

shows, these components and recommendations fall within three categories – those that relate to a big-picture vision that guides all government activity, those that are about the people and the internal culture of government, and those that speak to the resources and infrastructure required to support this transformational change.

In researching the strengths and weaknesses of past and current initiatives, we found that publicly available information tends to inadequately capture both challenges and success factors. For this reason, we combined desk research and in-depth discussions with people involved in the implementation and assessment of a broad range of initiatives to get honest appraisals of how they have worked. There were **six principles** common across all these conversations, outlining the ‘how’ of embedding a wellbeing approach (section 2):

- » Understand what you are working towards
- » Take a whole-of-government approach to interventions
- » Focus on the people who make up decision-making systems
- » Move beyond quantification
- » Design for useability
- » Invest in execution

Governments that adopt these principles will be more efficient, more effective, will reduce duplication and waste, and deliver better value for every dollar spent – all while improving the wellbeing of people.

We also identified several **components** that are common across successful attempts to embed a wellbeing approach in other jurisdictions. A government in which wellbeing is embedded will have departmental and ministerial **remits** aligned with shared big-picture **wellbeing goals** (section 3). The **incentives and accountabilities** of leaders and senior officials will be aligned with these goals; they will be judged (and rewarded) on their ability to

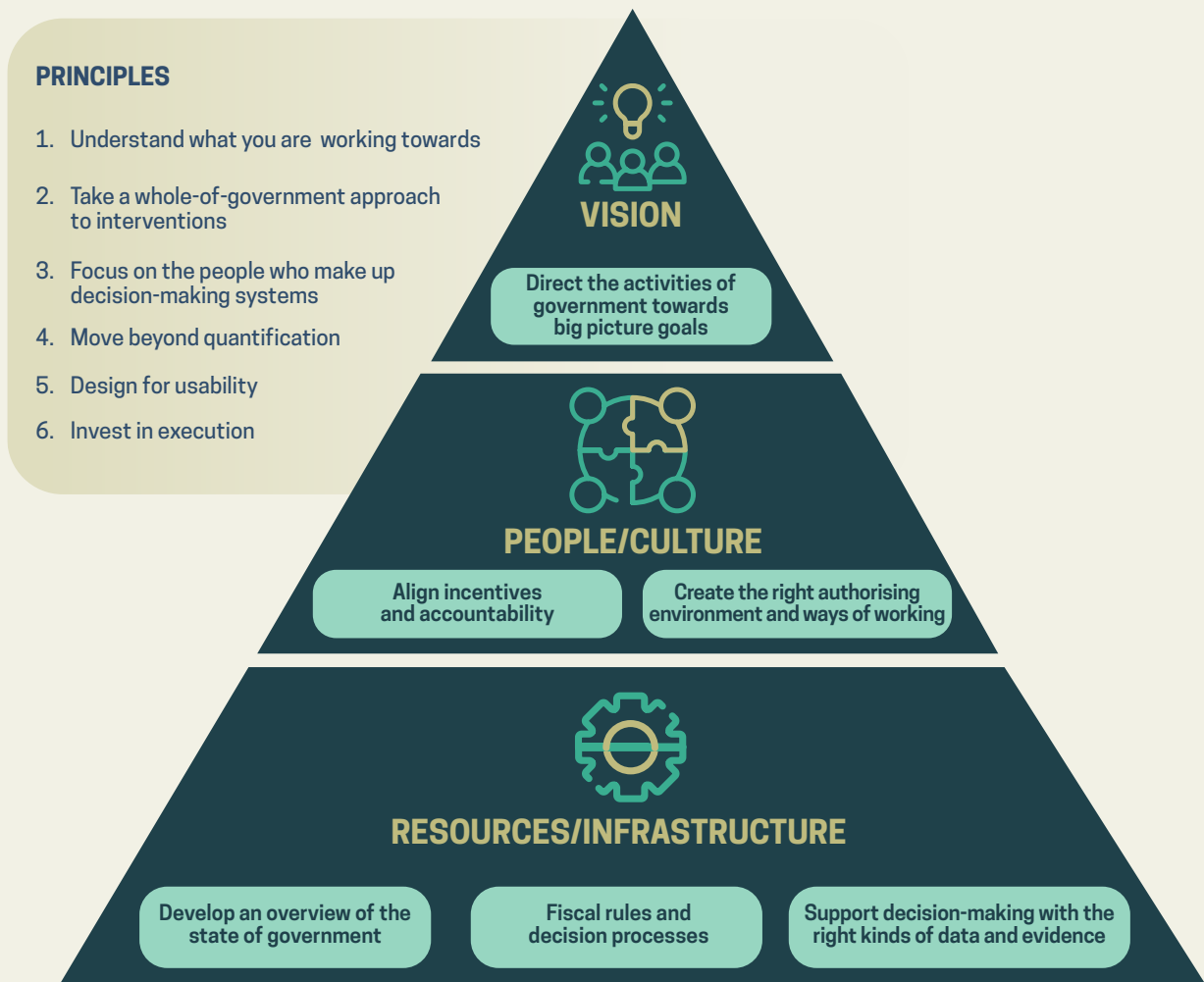


Figure 1: Principles and components of embedding a wellbeing approach into government

work towards them (section 4). Public servants will have an internal **culture** that encourages long-term and whole-of-government thinking, and will take analytical approaches that reflect the complexity of the government’s business (section 5). This will be supported by up-to-date **big-picture maps** of government activity and spending (section 6); formal **processes, costings, rules, and assessments** that drive decision-making (section 7); and **data and evidence** (section 8).

Each component can have a positive impact, but none are sufficient for transformational change on their own. Picking and choosing components risks undermining the effectiveness of the approach. Instead of treating them as separate, governments

can pursue all components as interconnected parts of a big-picture approach to government decision-making.

This report also sets out 13 ‘headline’ recommendations – under which sit practical actions that the Australian Government can take now to begin embedding a wellbeing approach into government decision-making.

Rather than tinker around the edges, these changes will alter the structure of governments to ensure every decision made is in the interests of the people they represent. While transformation will take time, the benefits are immense – more efficient use of public money, a more capable and effective government, and above all, better quality of life for people now and into the future.

# Recommendations

## Vision:

1. Set big-picture whole-of-government goals that articulate what national wellbeing and prosperity looks like
2. Embed whole-of-government wellbeing goals in the remits of relevant departments and ministers
3. Ensure the short- to medium-term objectives of all departments and government institutions are aligned with whole-of-government wellbeing goals

## People/culture:

4. Structure government scrutiny and accountability processes around whole-of-government goals
5. Build a set of 'ways of working', based on those found in a wellbeing approach (Box 1), that is shared and cultivated throughout government
6. Create more pathways for soliciting ideas from a broader pool of people, internally and externally, including junior staff

## Resources/infrastructure:

7. Develop maps of government activity to provide more robust and consistent analysis for new policy proposals
8. Develop budget tools to assess and categorise whole-of-government resource allocation rather than framing decisions around the incremental change in spending
9. Amend fiscal rules to allow for counting second round fiscal effects across multiple portfolios, where there is a robust evidence base for projected savings
10. Require that new policy proposals have a single overarching policy impact analysis that directly addresses how the policy affects whole-of-government goals
11. Establish an Institute for Fiscal Practice
12. Create a centralised record of where data and evidence is currently unavailable but is needed for fully informing decisions or for implementing valuable government tools
13. Require ex-post policy evaluation for all new policy proposals above a certain size, with a requirement to build insights into policy development

## Practical first steps for the Australian Government

While effective adoption of each headline recommendation will look different for each jurisdiction, throughout the report we provide practical illustrations of how the recommendations can be implemented in the Australian Government. The recommendations in this report range from those that could be actioned in the short term, to those that will take significant time, capability, capacity investment, and, in some cases, significant political will to embed. Several stand out as first steps for the Australian Government that could be implemented over the short to medium term:

### Recommendation 1:

**Set big-picture whole-of-government goals that articulate what national wellbeing and prosperity looks like**

The most effective way to set big-picture whole-of-government wellbeing goals for Australia that would give the greatest chance of longevity and broad public support is to hold a National Conversation on the Australia We Want for ourselves, our children and our grandchildren. A national conversation should involve multiple methods of engagement, from town hall meetings to kitchen table conversations and online surveys, over an extended period to determine what really matters to people across Australia. Rather than being run by government, successful national conversations are typically coordinated centrally, involving a broad network of organisations and groups to consult with communities. CPD has written on the details of what this could look like in Australia (Sollis et al, 2024). In many ways this is the most important first step for governments committed to the transformative structural change that effectively embedding a wellbeing approach requires.

### Recommendation 6:

**Create more pathways for soliciting ideas from a broader pool of people, internally and externally, including junior staff**

The Australian Public Service Commission (APSC) already has recommendations in place for increasing pathways for connecting a broader pool of ideas and insights throughout government. An important place to start is working to implement the APSC's recommendation that decisions should be made at the lowest appropriate level. Another valuable step would be the creation of an internal Australian Government wellbeing community of practice to provide an alternative avenue for staff in line agencies to explore ideas outside of their usual patch. This should include key staff and nominated representatives from all departments, with opportunities for the group to meet regularly with First Assistant Secretary or Deputy Secretary level representatives from the Treasury, the Departments of Finance, and Department of Prime Minister and Cabinet.

### Recommendation 9:

**Amend fiscal rules to allow for counting second round fiscal effects across multiple portfolios, where there is a robust evidence base for projected savings**

An existing example of a successful program which includes second round fiscal effects for some policies in formal costings is the Victorian Early Intervention Investment Framework. Following this model, a first step for the Australian Government would be to set up an 'Early Intervention Fund', or possibly draw on an existing fund such as the government's Commonwealth Outcomes Fund. Such a fund would finance programs that take a preventative or early intervention approach to reduce future costs for the government through contributing to a reduction in the need for government services. If these savings are rigorously estimated, tracked, and reinvested into the fund then this can serve as a 'proof of concept' for this approach with the intention of expanding this methodology. The Australian Government already has access to a number of data resources to support this pilot (see section 7). Longer-term, governments within Australia should look to pilot Commonwealth-State cross-jurisdictional agreements for savings offsetting for early intervention or prevention initiatives that deliver second round fiscal savings outside of the enacting department/government's jurisdiction (See Gaukroger and Phillips, 2024).



## **Recommendation 11:** **Establish an Institute for Fiscal Practice**

Establishing an Institute for Fiscal Practice is a medium-term step that could have significant impact on government practice across jurisdictions. The aim of such an Institute would be both to provide analysis of decision processes and fiscal rules from fiscal aggregates to social discount rates, and to provide best practice templates which can be adapted for use across governments. This would be most effective if engaged with by all levels of government in Australia. One possible place to sponsor or even locate such a body is the Budget and Financial Framework Advisory Committee – a network under Heads of Treasuries from Australia and New Zealand that already works to share best practice related to the budget and financial frameworks.



# 1. Introduction

**Significant change is required in governments and the economy if we are going to tackle the biggest challenges facing humanity and the natural world today. A wellbeing approach to government offers a critical roadmap for change, and across the world, at all levels of government, jurisdictions are working to adopt a wellbeing approach to decision-making and policy formation. This approach is driven by the objective of quality of life for all people, for current and future generations, that is pursued within planetary boundaries (Trebeck and Smith, 2024, Briefing 2: 1). A wellbeing approach to government focuses in particular on serving wellbeing through decision-making that is holistic, long-term, prevention-focused, and inclusive (Gaukroger et al, 2022).<sup>1</sup> However, so far, the actions of governments**

<sup>1</sup> For examples of works arguing for the merits of a wellbeing approach see Trebeck and Smith (2024), Boyce et al (2020), Goff (2024), and Siebert et al (2022). Wellbeing approaches are not the first 'new' approach to government – history is full of valuable approaches such as Health in All Policies (WHO, 2014; Kickbusch

**aiming to move towards such an approach have largely not brought about the scale, pace, or extent of change intended or needed (Trebeck, 2024).**

Whether taking a wellbeing approach will lead to real and positive change in the way governments operate depends not only on the tools that are adopted and changes made, but *how* these tools are used and changes implemented, and what countervailing forces are potentially undermining their impact. This report offers a view for those wanting to transform how government operates, with the best chance of success.

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& Buckett, 2010), Humble Government (Annala et al, 2020) and Design Thinking (Liedtka et al, 2017). Further, intellectual schools such as Doughnut Economics (Raworth, 2018) are being adopted by governments in jurisdictions such as Amsterdam, Copenhagen, Brussels and Dunedin. There are many overlaps between these approaches and a wellbeing approach, and we see them as complementary, working to achieve largely the same aims (Trebeck and Smith, 2024: Briefing 8).



## Criteria of success for wellbeing tools

Jurisdictions typically build a wellbeing focus into government by adopting governance and decision-making ‘tools’ (see appendix 1) such as legislated priorities, new metrics, participatory decision-making mechanisms, or wellbeing analysis.

There are cases where the adoption of a wellbeing approach or wellbeing tools has led to a widespread and attributable change in outcomes.<sup>2</sup> However our analysis used a different criteria for success. This is in part because most wellbeing government initiatives are relatively new, and the outcomes they aim for take a long time to manifest.

For these reasons, we will look at whether the adoption of a wellbeing approach or specific wellbeing tool has led to changes in how governments work. This includes:

- » whether the initiative has led to change in practice;
- » whether this change reflects a good-faith adoption of the principles that underpin the initiative (i.e. that it hasn’t just resulted in box-ticking, or the accumulation of information or processes that do not impact decision-making); and
- » whether the change applies across a range of cases rather than one-off instances.

Success, then, will be reflected in features such as:

- » a change in the way government frames its purpose and goals;
- » positive cultural change within government;
- » the good-faith adoption of new ways of working;
- » the extent to which different decision-making processes have been adopted;
- » cases of good decisions being made that were unlikely to have been made under previous initiatives or the previous system; and
- » cases of bad decisions being prevented that would likely have been made under previous initiatives or the previous system.

<sup>2</sup> For example, Bhutan, which has had a focus on Gross National Happiness (GNH) since the 1970s, has seen strong GDP growth that has not come at the expense of the environment or equality attributable to decisions directly tied to its adoption of GNH. See Gaukroger et al (2022).

## The purpose and structure of this report

This report identifies implementation principles that contribute to the success of wellbeing tools and government actions aimed at embedding a wellbeing approach. The aim of this report is to show how they can be applied, what these principles look like in action, and what it looks like when they aren’t utilised. Our focus is the internal workings of government rather than the political environment.

The report uses the example of the Australian Government to identify how such principles could be applied to a specific jurisdiction. For each headline recommendation, we include some practical detail regarding first steps that could be taken by the Australian Government to adopt the recommendations. Some of these recommendations – for example, embedding wellbeing goals into departmental and ministerial remits (recommendation 2) will likely need to be led by elected leaders. Others, such as creating a centralised record of where data and evidence is currently needed but unavailable (recommendation 12) could be led within the public service. Many others could be led by politicians or public servants, but would likely require buy-in and participation from both to be successful. We acknowledge that within Australia the division between the Commonwealth and state jurisdictions adds an additional layer of complexity, and that more will be needed to coordinate the efforts of Australia’s multiple jurisdictions, though this lies beyond the scope of this report.

In the early 2000s, Australia was a world leader in wellbeing approaches to government with [Measures of Australia’s Progress](#), a national wellbeing dashboard, and the federal treasury’s [wellbeing decision-guiding framework](#) (see Gaukroger, 2023), both of which were eventually discontinued or fell out of use. Recently, however, a series of new initiatives in line with a wellbeing government approach have been adopted (see appendix 2). These include the [Measuring What Matters](#) (MWM) framework – a national wellbeing dashboard introduced in 2023 – and the Measuring What Matters team, located in the Treasury, that works to extend the principles of the MWM framework further into government. These initiatives are in their early stages, but to be successful in bringing the Australian Government closer to its goal of changing practice to improve outcomes for people and the natural environment, a wellbeing approach must be



“ Embedding wellbeing is about using this inertia to our advantage: changing the DNA of these institutions so they are inherently more aligned with improving whole-of-society wellbeing. ”

embedded across government institutions. This will require ensuring that public servants across the bureaucracy internalise and understand the value of MWM, are incentivised to pursue it, and know what it would mean for their actions and decisions (Gaukroger et al, 2022).

Our analysis combines findings from desk research, numerous informal discussions with current and former public servants across multiple Australian jurisdictions and internationally, and insights from outside observers working in academia and at non-government organisations. In addition, we carried out semi-structured interviews with 11 current Australian Government employees from the Treasury; and Departments of Finance; Prime Minister and Cabinet; Health and Aged Care; Social Services and Infrastructure; Transport, Regional Development, Communications and the Arts; and the National Indigenous Australians Agency.

## Embedding a wellbeing approach

It is difficult to make sweeping changes to government decision-making because large organisations of any sort – including the government – have substantial inertia. The routines, processes, and hierarchies of the executive and administrative arms of government take tens of thousands of people to operate, and once these institutions and their organisational processes are set in motion, they have path dependencies that resist change (Ozawa, 2021; Louw and Martins, 2004; Trebeck, 2024). ‘Embedding’ wellbeing is about using this inertia to our advantage: changing the DNA of these institutions so they are inherently more aligned

with improving whole-of-society wellbeing.

A government where wellbeing is embedded across its institutions will be one where departmental and ministerial remits are aligned with shared big-picture wellbeing goals (section 3). The incentives and accountabilities of leaders and senior officials will be aligned with these goals; and they will be judged (and rewarded) on their ability to work towards whole-of-government wellbeing goals (section 4). Public servants will have an internal culture that encourages long-term and whole-of-government thinking, and will take analytical approaches that reflect the complexity of the government’s business (section 5). This will be supported by up-to-date big-picture maps of government activity and spending (section 6); formal processes, costings, rules, and assessments that drive decision-making (section 7); and data and evidence (section 8).

Taking a wellbeing approach to government should be pursued with optimism and ambition, but also realism: even with the best intentions attempts to adopt such an approach are not always going to work. We can, however, learn from past attempts, both successful and unsuccessful. That is what this report tries to do – distil lessons from previous attempts to embed wellbeing approaches to maximise the chance of success.

In the next section (section 2) we lay out six principles for effective embedding of wellbeing approaches into government. The rest of the report shows how these principles should be applied across the structure of government.

## Box 1: A wellbeing approach to government

This approach to government focuses on the wellbeing of people and the natural environment as the ultimate end that governments should work towards in everything they do.<sup>3</sup> The common characteristics of this approach (see Gaukroger et al, 2022) – the ways of working that are used to achieve these ends – distinguish a wellbeing approach from business as usual:

### 1. Holistic thinking and breaking down silos between wellbeing ‘domains’

A wellbeing approach recognises that the different components of a ‘good life’, such as health, financial security, safety and social connectedness, are non-substitutable and deeply intertwined. High quality of life cannot be attained with significant achievement in one or two areas at the expense of all the others. Achieving the best outcomes for overall wellbeing, or even for any one area of wellbeing, requires considering the impact that a decision has across all the areas or ‘domains’ of wellbeing. A decision taken to advance one wellbeing area may do so at the expense of others (for example, increasing prosperity at the expense of social connectedness). Other decisions may achieve co-benefits across multiple areas (for example, biodiversity protection in cities that supports improved mental health (Myers, 2020; Buxton et al, 2024)). In the government context this requires breaking down silos between departments, government bodies, and jurisdictions, and different ways of working within government institutions.

### 2. Taking a long-term lens including consideration of future generations

Sustainably improving wellbeing involves ensuring that the world provides enduring quality of life for its inhabitants, including those not yet born. Many of the most serious challenges that we face first arose through the failures of previous governments to work for the long term.

### 3. Placing emphasis on prevention and early intervention

Governments can become stuck in cycles of ‘crisis response’ while failing to invest in approaches that help to ‘turn off the tap’ of problems that need to be addressed. This does not address the root causes of wellbeing deficits, and places mounting pressure on budgets which are directed at the increasing demand that could be avoided. The further upstream that prevention is targeted, and the more it seeks to address the root causes of problems, the more effective it will be in improving wellbeing (Trebeck & Grant, 2024; WEAll Scotland & Foundation Scotland, 2024).

### 4. Involving the people most likely to be affected by decisions in their design

The expertise of individuals and communities on the nature of the problems they face and the necessary solutions can provide vital evidence to guide better decision-making. Genuine co-design with the people most likely to be affected by decisions also contributes to the successful delivery of government initiatives, which often rely on the trust of communities for their success (Siebert et al, 2022; Morley, 2015).

<sup>3</sup> In the context of government, ‘wellbeing’ is most commonly taken to mean ensuring that each person has the ability to achieve a good quality of life. This requires that they have a range of capabilities such as: they are able to feel safe, to have social connectedness, to democratically participate, to have a certain level of material comfort, a decent level of physical and mental health, access to good education and decent employment, the ability to participate in culture and leisure activities, and all within a natural environment that sustains us and itself now and into the future. (Sen, 2009; Nussbaum, 2011; Gough, 2017; Max-Neef, 2017). However, there is also a branch of the wellbeing government movement that takes individual happiness or life satisfaction as the defining feature of wellbeing. See, for example, the work of Richard Layard.



## 2. Principles for transformational change

**“ Yes the Act was an all encompassing framework, but if you looked to the various strategies, plans and regulations, they were at odds with it. ‘Make long-term plans’, we said, ‘and here’s your budget for a year’. ‘Work together’, we said, ‘but the systems of governance will still hold just one of you accountable’. ‘Prevent problems’, we said, ‘but we’re still going to hold you to account primarily and intensively on short-term performance measures’. ‘Involve citizens’, we said, ‘but austerity measures have stripped away all the resources you might have had for doing this’. ‘Take risks and try new things’, we said, ‘but we’ll still crucify you in audit if you get it wrong’.”**

**– [Sophie Howe, inaugural Welsh Future Generations Commissioner](#)**

The core features of a wellbeing approach (Box 1) are simple, possibly even obvious elements of good governance. It is in practice that the complexities of applying these principles become apparent. For a long time the public service across jurisdictions has tried to work towards components of a wellbeing approach such as increasing collaboration between departments, and a greater emphasis on long-term thinking. However, despite many attempts to shift practice, there are few examples of significant progress towards these components.

It is hard to assess whether a new approach or tool isn’t working because it is flawed in principle, flawed in execution, or undermined by the pre-existing features of the system it modifies. Any one of these components – principle, practice and context – can get in the way of success. All three of them must be aligned for success to be achieved. Countervailing forces – from the power of vested interests to

events or crises that can risk diverting attention and resources from long-term strategies – can also push back on even the best designed and executed approaches, further requiring the alignment of these components to withstand the pressure of such forces. This section sets out the principles that our research shows are mostly likely to guide successful positive and effective change in government practice. The level of reform they aim for is significant, and it is worth being mindful of the vast nature of the task that lies ahead of those who want to change government for the better.

Most government systems contain multiple barriers to changes in ways of working. In the case of Australia there are unique challenges such as the division of revenue streams, jurisdictional powers, and the political and cultural relationships in the nation’s three-tiered system of government. But many jurisdictions share a strong recognition within government that their central systems need reform in order to foster better ways of working and better outcomes.

Many of the challenges faced by the Australian Government in embedding a wellbeing approach are typical of most jurisdictions. The composition of government as a bureaucratic system has emerged in a piecemeal way rather than being supported by strategic and well-coordinated design. Decisions are often shaped by the areas where a decision-maker has clarity (for example fiscal costings), rather than the areas that are, or should be, the government’s primary goal (such as expected outcomes). This creates a bias towards the status quo because it is known, missing the potential for experimentation and innovation. There are cultural barriers to collaboration and risk-taking, compounded by intense and increasing time and resource constraints. Sustainable change takes time, but throughout the system there are elements that force a focus on short-term responses, from media and election cycles, to ministerial incentives that reward announcements over outcomes. The

inertia of a large, interdependent, multi-faceted bureaucracy is a challenge: often change cannot be achieved in a single place, but must be achieved in parallel in many places. Also, the process of budget resource allocation, where departments compete for budget funding which is considered on a proposal-by-proposal basis, makes collaboration and broader thinking less feasible and culturally less desirable.

However, despite these obstacles, change is possible and also necessary if we are going to have governments and public services that can face the great challenges of the modern era, and bring about a sustainable future where the capacity to live a good life is available to all. Through analysis of successful and unsuccessful attempts to adopt a wellbeing approach to government, the following six principles offer the greatest promise for guiding how this should be done.

### **Principle 1: Understand what you are working towards**

To improve how governments operate requires understanding what it means for resources to be allocated more effectively, for core processes to enable good outcomes, and for ways of working to be better. However, the idea of processes and decisions being 'better' is meaningless without understanding the particular ends or 'goals' toward which they should be moving or contributing.

These goals should be at the level of **whole-of-government wellbeing goals**. These can be thought of as 'big-picture goals', or national goals – such as the [Welsh 7 wellbeing goals](#), or [Scotland's 11 national outcomes](#) – that represent the type of society that jurisdictions aspire to be. Examples include “A society in which people’s physical and mental well-being is maximised and in which choices and behaviours that benefit future health are understood” (Wales) and “We grow up loved, safe and respected so that we realise our full potential” (Scotland). They describe a jurisdiction’s overarching ambitions, and give direction for holistic and long-term strategising that leads to transformational change. Progress is made through identifying these ends or goals that a government is working towards, making sure that they drive and direct government activity, and aligning strategic objectives and priorities to serve these goals (see section 3).



## Principle 2: Take a whole-of-government approach to interventions

Genuine systems change requires a network of tools, cultural change interventions, and the modification or removal of existing structural features of government. It is not enough to pursue one policy area or intervention in isolation – a whole-of-government approach is needed. If wellbeing goals and ways of working are aligned across and between the activities of public bodies, then this can reduce the common phenomenon that activities in one area undermine the goals of another.<sup>4</sup> Unified or complementary approaches that are embedded widely throughout government practices will amplify the impact of each component approach.

Wales provides an example of a whole-of-government approach driving transformative change, strengthened by a [legal requirement](#) that all public bodies work towards all seven of the nation's wellbeing goals in all their activities.<sup>5</sup> Even where a more gradual approach is adopted, it is also important to have an idea early in the process of what future steps will look like. Starting with an overall plan for the widespread change a government wants to achieve allows for initiatives such as the adoption of wellbeing tools with a smaller scope to be strategically designed to support expansion or introduction of future initiatives. Communication about the long-term plan means that as new components are introduced, they are understood as part of a broader change, helping to reinforce a positive attitude amongst stakeholders about the strategy and commitment of the government. Understanding that each component can only contribute to part of the overall picture allows for honest reflection on what else will be needed.

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<sup>4</sup> For example, the goal of reducing carbon emissions that drives green procurement within a transport department being simultaneously undermined by a carbon intensive transport strategy. Or an education department bringing in programs for disadvantaged children in pursuit of the goal of improved education outcomes, being undermined by a cut in benefits increasing the negative impact poverty will have on educational outcomes.

<sup>5</sup> For example, this requirement led to a complete re-design of Wales' transport strategy, guided by a public health official, with a new focus on priorities such as public health, sustainability and prosperity. This included rethinking priorities such as shifting a portion of spending from building new roads to improving active transport infrastructure; and priorities often seen as outside the remit of transport – such as bringing services to people in order to reduce the need to travel.

## Principle 3: Focus on the people who make up decision-making systems

Embedding a wellbeing approach is, at its heart, a cultural change program. Culture change requires attention to the ways in which the people within government organisations think, operate, and relate to one another. Whatever systems of governance you have, it is people who use them, and it is practice, not just processes, that needs to change in order for the successful adoption and implementation of a wellbeing approach and wellbeing tools. People drive success or failure at every level, and having the right incentives (section 4) and mindset (section 5), alongside the right authorising environment (section 5) is crucial. Equally important is having a plan for how any new tool or approach will directly influence decision-making (section 8), including consideration of the psychology of those involved in the decision-making process.

## Principle 4: Move beyond quantification

Many governments have been built around principles of accounting rather than value. Decision-makers in government often lack information on whether departments are improving people's lives or just spending money without much effect. Investment in improved tracking of expected and achieved outcomes has a vital role to play in enabling better informed decisions. However, a focus on quantification alone cannot deliver transformative change (section 5.1). This approach is often favoured because it is seen as more objective and rigorous, but it can become a barrier to the use of expertise, contextual sensitivity, discretion and innovation.<sup>6</sup> Further, upstream change is hard to put precise numbers to – it relies on theories of change, and well understood, but nonetheless hard or even impossible to measure counterfactuals. This should not be a reason not to strive for such change.

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<sup>6</sup> Further, quantification can't always capture information such as a community's qualitative experience of a government service which is a vital part of understanding whether it actually works for people, and contains the kinds of information needed for guiding how services can be improved. Eberly and Martin (2024:27-29, 32).

## Principle 5: Design for useability

Any policy tool will only be effective if it is recognised, understood, and used as intended. Many wellbeing tools require factoring in the broader and more complex information that is likely to accompany a holistic and long-term approach. If these tools or ways of working are not designed with ease of use in mind, and if they are not introduced with significant support and ‘hand-holding’ to ease the transition process, it is unlikely they will be widely adopted or used as intended.

The comparative examples of two jurisdictions that have adopted wellbeing-guided cost benefit analysis (CBA) – the United Kingdom and Aotearoa New Zealand – shows the importance of usability in wellbeing policy tool design.<sup>7</sup> The UK’s [Green Book](#), the government’s guide on policy appraisal and evaluation, now contains technical guidance on how to consider wellbeing in CBA modelling. However, this guidance does not have pre-weighted wellbeing values, nor does it explain how users should do this weighting in order to generate comparative numbers that can be fed into the CBA model, and it is widely acknowledged that it is not being used by civil servants. In contrast, New Zealand’s model, called [CBAX](#), is a simple, user-friendly spreadsheet which uses an existing database of values to help agencies monetise wellbeing impacts. New Zealand’s CBAX tool has been used widely in the New Zealand Treasury, has led to decisions informed by better CBA analysis (Hogan et al, 2018), and in 2023 it was applied to all budget bids.

## Principle 6: Invest in execution

The examples we have identified of more successful approaches to embedding wellbeing tools have included significant investment in ensuring that execution is successful. In all cases, sufficient resourcing is a necessary condition for successfully adopting and embedding wellbeing tools. Shifting to, and making use of, a new system involves

<sup>7</sup> There are multiple examples of wellbeing tools that aim for ease of use in order to maximise uptake. For example, the [Cornwall City Council Decision Wheel](#), which provides simple visual representations of how policies are tracking on the boundaries of doughnut economics, can make it easier to incorporate a wide range of considerations into government decision-making.

capacity and capability investment at government, departmental, and individual employee levels. Governments are often reluctant to invest in the kinds of change needed, in part because it is hard to justify new lines of expenditure when at the same time departments are being told they need to make cuts. Spending money on changing the foundations and architecture of a system is also hard to sell politically, particularly in a system where budget lines are directed at individual policies rather than departments or operations. Even promising initiatives cannot succeed if governments are not prepared to invest adequate resources in the improvement of systems and processes.

Rather than having a long run of short-lived initiatives each hoping to bring about change but not resourced to do so effectively, governments need to commit to ensuring that the different components that are needed to drive the success of an initiative – from building a delivery team with sufficient capacity and capability, to data and evidence support – are budgeted for to ensure the best chance of success and longevity.

It is worth noting that the reforms recommended here will increase the value achieved through government spending, and many have the power to save governments money – the long-term value of such an upfront investment to government is vast.

**“ [You can’t make interventions work without] a preparedness to invest some resources in them, not excessive resources, but a preparedness to invest in systems and processes. And yet this challenges governments... But the whole irony here is if you do this really well, the payoff for governments and the communities can be enormous in terms of better quality policy and program-design decision-making.”**

**– Former public servant in the Australian Government**

**“ Even promising initiatives cannot succeed if governments are not prepared to invest adequate resources in the improvement of systems and processes.”**

# 3. Directing the activities of government towards big-picture goals



**“ You’ve got a whole system tied up delivering thousands and thousands of micro measures... there is this enormous noise in the system and a lot of busyness for the sake of busyness and not a lot of scrutiny – ‘Have we achieved anything much? Has it changed?’ We’ve kept things afloat and we’ve dealt with a lot of symptoms of issues, for sure, but have we actually materially altered the baseline landscape on things? Generally speaking, not very much.”**

**– Public servant in the Australian Government**

Governments typically struggle to strategically align their activities with key priorities, and thereby make progress on such priorities. The structure of government is simply not set up to enable integrated whole-of-government responses to big-picture goals, and particularly where these goals are best served through long-term and holistic strategy and investment.

One key challenge is portfolio ‘siloeing’ which leads to the goals of the unit becoming more urgent than the goals of the government. A blinkered focus on a narrow, program-based remit doesn’t provide space to consider broader outcomes and hampers government’s ability to think long-term and invest in prevention, which can often cross portfolio lines.<sup>8</sup> It constrains the way that senior leaders think about their priorities, and about what they can achieve with the levers available to them. It risks issues and opportunities being overlooked that fall outside, or at

<sup>8</sup> Any large organisation (like a government) requires structure, but many outcomes that a government want to achieve (from child health, to industry development) are affected by complex systems that cross portfolio lines. In fact, every area of wellbeing is connected to or dependent on other areas: for example, poverty deeply impacts health and educational outcomes, which themselves are tied to the likelihood that someone will fall into or continue to live in poverty etc.

the intersection of current remits, and can also result in the duplication of programs, or lead to establishing a range of disconnected and uncoordinated programs that would have worked better together (Eberly and Martin, 2024).

As principle 1 states, to change practice, governments must first start with an understanding of what they are working towards. Ideally, jurisdictions will start their adoption of a wellbeing approach by settling on a set of whole-of-government wellbeing goals. These are the ends to which all activities of government should be directed, but simply setting such goals will not be sufficient within itself to steer the activities of government. If governments are going to work effectively towards whole-of-government goals then remits need to be expanded and decision-makers enabled and empowered to act accordingly. Accountabilities need to reflect the goals, so that ministers and senior officials take their roles in working towards these priorities seriously, and so it is clear who needs to step in if things aren’t moving in the right direction.

Wales provides an example of the widespread benefits that come from expanding the remits of government institutions, and aligning priorities and accountabilities with whole-of-government wellbeing goals. The [Welsh Well-being of Future Generations Act](#) (2015) requires all public bodies under the jurisdiction of Wales (from ministers, to departments, to national parks and sports organisations) to work towards Wales’ [seven wellbeing goals](#) in everything that they do (policy, procurement, use of lands etc.). These requirements are supported by [public service boards](#) created to implement the Act in different parts of Wales and a [Future Generations Commissioner](#) who supports institutions in following their legal obligations under the Act. The wellbeing goals have enabled some consistency in the approach of the activities of all arms of government, and

have laid a common ground for collaborative work within and between government institutions, and between government and the community. Internally indicating that the government was committed to long-term change also helped promote investment by departments and by those working in the public service. Reportedly it also increased confidence in the business sector, which has been turning to the Future Generations Commissioner’s office for advice on how to implement changes in line with the Act. Within Wales, the broad suite of complementary changes across institutions also increased the evidence base for wellbeing approaches to policy, contributing to a [growing body of case studies](#) that further supports broader adoption.

### 3.1 Setting whole-of-government wellbeing objectives

Our research strongly suggests that governments looking to adopt a wellbeing approach set long-term, big-picture wellbeing goals.<sup>9</sup> These goals should be broad and easy to understand, accompanied by a short, specific or even statutory definition with enough detail to make sure it is used as intended. For example, ‘prosperity’ is a common wellbeing goal included in wellbeing frameworks internationally. However, the word ‘prosperity’ can be interpreted in different ways, and can be used to justify almost all government interventions. The statutory definition of the Welsh wellbeing goal ‘A Prosperous Wales’ ensures that the goal of prosperity does not simply mean increasing economic activity:

**“ 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 well-educated population in an economy which generates wealth and provides employment opportunities, allowing people to take advantage of the wealth generated through securing decent work.”**

<sup>9</sup> See Sollis et al (2024) for CPD’s view on why jurisdictions should ideally hold national conversations through which the public can inform such goals, as [Wales has done](#). Existing goals could also be used – for example Australia’s Measuring What Matters framework has [five themes](#) that could easily be translated into national wellbeing goals.

While there is significant overlap between what people across the world identify as the different dimensions of what is needed in order to live a good life, having such goals directly decided on by the people increases their power and longevity. For politicians, being able to refer back to principles or goals directly decided on by the public, as opposed to being voted on as part of a suite of party election mandates, can enable greater ambition and give grounds for non-partisan support. While for public servants, efforts to instil broader values in the public service can be far more ambitious when anchored in a mandate that comes directly from the people. In New Zealand, the wellbeing work carried out under the Ardern government such as using their [Living Standards Framework](#) to set budget priorities was seen as a project tied to the Labour Party, lacking deep citizen engagement or cross-party buy-in. A former New Zealand MP contrasted this with the [national conversation](#) in Wales which shaped the Well-being of Future Generations Act (2015). They argued that the New Zealand wellbeing budget work, much of which was scrapped after a [change in government](#), would have had a better chance of survival if it had the public understanding and support that would have been generated by a process like that in Wales (Sollis et al, 2024).

Finally, ministers can lose sight of high-level goals in the day-to-day work of building public support, moving proposals through Cabinet processes, and making determinations and decisions. For example, the current Australian Government has five wellbeing themes captured in the Measuring What Matters framework and [five goals articulated in its recent budgets](#) but the business of Cabinet is not structured around them. Structuring the national Cabinet agenda and committees around strategic priorities – such as whole-of-government wellbeing goals – would ensure a continued focus on the big-picture and create more opportunities for collaborative efforts to tackle them.

## 3.2 Rethinking departmental and ministerial remits

The way accountabilities are articulated can be highly consequential. The boundaries that are drawn will influence how silos are built up or broken down. The specific words that are chosen will subtly shape the focus of thousands of public servants, far removed from the Cabinet rooms. The clarity with which success can be determined – and the extent to which Cabinet or the public cares – will affect how keenly ministers take their responsibilities.

Narrow institutional ‘remits’, their official purview or areas of responsibility, often create a barrier – whether structural, cultural, financial or psychological – to tackling the diverse range of factors that interact to impact outcomes. Remits provide scope and focus to a department, but can also create constraints in the way that public servants think about their priorities and about the problems they face. For example, our Australian Government interviewees described feeling that their hands were tied by their departmental purpose statement which limited who they could work with to solve problems, and the approaches they were able to take. Siloed departmental remits affect perceptions regarding what a department can and should work on, and this is so ingrained in the system that many of the public servants we have engaged with report a sense that Australia’s whole-of-government approach to wellbeing was ‘owned’ by the Treasury, and outside the remit of other portfolios. This is an unfortunate, and inaccurate contradiction.

Ministerial remits often dictate the areas that ministers can speak on publicly. This often has the effect of limiting ministers’ interest in cross-departmental and holistic approaches that extend beyond their traditional department portfolio area (Eberly and Martin, 2024). The interviewees we spoke to describe having their priorities driven by what their minister can ‘announce’. This made it very difficult

to work on initiatives that would produce positive outcomes which largely fell outside of their narrowly-defined portfolio area. Reportedly, concerns about which minister gets to ‘own’ an initiative can kill good policy.

The power of remits, as described in purpose statements and charter letters, should not be underestimated:

- » The Australian Government has written responsibility for outcomes for Aboriginal and Torres Strait Islander people (under the Closing the Gap targets) into ministerial responsibilities outside those of the Minister for Indigenous Australians: the health minister and education minister, for example, are responsible for their relevant targets. This means every minister feels accountable for achieving outcomes, which has reportedly led to some progress on minister-directed focus on working towards meeting targets.
- » The [Government of Wales Act](#), which first established the Welsh Parliament, included a duty that the National Assembly of Wales “promote sustainable development in the exercise of its functions”. This was the catalyst for successive, meaningful attempts to work towards the principle of sustainable development culminating in the Well-being of Future Generations Act.
- » In the early 2000s the Australian Treasury developed a [wellbeing framework](#) to guide Treasury decisions. The impetus for this came from the then secretary of the Treasury, who had reflected on a description of the purpose of the department, the first sentence of which read: “the purpose of the Australian Treasury is to improve the wellbeing of the Australian people...” (Gaukroger, 2023).
- » A very similar process happened in the [New Zealand Productivity Commission](#). The (now ended) Commission reviewed its direction and decided to focus far more on wellbeing than on traditional economic conceptions of ‘productivity’ after reflecting on the inclusion of the word ‘wellbeing’ in its organisational remit.

### 3.3 Aligning departmental objectives and priorities with whole-of-government goals

Three levels of goals or objectives need to be aligned for a government to work in an effective and mutually reinforcing way towards a big-picture strategy:

1. Whole-of-government wellbeing goals
2. Department or organisation-specific priorities or objectives
3. Intended outcomes for individual programs

As discussed above, **big-picture whole-of-government goals** represent the end state towards which wellbeing governance is intended to lead. It is important to distinguish such goals from national or jurisdictional priorities. Deciding which areas are of current strategic importance can be a way of directing progress towards broader wellbeing goals, but strategic priorities do not serve the same purpose. First, unlike whole-of-government wellbeing goals, strategic priorities such as a commitment to improving mental health services or a green energy transition will be shorter-term, both in ambition, but also often in practice due to the fact that they typically come from political and election mandates. As we discuss throughout this report, sustainable change takes time, and requires public servants believing that initiatives will stick around. Second, there is a risk that a blinkered focus on national priorities, particularly where these come from election promises, will lead to broader opportunities to improve wellbeing outcomes being missed. Opportunities to develop initiatives that will have significant co-benefits across wellbeing areas are more likely to occur where there are a range of wellbeing goals whose interconnections are well understood. Further, it can be hard to ‘sell’ upstream initiatives that will have a long-term positive impact on more narrow strategic priorities where these results will not be seen immediately and do not at first appear to be directly addressing the problem. For example, investment in urban design and infrastructure can have significant impacts on public health, but if a strategic priority is framed as ‘improving health outcomes’ there can sometimes be push-back on spending outside of the health portfolio. All this is not to say that governments shouldn’t set national strategic priorities, but rather that these are not equivalent to setting big-picture whole-of-government wellbeing goals.

**Organisation-specific priorities or objectives** can be reflected in processes such as departmental annual planning or documents such as corporate strategies. These should be understood as directly serving whole-of-government wellbeing goals. They should be designed based on strategic plans of the short- to medium-term (1-5 year) steps governments and government institutions need to take in order to make progress towards the big-picture wellbeing goals (for example, a [health department objective](#) of tackling the public health effects of climate change). Successful change in practice requires that the short- to mid-term objectives of agencies are aligned with a well-informed strategy to make progress towards big-picture wellbeing goals, including consideration of the impact agencies can have on other agencies’ ability to meet their own objectives. All departmental activities should be selected and invested in based on a strategic plan for how they will contribute to the whole-of-government goals, either through serving the objectives of their enacting department, or supporting the objectives of other departments.

It is the outcomes of individual programs, policies and interventions that will cumulatively determine whether progress is being made towards organisational objectives and whole-of-government goals. It matters whether the **expected outcomes of individual programs and activities** are being achieved. Is a particular homelessness intervention reducing rates of homelessness, or a health intervention having its intended health impacts? When designing initiatives, the expected outcomes should be understood broadly: ideally interventions will be designed to achieve co-benefits across a range of wellbeing objectives and goals, and understanding what second round outcomes could be anticipated and whether they are being achieved can be as important as understanding the extent to which first-round outcomes are being met (Gaukroger and Phillips, 2024). Aligning individual outcomes with broader goals through organisation-specific objectives will require taking a systems approach that takes into account the interconnected nature and impact of policy. Public servants need to be supported in the development and articulation of a clear intervention logic, as well as an evaluation plan (section 8) of policy to achieve this end (Durand and Exton, 2019).

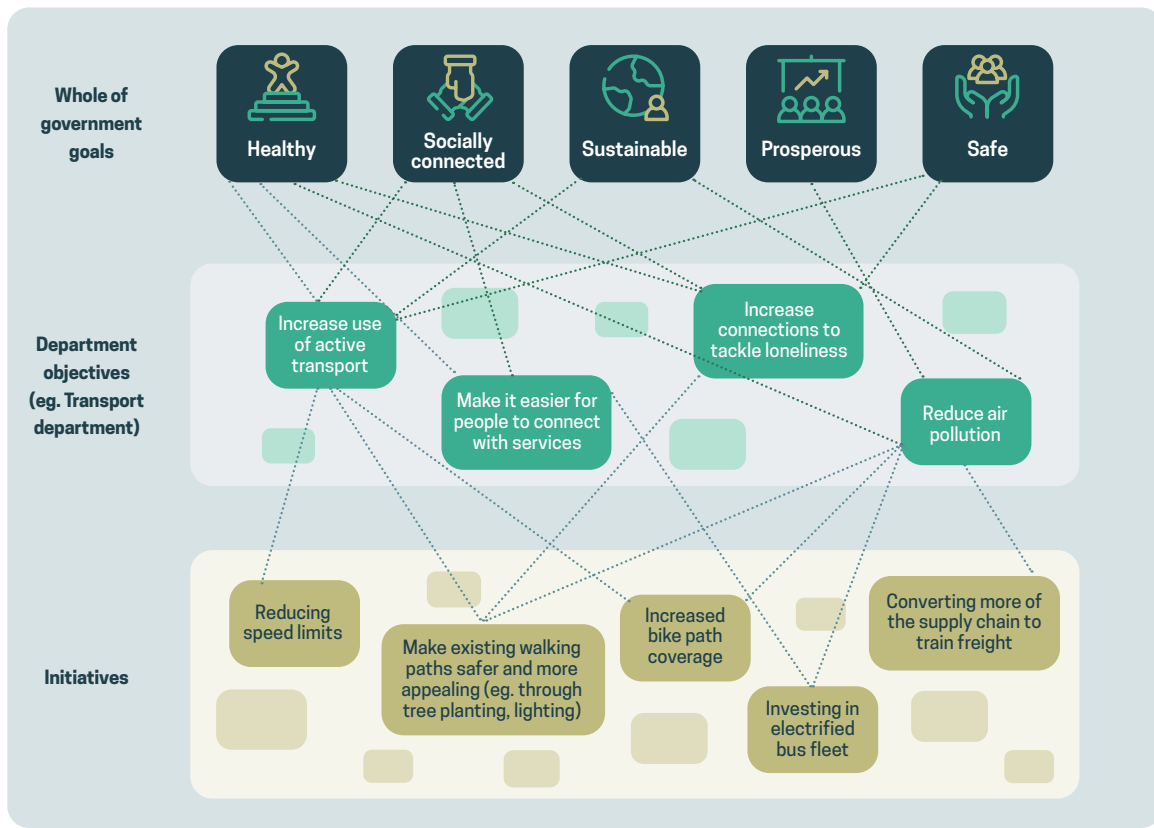


Figure 2: Examples of departmental objectives and underlying initiatives serving whole-of-government goals

Real progress can only be achieved when:

- » Big-picture goals have been set
- » An organisation’s strategic objectives have been designed as the best way of progressing towards big-picture wellbeing goals
- » The activities an organisation carries out are those designed to best serve its strategic objectives
- » Each individual program and activity effectively achieves their expected outcomes

It is the mid-term objectives of government departments and institutions that act as a bridge between whole-of-government goals and the activities of government. Getting these objectives right must be a priority for wellbeing governments, and effective execution will need to include new interdepartmental ways of working at the highest levels for successful strategic alignment between institutions (see section 5). Ministers and departmental secretaries will need to work with their colleagues in other portfolios to ensure that their combined activities contribute to overall progress, and that important initiatives do not fall through the cracks between portfolio areas.

The process of setting departmental objectives is the first level at which departments should consider and articulate how they will support other departments to achieve their objectives, and what support they need in return.

Departmental outcomes or objectives – against which budgets are organised and accountability processes are scheduled (such as Senate Estimates in Australia, section 4.1) – provide both a structure and motivation. The process of harnessing these for wellbeing goal alignment should be taken very seriously. Tools such as [strategic foresight methodologies](#) can help leaders plan for and factor in long-term trends, and ensure their objectives have the best chance of contributing to continuing success (this is used, for example, by the [Singaporean government](#)).

Clear accountabilities for all actors can be linked directly to overarching wellbeing goals. Departments should be accountable for meeting their strategic objectives – and to do so, the projected outcomes of their activities must align with these objectives *and* these outcomes must actually be achieved.

### 3.4 Developing a better understanding of how government activities contribute to outcomes

A government needs to know how and where it spends its money, but also must invest in understanding whether this spending is achieving expected outcomes. Wellbeing dashboards can deliver a big-picture snapshot of how a jurisdiction is faring. But without mechanisms that track individual policies and government initiatives, assessing their specific outcomes, governments won't know which activities are working, which need improving, and which are failing. This information is critical for aligning government activity with the strategic objectives which will enable whole-of-government progress towards big-picture wellbeing goals.

Initiatives directed towards building an evidence base for effective policy include the now ended UK-based [What Works Centre for Wellbeing](#), and the newly established [Australian Centre for Evaluation](#). However within Australia, as is common world-wide, there is a need for better infrastructure to track whether government policies are achieving positive outcomes. Ideally, tracking outcomes would happen both at the individual policy level – to aid in continuing and scaling programs that work and ending or rethinking those that do not – and also at a broader level to get a picture of how policies are performing collectively and where there might be gaps.

There are currently only a small number of initiatives that demonstrate what this entails in practice. For example, Victoria's [Early Intervention Investment Framework](#) (Box 3) tracks policies to identify whether they are meeting their intended outcomes, including second round fiscal savings.

As discussed in section 8, evidence-driven assessments of expected outcomes and ex-post policy evaluation that directly feeds back into government decision-making is important for continual improvement and more effective use of public resources. Evaluation on a policy-by-policy basis is vital when used to inform future policy development and selection, but governments also need to know how whole-of-government wellbeing goals are impacted positively or negatively by government policy (Durand and Exton, 2019: 145).



#### VISION



#### Recommendation 1:

**Set big-picture whole-of-government goals that articulate what national wellbeing and prosperity looks like**

- These goals should have a mandate from the community. In the short term governments may have goals contained within existing wellbeing frameworks that can be used for this purpose – such as the ‘themes’ in Australia’s Measuring What Matters framework. However, when these frameworks are created in partnership with the people through inclusive processes such as a national conversation, they are likely to have greater longevity and public buy-in.
- Cabinet agendas and committees should be structured around these goals. Where a government has a small number of clear areas of focus these could form the basis for organising subcommittees of Cabinet, with a subcommittee for each goal.

VISION



**Recommendation 2:**

**Embed whole-of-government wellbeing goals in the remits of relevant departments and ministers**

- Within Australia amending departmental remits could involve including the Measuring What Matters themes within departmental purpose statements, or the outcomes they report against (e.g. through Public Governance, Performance and Accountability Act annual reports). To the extent possible, the goals themselves should be articulated in legislation and allocated to departments under the Administrative Arrangements Order.
- Wellbeing goals, or the Measuring What Matters themes could be included as outcomes all Australian Government ministers are responsible for, as expressed within ministerial charters. Note that this change is far more likely to be effective when combined with moves to align ministerial incentives and accountability with whole-of-government wellbeing goals (see section 4).

VISION

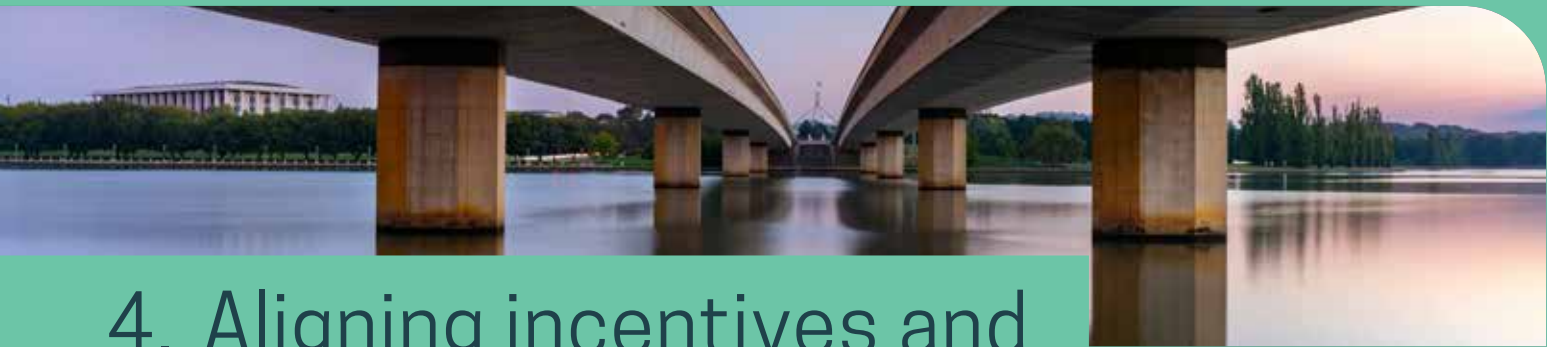


**Recommendation 3:**

**Ensure the short- to medium-term objectives of all departments and government institutions are aligned with whole-of-government wellbeing goals**

The process through which annual or multi-year departmental objectives are developed should be scrutinised to ensure they include adequate consideration of how their activities would best contribute to these collective goals. The development of such objectives should include consideration of the impact that activities within one department can have on the ability of other government institutions to meet their own wellbeing objectives.





# 4. Aligning incentives and accountability

People will do the things that they are rewarded for, and they will avoid doing things that carry uncompensated risks. This means that a government cannot expect success to come from simply promulgating mandates or requirements about how the business of government is conducted. Currently the incentives within the Australian Government – from departmental incentives, to ministerial incentives, to public servant incentives – overwhelmingly support business as usual, and recent investments and improvements (appendix 2) have largely focused on helping to equip but not incentivise change.

“Public servants operate in an environment where failures are public but it can be hard to pinpoint the exact cause of any outcome, so when a failure occurs, any unconventional decision will easily attract the blame.”

If a wellbeing approach is going to be embedded into government the incentives of everyone in the system must be aligned with this new approach. In many jurisdictions the majority of public servants simply do not engage with non-mandatory initiatives, while requirements

like mandatory impact assessments have turned into ineffective tick-box exercises. Even where governments have established new mandates by fiat, often these have not been effective in leading to change. For example, Ecuador’s Buen Vivir (‘living well’) constitutional amendments were largely ignored by successive governments.

The incentives of most people working within government are not directly aligned with policy outcomes (Box 2). A portfolio minister’s implicit

incentive is to make a big announcement that raises their political stock. A senior official who is developing a new proposal has the strongest incentive to get something *approved* – their career progression depends on a policy being adopted by their minister and by Cabinet, not necessarily on the policy’s successful delivery or achievement of whole-of-government outcomes. A different senior executive (usually) will be responsible for delivering the policy, which may require significant changes in order to allow that to happen in the real world and within budget. They are rewarded if they can simply get *something* rolled out, even if it does not achieve the originally promised outcomes.

In the absence of properly aligned incentives, new approaches may be stifled by institutional inertia and risk aversion. For the last 50 years political scientists have understood risk aversion to be an inherent feature of government bureaucracies.<sup>10</sup> Public servants operate in an environment where failures are public but it can be hard to pinpoint the exact cause of any outcome, so when a failure occurs, any unconventional decision will easily attract the blame. The incentive for officials and departments is simple: don’t make unconventional decisions. At least that way, if there is failure, it can’t be blamed on the bureaucrat who was following convention.

## 4.1 Holding departments and leaders accountable for meeting their strategic objectives

In the previous section we discussed the importance of setting whole-of-government wellbeing objectives that are reflected in departmental and ministerial remits and to which department objectives are

<sup>10</sup> See Warwick (1975) for the first scholarship on this dynamic. Although similar observations were made even earlier, such as by the economist John Maynard Keynes in the 1930s when discussing risk aversion among investment managers: “it is better for reputation to fail conventionally than to succeed unconventionally”.

## Box 2: Practitioner reflections on misaligned incentives within Australian federal government system

*“ The people who design the policy are almost always going to be doing that in a very high-pressure, quick-turnaround, budget-in-confidence environment. Only the people who desperately need to know about your budget measure can possibly even know that it exists, let alone know what’s in it. So generally speaking, these people get their promotions based on getting a policy actually approved, not for the delivery of it.*

*Then you have another bunch who have to implement what the first lot came up with. But they are then confronted by the real world. They discover that what the first bunch said would be really easy and simple is now going to take five times as long and cost twice as much money. Their rewards come from actually getting something, not necessarily what was originally imagined, but something rolled out.*

*And then you have the people at the end of the train who evaluate what happens now. Those poor sods often don’t have much data to go on, because the people at the very beginning have an inbuilt incentive not to collect or not to set up collection of data, because then their performance might actually be measured against outcomes. So the evaluators often find it very hard to align what the implementers did compared to what was originally promised, and they often have not enough data to actually be able to say, ‘Did this policy work or not work?’ And so the evaluators get rewarded on being able to say, ‘well, which programs were a success, which programs weren’t a success, what should be done?’ But there’s no feedback loop that means that information ever goes back in at the start of the policy development process, let alone actually impacts anyone’s career back at the beginning.*

*So you can come up with a pretty ordinary policy, but it gets up so the minister can have their announcements. The department gets its funding, and you’re considered a superstar because you’ve got your policy up. But what it means in the real world, in terms of, has this actually made people’s lives better? There’s nothing.*

*And, yeah, I’m firmly focused on real world results, but there’s a lot of incentives built into that system to mean that it’s very difficult to do that.”*

– Public servant in the Australian Government

directed. Departmental objectives and corporate plans should also be the first point at which departmental leaders are held accountable: a focus on simply using outcomes to hold decision-makers to account would be to start too late in the process. There needs to be scrutiny of proposed objectives from a whole-of-government perspective to ensure that they align with whole-of-government goals, and do so in a way that is in line with the right ways of working. This would include, for example, building a long-term picture of expected outcomes, and including consideration of what actions could be taken to prevent problems from arising in the first place. The specific definitions that accompany whole-of-government wellbeing goals can be used to ensure that departments are held accountable for their objectives, and for aligning these with the goals as they are intended.

Departmental leaders in the Australian Government face parliamentary accountability through the Senate Estimates committee process.<sup>11</sup> Senior officials have strong incentives to prepare for topics that will be discussed at Estimates. These hearings are structured around Senate committees, with blocks of time allocated to each department (and each sub-departmental outcome). But instead, they could be structured around whole-of-government goals and outcomes, focusing on how departments’ strategic objectives will individually and collectively contribute to whole-of-government wellbeing goals, and whether the actions and decisions taken by departments are leading to the outcomes intended under their strategic objectives.

A further step is to create an independent body – a commission or watchdog – with the authority to call out bad faith or lacklustre implementation of a new approach to government business. This is, in effect, what the Welsh Government did with its Future Generations Commissioner. The Welsh Commissioner had powers to audit and report bodies for not acting in good faith in accordance with the government’s wellbeing goals and ways of working; but in practice a significant portion of the Commissioner’s work is getting ahead of problems and supporting agencies before any audit or report is needed.

<sup>11</sup> ‘Senate Estimates’ is so named because it is connected to the budget cycle. Estimates of departmental expenditure are sent to the Senate three times a year, and the hearings are ostensibly for Senators to question senior officials about this expenditure.

## 4.2 Tying career progression incentives to a whole-of-government wellbeing approach

At the level of individual public servants, career progression should be explicitly linked to a government's wellbeing goals and ways of working (see section 5). All governments will have standardised role descriptions and level classification guides that describe the sort of work expected at different levels of seniority; for example, the Australian Public Service has the Integrated Leadership System (ILS) and the Work Level Standards (WSL). Hiring and promotion decisions are almost always structured around an individual's demonstrated achievement against these standards. These standards should be updated to encourage officials to achieve whole-of-government outcomes aligned with a wellbeing approach. For example, the ILS and WSL could be updated to reflect specific ways of working. The high level goal for senior leaders should explicitly be to improve outcomes for Australians as well as implementing new ways of working.

## 4.3 Resourcing for effective implementation

The adoption of new processes and tools can often fail simply because underresourcing led to poor execution. It could be that agencies were not given any additional resources or training, or that they had no incentive to allocate additional resources to meet new requirements.

Within Australia two examples of effective resourcing leading to strong implementation include the Australian Capital Territory's (ACT) [Wellbeing Framework](#) and Victoria's [Early Intervention Investment Framework](#) (EIIF). The ACT has a dedicated team devoted to embedding the territory's wellbeing framework. It began with a high level working group that included representatives of every directorate. The team's conscientious and methodical approach to the introduction of [Wellbeing Impact Assessments](#) (WIAs, mandatory for all new budget bids) focused on making sure the assessment is used as early in the policy process as possible, so that it influences policy at the inception stage rather than just the selection stage. They have engaged in small group outreach and information sessions at all levels of government,

specifically tailoring their approach to each group to give concrete guidance about how WIAs would be useful for understanding the wellbeing impacts of the specific types of policies that they work on.

In designing and implementing EIIF (Box 3), the Victorian Department of Treasury and Finance (DTF) similarly involved departments and service providers in the design of the framework. A central component of its design process was backcasting (also known as 'premortem'): asking the team to imagine they were two years into the future, that the initiative had failed, and to think through all the reasons it might not have succeeded in order to address potential issues before they emerged. This led to design and implementation with great attention to detail and a focus on people, attitudes and practices. They considered how to make the process easy to use; how to make it appealing to engage in; how to make sure it would directly feed into decision-making; and how to build internal and external trust in the initiative. Thought was also given to the amount of time that would be needed for high quality policy assessments in advance of budget allocation decisions being made.

Poor execution lies at the heart of many of the failed or ineffective attempts to embed wellbeing tools. In another set of Australian examples, we analysed three unsuccessful attempts to adopt effective outcomes based budgeting in Victoria (1997), the Australian Government (1999) and New South Wales (2013). Failures included departments finding it hard to demonstrate links between desired outcomes and the outputs they were delivering (ANAO, 2007; Audit Office of NSW, 2016); inconsistency in the data and reports generated (ANAO, 2007; Carlin, 2004); and lack of support to help public servants balance new requirements with their existing workloads (Vatjanapukka, 2005). In one case, reports provided to decision-makers were not required until after budget allocation decisions had already been made, meaning they were unable to influence budget decisions (Audit Office of NSW, 2016).

***“ I fear with many of our outcomes initiatives, what happened is, despite the intentions having been good and the hopes, dreams and aspirations having been good, the execution has taken us backwards rather than forwards.” - Former public servant in the Australian Government***



### Recommendation 4:

#### Structure government scrutiny and accountability processes around whole-of-government goals

- In Australia, this function would be best supported through the creation of a commissioner to review selection and implementation of departmental objectives, calling out poor implementation. In the Australian context, a new role could be established to perform this independent monitoring function, or it could be performed by an existing agency. For instance, the Auditor-General already has the ability to initiate and publish independent performance reviews of departments and programs. This role could easily be expanded to include a focus on the implementation and practice of a wellbeing approach to government decision-making.
- Existing scrutiny and accountability processes should also be re-structured around whole-of-government goals. In Australia, one appropriate process would be Senate Estimates.
- Another action that would support this is updating the Integrated Leadership System (ILS) and the Work Level Standards (WLS) to encourage officials to achieve whole-of-government wellbeing outcomes with a focus on implementing new ways of working.

### Box 3: The Early Intervention Investment Framework (Victoria, Australia)

In 2021 the Victorian Department of Treasury and Finance (DTF) created the [Early Intervention Investment Framework](#) (EIIIF), intended as a tool for establishing a long-term, systematic way of directing government investment towards early intervention. DTF had been struggling to scale successful initiatives within its [social impact bond program](#), and noted that earmarked ‘funds’ to encourage early intervention need to be re-funded over time (and often weren’t) with their finite nature creating uncertainty for service delivery agencies.

For early intervention initiatives likely to generate savings for government, EIIIF:

- » helps to determine whether there is a sufficient standard of evidence to ensure a high degree of certainty in those savings occurring;
- » is used to calculate what those savings will be;
- » is used to track whether, for successful proposals, those savings have been realised.

Where these savings can be calculated (and secured) with a high degree of confidence, they are ‘banked’ in the budget before they have been realised so they can offset the cost of implementing the initiative. By representing the true overall cost of early intervention initiatives *within formal costings*, which is often much lower than their upfront costs, EIIIF can reduce disincentives to invest in early intervention and cross-portfolio initiatives.

From the outset EIIIF had the support of the Treasurer and senior bureaucrats in the DTF, helping to build trust that the program was likely to be in place long-term. To overcome likely internal resistance to change, EIIIF was designed to be as easy to use as possible, and incentivise participation. EIIIF sits outside of departmental budgets, meaning that departments have a fiscal incentive to participate in the framework as any successful EIIIF bid will bring

additional funding into the department that delivers it. This incentive holds even if the benefits (in terms of reduced demand for acute services) fall outside of the proposing department’s portfolio area.

The framework has successfully changed practice in the DTF. In the space of five years since the introduction of EIIIF, the spend on upstream early intervention policies has increased from 1% of new funding to 10%. Policies that can be tricky politically but morally important and fiscally sound such as those focusing on homelessness, areas of justice, and drug use have been more likely to receive sustained funding since the introduction of EIIIF. To give one example, EIIIF has enabled significant investment in [Journey to Social Inclusion \(J2SI\)](#), a housing-first homelessness intervention which includes three years of intensive support focusing on social and economic inclusion, addiction services, skills, mental health and community connection. The ability to scale J2SI has been largely due to the fact that EIIIF was able to show that it successfully delivered a 90% reduction in homelessness and a 60% reduction in hospital bed stays in the intervention cohort, delivering a saving greater than the cost to administer the program.<sup>12</sup>

Further, programs that deliver positive out-of-portfolio outcomes are also beginning to emerge as the EIIIF process expands – for example the Department of Transport was funded under EIIIF to provide free public transport travel for at-risk kids directed at aiding their access to support services.

EIIIF does not remove all the barriers to good policy. The evidence standards are very high and only a certain subset of policies can meet them. Some costs, or benefits, such as environmental ones, pose greater challenges to estimate. There are also plenty of policies that will not save money, but are important in their own right. Nonetheless, EIIIF is an example of a small but important tool that can assist embedding a wellbeing approach. Its design, implementation, and real attention to detail can provide valuable insights for other jurisdictions.

<sup>12</sup> Noting that, unlike J2SI, the majority of programs deliver savings that partially offset their costs rather than completely covering the costs to administer.



## 5. Ways of working and creating the right authorising environment

The best attempts at transformational change in government, from bringing in whole-of-government wellbeing goals to changing fiscal rules, will be ineffective without the right culture and authorising environment. The change that wellbeing government reforms are driving at is change in practice, and this requires two things. First is a focus on new ways of working: being open to innovation and collaboration, being willing to think beyond micro-decisions and a fiscal accounting view of government activities, and taking different approaches to defining the problems that government is trying to solve. Second is an authorising environment that creates a strong enabling culture (culture being the organisation's norms, relationships, institutional biases, beliefs, prevailing attitudes, and informal rules) that allows all public servants and those they work with to feel empowered to engage in these new ways of working. Change requires focusing on the people who make up the system (principle 3).

Engaging departments and their workforce in new ways of working comes with a cost. It takes time and resources, can feel like an additional burden placed on an often already overstretched workforce, and can be daunting if people feel ill-equipped to meet new rules or requirements. If public servants don't believe in the changes they are being asked to make, or if they do not think such changes will stick around, then they will not feel that new initiatives are worth engaging in. This leads to approaches such as box-ticking, choosing not to engage in non-mandatory initiatives, and 'riding out' changes in anticipation that an eventual change in leadership will result in the initiative being ended.

The kind of approach required by public servants cannot be reduced to simple procedural or quantification tasks, nor can it be fully captured in rules and guidelines. To function effectively, ways of working within government need to invite innovation and out-of-the-box thinking, and wellbeing tools need to be engaged with discretion and common sense. Public servants need to be genuinely open to ideas and feedback from outside government, in particular from those with experience of engaging

with government services and the communities who live with the 'problems' that governments are trying to 'solve'. To give one example: we have heard several public servants speak of rigid and formulaic application of new procurement rules, rather than using their discretion to make decisions in the intended spirit of the rule changes, due to fear of making a decision outside of the permitted scope. At the same time, leaders have expressed frustration to us at the unwillingness of public servants to apply common sense and creativity in using new guidelines to explore, for example, green procurement options rather than always falling back on the lowest quoted price.

Within any department there will already be 'frustrated champions'<sup>13</sup> who can see the problems with business as usual, and who have insights into how practice could be improved, but who are not yet empowered by their environment to turn this impetus into action. If public servants are to be empowered to work in new ways that make use of creativity and independent thinking, they require a system and leaders to invest trust in them. As a bedrock of that trust, leaders must feel confident that public servants will be capable of competently and effectively adopting these new ways of working. In order to do that, public servants need the right supports, including resourcing, guidance such as training and use of case studies, and communities of practice. There must also be an acknowledgement that adopting new ways of working is a learning process – one where skills build through practice over time, and one that will include setbacks which themselves offer important learning opportunities.

### 5.1 Prioritising ways of working

Governments often emphasise quantification and accounting principles, rather than innovation or creative problem solving. A bias towards systems and tools rather than practices like collaboration and consultation can also drive a search for wellbeing tools that are highly quantitative. Yet none of the challenges to embedding

<sup>13</sup> This is the phrase used by the inaugural Welsh Future Generations Commissioner, Sophie Howe.

wellbeing approaches (section 2) are simply the result of a lack of data, or of inadequate analysis tools, so solutions cannot be found in those alone. If practice is going to change, there needs to be an emphasis on new ways of working and tools that support mindset shifts amongst policymakers. Governments serious about change need to move beyond quantification (principle 4).

As discussed in a recent report by the New Zealand Ministry of Business, Innovation and Employment (MBIE) (Pells, 2023), tools such as cost benefit analysis (CBA) can be useful for some functions but are ill-suited to transformational change. They engage too far down the line of the policy process, they can maintain a status-quo bias, and have too narrow a range. CBA and similar analytical tools focus on static efficiency (the efficient allocation of resources at a point in time) whereas transformative change is more concerned with dynamic effectiveness (achieving a goal over time) (Pells, 2023). In contrast to the ‘hard’ tools that focus on quantifiable outcomes, MBIE’s report recommends more investment in ‘soft’ tools which can steer the policy formation stage – such as those that help imagine alternative plausible futures.

Often the success of these ‘soft’ tools comes from the opportunities they create for cultural change. Even where more quantificational tools have shown some success in influencing practice, it has typically been because of the intentional use of these tools by central agencies as a catalyst to work with departments and encourage wellbeing thinking earlier in the policy process. For example, in the Australian Capital Territory (ACT) its [Wellbeing Impact Assessment](#) tool, mandatory for all budget bids, has created an opportunity for central agencies to work with departments early in the policy design process, to better influence wellbeing being built into new policy proposals. Similarly, New Zealand’s CBAx (see p.15) has proven to be valuable in influencing policy design as much as it has been at influencing policy selection.

Ways of working are central components of [He Ara Waiora](#), New Zealand’s Māori wellbeing framework, and the Welsh Future Generations Act. In Wales, a focus on their broad wellbeing goals and five ways of working (see Box 5) expanded the reach of this approach beyond simply doing better informed assessments of policy proposals,

## Box 4: Closing the Gap

Australia’s [National Agreement on Closing the Gap](#) to improve life outcomes experienced by Aboriginal and Torres Strait Islander people contains the structure we have outlined here (see Figure 1) for transformative change. The vision is clear – to close the health and life expectancy gap between Aboriginal and Torres Strait Islander peoples and non-Indigenous Australians. Four Priority Reforms outline both new ways of working and infrastructure changes (such as Formal Partnerships and Shared Decision Making). However, the Agreement has so far failed to make significant progress towards its vision.

It is the people and culture components of change that are understood to be at the heart of this lack of progress. [The Coalition of Peaks](#) (a representative body of Aboriginal and Torres Strait Islander community-controlled peak organisations and members) have repeatedly emphasised that it is changing ways of working that is going to make the difference in achieving outcomes, rather than the metrics and targets in the agreement: “It is the [Coalition of Peaks view](#) that the Priority Reforms in the National Agreement is where the structural and systemic change can happen, we believe that if these Priority Reforms are embedded, this will naturally improve the trajectory of the Closing the Gap socio-economic targets.”<sup>14</sup>

An Australian Productivity Commission (2024) review of Closing the Gap, found very poor progress on the Closing the Gap measures, largely because the Priority Reforms have not been implemented sufficiently. The report concluded:

“ This raises questions about whether governments have fully grasped the scale of change required to their systems, operations and ways of working to deliver the unprecedented shift they have committed to. The Commission’s overarching finding is that there has been no systematic approach to determining what strategies need to be implemented to disrupt business-as-usual of governments. What is needed is a paradigm shift. Fundamental change is required, with actions based on a clear logic about how they will achieve that change.  
– Productivity Commission (2024)

Until all aspects of transformational change outlined here are aligned, the Closing the Gap Priority Reforms will remain a series of tweaks and adjustments that – while well-meaning and directed towards the right goal – won’t be embedded in the way that government works and will have limited rather than lasting impact.

<sup>14</sup> See also Productivity Commission (2024).

## Box 5: Wales' Five Ways of Working

The Wellbeing of Future Generations (Wales) Act 2015 is ground-breaking legislation that requires all public bodies under the jurisdiction of Wales to work towards a set of wellbeing goals in all of their activities. The Act also requires public bodies to demonstrate five principles in their decision-making in order to take account of the impact of their decisions on the wellbeing of current and future generations. These principles, or [ways of working](#), are:



### Thinking for the Long Term

The importance of balancing short-term needs with the need to safeguard the ability to also meet long-term needs, especially where things done to meet short-term needs may have detrimental long-term effects.



### Prevention

How deploying resources to prevent problems occurring, or getting worse may contribute to meeting the body's wellbeing objectives, or another body's objectives.



### Integration

Considering how the public body's wellbeing objectives may impact upon each of the wellbeing goals, on their other objectives, or on the objectives of other public bodies. In particular where steps taken by the body may contribute to meeting one objective but may be detrimental to meeting another.



### Collaboration

How acting in collaboration with any other person (or how different parts of the body act together) could assist the body to meet its wellbeing objectives, or assist another body to meet its objectives.



### Involvement

The importance of involving other persons with an interest in achieving the wellbeing goals and of ensuring those persons reflect the diversity of the population.

to changing the way policy making, and indeed broader decision-making, was undertaken in Wales. The five ways of working are broadly applicable and intentionally promote flexibility rather than containing specific recommendations for how practice should change within each public body. This enables the use of expertise, contextual sensitivity, discretion and innovation.<sup>15</sup> Nonetheless the five ways of working are common sense and expressed in simple terms – they reflect principles that most governments already agree they should be employing.

The Welsh approach also intentionally moved away from the language of trade-offs, to the language of co-benefits. While there will not always be opportunities to generate co-benefits, this mindset allows exploration of innovative and holistic approaches to solving problems that consciously reject the dichotomies that thinking in terms of trade-offs can embody. The language of trade-offs often doesn't encourage looking beyond the options that are first presented to decision-makers.

Several jurisdictions are also trialling Futures Thinking and Strategic Foresight strategies and training (e.g. New Zealand, Calgary, the Philippines, Indonesia and Lithuania; OECD, 2025). This methodology tests multiple scenarios in different contexts in order to understand how current policy strategies respond and are exposed to different disruptions, and to sharpen what needs to be done in the present, short- and medium-terms. The Singapore Centre for Strategic Futures (CSF) located within the Singaporean government has aided government departments to use strategic foresight methodologies to assess and mitigate future risks such as disruptions to food supply chains, climate change or technology. This process has informed policies that helped Singapore's resilience against supply shocks during the COVID-19 pandemic ([Wellbeing Economy Alliance](#) 2025).

<sup>15</sup> Wales has experienced challenges with embedding the Well-being of Future Generations Act at the local level due in part to factors such as insufficient resourcing, and barriers found in existing institutional contexts such as the legacy of siloed working and funding models. But despite a feeling that there needs to be a clearer formulation at the national level of what the policy should look like at the local level, even in the local government context the guidance provided by the Act is being used to change practice. One study of the implementation of the Act at the local level found: "Each area and interviewee constructed their own understanding and practices around these ideas, meaning the Act was made sense of, interpreted, adapted and negotiated in varying ways across our case studies." (Nesom and MacKillip, 2021)

## 5.2 Setting an appetite for change through leadership

Top-down support for initiatives is vital for an authorising environment that encourages and enables transformative culture change. Support from ministers and senior public servants signals to departments that engagement in an initiative is going to be worth their time, and that the initiative is more likely to endure. In our interviews with public servants in the Australian Government many of the interviewees gave examples of current leadership of their departments (at the Secretary level) steering a positive direction of change. Examples were given of secretaries:

- » Leading collaborative budget reforms in their department;
- » Encouraging a greater focus on prevention and long-term thinking;
- » Changing the management culture of their department so that career advancement came through culture and organisational capability, not just from ‘being the smartest person in the room’;
- » Challenging teams to take broader and more holistic views on key topics;
- » Encouraging much greater horizontal collaboration within their department;
- » Pushing teams to ‘think about the content, not just the process’.

However, we have also heard from many public servants, within and outside Australia, who would love to try new approaches to policies or ways of working but do not because of concern about how it would be received by their superiors.

The following are ways in which leaders can support culture change to enable new ways of working:

### Committing to the long haul

In every case where the Australian Government interviewees reported a genuine impact of leadership on the way that departments operate, they acknowledged that this happened slowly over time. Departments needed to be convinced that changes were going to stick around, and ministers and senior leaders had to be persistent. This, of course, requires leaders to genuinely commit to a wellbeing approach – see section 3 on aligning ministerial and departmental remits with whole-of-government wellbeing goals, and section 4 on incentives and accountability, which outline practical steps the government can take to ensure this commitment.

### Trusting in public engagement to underpin the authorising environment

Direct public engagement models such as widespread and mixed-methods ‘national conversations’ show promise in de-politicising reform, by making them less vulnerable to political contest and creating normative legitimacy (Smith, 2020). Citizens assemblies have similarly been shown to give political legitimacy to solutions to highly contested issues (Hix, 2020), and tend to recommend actions that are more ambitious than those proposed by politicians (Mellier & Wilson, 2020). Where the principles that a government or institution are working towards are seen as being directly mandated by the public, they are more likely to stick around and can provide extra weight to claims about the value of proposed changes (also see section 3.1).

### Being supportive not punitive

In Wales the need to support culture change informed the decision to make the style of engagement of the Future Generations Commissioner supportive rather than punitive. This was often carried out through ‘soft’ support such as bringing people together, bringing ‘unusual players’ (those coming from a different department or area of expertise who could provide a new perspective) into the room when decisions were being made, and amplifying the voices of ‘frustrated champions’ – people who already existed in the system, who could see where and why it wasn’t working, and who wanted to see positive change. The non-punitive and collegial approach to working with departments and public bodies who were at risk of not complying with their obligations under the Act fostered a positive relationship between the Commissioner and public servants. Being supportive of change as a leader also includes, where possible, addressing any resource limitations.

### Accepting a level of risk

Leaders must also acknowledge that there will always be some risk associated with changing government practice. Ambition and appetite for improvement require willingness to own and learn from setbacks. Departments and public servants need reassurance that change is a learning process and that leaders know they wouldn’t get it perfect from the start. It must be flagged early that setbacks do not represent a risk for those working in a new way or to the reform itself. Individual public servants need to be given the agency and trust to make their own decisions as appropriate for their role. Such empowerment allows those public servants to make the most of their skills and their proximity to the work, and can help counteract “reform fatigue” (Honig, 2024).

### 5.3 Modelling change throughout the organisation

Governments and government departments and institutions do not just make policies and deliver services, they are major employers, land-holders, and purchasers of goods and services. Every activity of government is relevant to wellbeing and to whole-of-government goals, and this can be reflected in broader policies such as green procurement, to smaller initiatives such as [recycling government workers'](#) uniforms. Working to align all aspects of government institutions with ultimate wellbeing goals will have a cumulative impact, and signals to employees at all levels a serious and tangible organisational commitment.

The Welsh Well-being of Future Generations Act requires that all public bodies work towards Wales' wellbeing goals in all their activities – from HR, to procurement, to use of lands. This, for example, influenced Transport for Wales in setting their policy and [departmental strategy](#) but it was also adopted throughout the organisation at every level. The department chose to locate its new offices outside of Wales' more affluent capital city, and furnished them with second hand furniture – working towards greater equality, prosperity, and sustainability. This increased both the visibility and relevance of the department's commitment to the Act to its employees.

As an illustration of how deeply the cultural change program has been embedded in the Transport department, in 2023 a group from the janitorial staff approached a senior colleague to say that they had noticed that the department was spending a lot of money on shipping large plastic containers of cleaning fluids around the country, which were not contributing to the department's sustainability goals. They had found an alternative option – tablets that dissolved in water that served the same purpose, but could be easily transported and used in reusable containers. This shows how everyone saw it as their job to look for ways of finding co-benefits and working towards Wales' wellbeing outcomes. It also shows the importance of having an authorising environment that elevates the voices of people across the organisation, bypassing traditional power structures: the janitorial staff had unique insights into a valuable reform that may have been invisible from a higher level, they felt empowered to take their solution to their senior colleagues, and were listened to when they did so.

### 5.4 Amplifying insights throughout, between and into government institutions

Many people have insights into how government could improve its practices or policies. There are frustrated champions who can see what change is needed within their own institutions but are unable to turn this into action; experts from outside a portfolio area with ideas that could be brought to bear in a different department; and communities and individuals with experience of government policies on the ground, who can see first hand what is not working and why. Many of the interviewees we spoke to had several examples of better ways of doing things, but did not know how to bring that change about – because the levers lay outside of their department or jurisdiction, or because they simply didn't know who to talk to. One challenge is making sure that managers and leaders all the way up the chain of command see it as their job to find ways of working towards broad wellbeing goals (see section 3) and are not disincentivised to do so (see section 4). Another challenge is creating multiple pathways that can amplify and share the insights of diverse groups of people. Other mechanisms and practices that amplify insights throughout government include:

#### **Taking a different approach to problem definition in policy development**

In Australia, new policy proposals require a statement of the problem that the policy is aiming to solve. Once this is written, it defines the scope of the policy response. However, this means that a problem defined in terms of an immediate acute need may rule out long-term and upstream interventions that would reduce the acute need from arising or worsening in the future. For example: a problem defined in terms of a 'shorter commute' would require considering a narrower range of dimensions than a 'safe and sustainable commute'. Giving greater weight to and guidance during the stage of policy formation when problems are first defined would help set the scope for wellbeing government based approaches. The more time spent understanding the problem, the less time is typically needed coming up with a good solution. One interviewee pointed out that to do consultation and co-design well you need to engage with people at the problem definition stage, not once you have already decided the problem you are trying to solve for.<sup>16</sup>

<sup>16</sup> Similarly, CPD has previously recommended that the Australian Government promote and build capability for collaborative commissioning for government service delivery (Eberly and Martin 2024).

**“ [Defining the problem they are trying to solve], I think this is where public servants fall down. It’s a fuzzy problem definition statement, it’s like a Rorschach painting. You see yourself in it.... A part of the craft is to be very clear in defining to government what problem the government wants to solve and what the problem is that the community wants you to solve. And in my view, there’s not enough time spent on that... If you define the problem well enough, you set the parameters around which the activity takes place. So if you have community consensus on what the problem is, you’re more likely to build bipartisan support for something, you have more chance of actually addressing the problem.”**

- Public servant in the Australian Government

### Decisions being made at the lowest possible level

In many domains, there already exist schedules of delegated authority to enable decision-making. But in practice, risk-averse public servants often feel more comfortable running something up the line, and senior officials who feel their project is exposed may feel more comfortable requiring their team to bring all decisions to them. The Australian Public Service Commission already recognises making decisions at the lowest appropriate level as one of [three key ways of working](#) for the Australian Government – the value in decentralised and delegated decision-making is clear from scholarship on organisational psychology and from numerous government reviews (APSC, 2023).

### Building a government wellbeing community of practice network

A whole-of-government network for key staff and nominated representatives from each department would create an environment to share current practice and explore opportunities to better coordinate action on whole-of-government goals. It would also provide an alternative avenue for staff in line agencies to explore ideas outside of their usual patch: rather than running them up the line to their management, they could explore them within a community of practice. Such a network should engage in regular meetings with senior executives from central departments.

## PEOPLE / CULTURE



### Recommendation 5:

**Build a set of 'ways of working', based on those found in a wellbeing approach (Box 1), that is shared and cultivated throughout government**

The Australian Public Service Commission has [guidance on ways of working](#) within the Australian public service which include “Making decisions at the lowest appropriate level”; “Involving the right people”; and “Applying the right judgement”. These should be expanded based on the ways of working that make up a wellbeing approach (Box 1, noting that these align closely with the Welsh ways of working, Box 5).

## PEOPLE / CULTURE



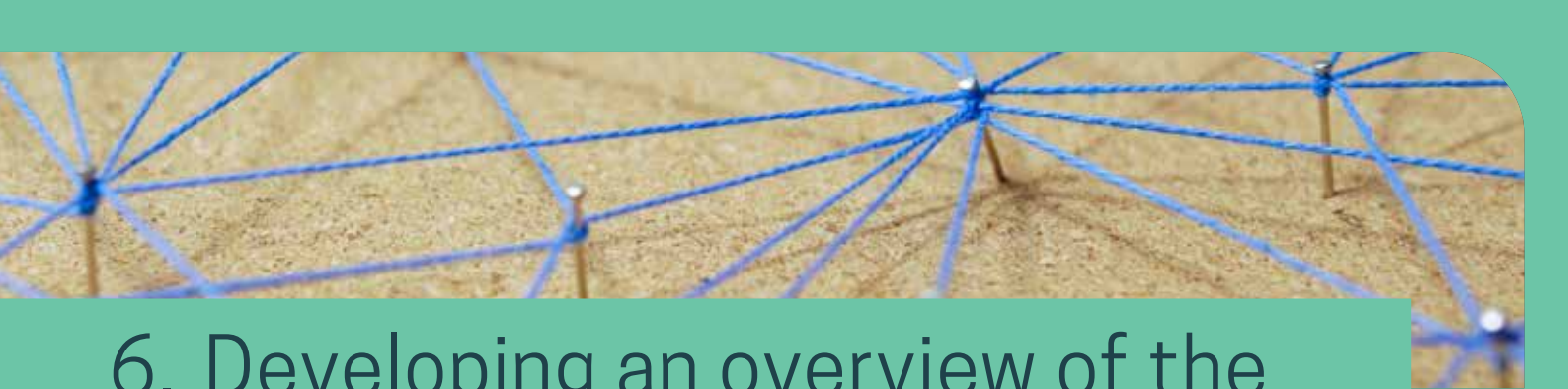
### Recommendation 6:

**Create more pathways for soliciting ideas from a broader pool of people, internally and externally, including junior staff**

This should include:<sup>17</sup>

- The creation of an Australian Government wellbeing community of practice network including key staff and nominated representatives from all departments, with opportunities for the group to meet regularly with First Assistant Secretary or Deputy Secretary level representatives from the Treasury, the Departments of Finance, and Department of Prime Minister and Cabinet.
- Changing ways of working within government to equip and empower public servants at all levels to feel invested in contributing to the government's wellbeing goals, for example by supporting implementation of the principle that decisions should be made at the [lowest appropriate level](#).

<sup>17</sup> Other ways of broadening the input of ideas into government include 'hackathons' which have been used to source policy expertise and insights from the general public (e.g. [West Africa](#) and [Estonia](#)). Other institutions have created digital platforms to elicit suggestions either within government or from the general public. The Australian Productivity Commission, for example, recently ran a time-limited call for “ideas on practical ways we can make Australia more productive”.



## 6. Developing an overview of the state of government

The activity of government is immense and broad, but decision-making is, by and large, focussed on “micro” decisions at the margins. Even politicians who aspire to sweeping reform are largely limited to smaller decisions within their portfolio area. Most policy interventions focus on a specific issue that falls within the authority and mandate of the department/minister, rather than fixing the system itself. Government, and the media, tend to focus on a handful of eye-catching policies. They rarely look more broadly at the patterns of spending and decision-making that form a big-picture view of how the government coordinates its activities to effectively and efficiently tackle its strategic priorities. For example, the 2024-25 Australian Budget measures included a net change of around \$25 billion in new expenditure, against a total government budget of over \$3 trillion for the same period which represents continued spending on areas such as social security and welfare, education and health. More focus needs to be put on the \$3 trillion than the \$25 billion.

A wellbeing approach aims for transformational systems change. But to see any real movement towards greater wellbeing (as captured by a jurisdiction’s whole-of-government wellbeing goals), all new tools or changes must be developed and implemented with an understanding of how the existing system works, and how it needs to work differently. As outlined in section 3, taking a whole-of-government approach to interventions (principle 2) requires strategic alignment of remits, objectives and government activities. This is not an easy process to get right, and it will require an audit of government activities and processes to identify the changes that government should prioritise. Such an audit will help develop an understanding of what needs to be altered for any new approach to be successful.

By developing a broader, deeper picture of the whole system, jurisdictions will also have more information

about what new initiatives or changes are needed to support the effectiveness of their tools. Examples like the Victorian Early Intervention Investment Framework show that a well-designed and thoughtfully implemented

program can bring about positive outcomes – but as a bottom-up budget tool, EIF can only do so much – it may not be the best tool for representing environmental costs, for example, or for promoting more upstream, systems-based interventions that go to the root causes of potential problems to prevent them emerging in the first place. These are limitations of EIF, not flaws – it functions well for what it was designed to do. But recognising the limitations of such a tool makes it easier to identify further budget tools or architectural changes that may be required.

“ The activity of government is immense and broad, but decision-making is, by and large, focussed on “micro” decisions at the margins. ”

### 6.1 Undertaking an overview of government activities

Governments attempt to improve outcomes in highly complex and interdependent domains, such as improving childhood health or developing new industries. Having a big-picture understanding of the current activities of government and the social and economic systems the government is trying to influence will help public servants focus on the most important problems and find new solutions. Tools that allow for continual or even real-time updating provide governments with a picture of how they are tracking towards the ends they want to achieve. Such tools can also support individual policy decisions by identifying gaps that need to be addressed.

**“ [Imagine if it was] a mandatory component of any proposal going to Cabinet on any form of new type of service, or an adjustment to an existing service, that you first provide the decision-makers with a detailed map of what’s actually already going on in that space and what the population requirements in that space look like as well. You could really make much more granular and informed decisions about what’s actually going on, so that then you define your problem a lot more clearly and specifically in terms of the thing you’re trying to do and how you’re going to do it in the reality of the current environment, as opposed to a guess at what might be needed in a particular area that may actually not be anything to do with what’s the genuine problem.”**

**- Public servant in the Australian Government**

Work being carried out in the Australian Policy Projects and Taskforce Office on [mapping government services](#) provides an example of how this might look. It aims to give government a better idea of what it is spending its money on, whether the not-for-profit sector, states or local governments are also spending money on those same things in those same places, whether the population in that place needs that service, and which areas have needs that aren’t being met. This map, currently in development, has the potential to inform future proposals about government service delivery – and indeed, once such a tool exists it should be mandatory to refer to it when developing relevant policies. Governments could produce similar maps of complex domains like social cohesion or industry development, and use them to identify where government interventions already exist, the extent of the breadth and depth of their coverage, the degree to which they are effective, and where there are gaps.

## 6.2 Taking stock of overall resource allocation

As described above, government budget processes often focus on marginal decisions – new policies or changes in policy. This is the incremental change in resource allocation, but governments need a better view of the overall state of how resources are allocated, whether this aligns with overall goals, and what progress is being made towards those goals.

The goal of decision-makers going into a budget process should be, as in section 6.1 above, to have a comprehensive analytical understanding of what government is doing. This is no trivial task, given the thousands of different programs, policies, and regulations administered by a government. Currently in Australia budget bids are tagged by department, but not by other categories, making it difficult to determine how much is being spent on a particular policy priority or what other policies address the same issue. Ireland is trialing a program that tags public expenditure under the reform initiatives introduced as part of [Ireland’s Well-being Framework](#). The tagging is led by departments, which list each expenditure in a spreadsheet for the department’s strategic programs. Each expenditure is associated with a potential policy goal and the relevant categories or dimensions from the wellbeing framework (Department of Public Expenditure and Reform, Ireland, 2022).

The UK carries out a [Comprehensive Spending Review](#) every two years, looking at total spending (not just new spending), and identifying key priorities for all departments against which departmental budget requests are reviewed by the Chief Secretary to the Treasury and other Treasury officials. These reviews are used to set budgets for several years – currently setting resource budgets for three years and capital budgets for five years – with a focus on how spending aligns with the government’s priorities.

These sorts of analytical approaches can enable policymakers to identify areas of systematic over- or under-investment. For instance, in any given budget, a policy area with acute and salient impacts may have additional resources allocated, or a new program established. Meanwhile, an equally important policy area with less acute or salient impact may be passed over for additional resourcing. In any given budget this is a reasonable decision, but over many budgets this leads to a skewed allocation of resources towards acute and politically salient problems. The challenge is that decision-makers do not have good whole-of-government tools to properly understand and analyse this phenomenon.

RESOURCES / INFRASTRUCTURE



### Recommendation 7:

**Develop maps of government activity to provide more robust and consistent analysis for new policy proposals**

This work has [already begun](#) for government service delivery in Australia, complemented by the [Digital Atlas of Australia](#). Continued investment in Australia’s digital map of government services and, as it moves beyond the development stage, mandating its use in the planning stage for any relevant policy proposals, will ensure the impact of this valuable resource. The digital services map should be seen as the first of a broader series of mapping tasks with mapping activities offering similar value along the lines of activity type (for example, tax codes) or by ‘subject’ area such as whole-of-government wellbeing goals (for example, mapping government activities that impact housing, from government funding, to regulation, to taxation). In some cases activity maps arranged by ‘subject’ should include tracking of initiatives and activities that also detract from goals. For example, policies and activities such as procurement and use of lands that increase carbon emissions or biodiversity loss will impact a whole-of-government goal around sustainability.

RESOURCES / INFRASTRUCTURE



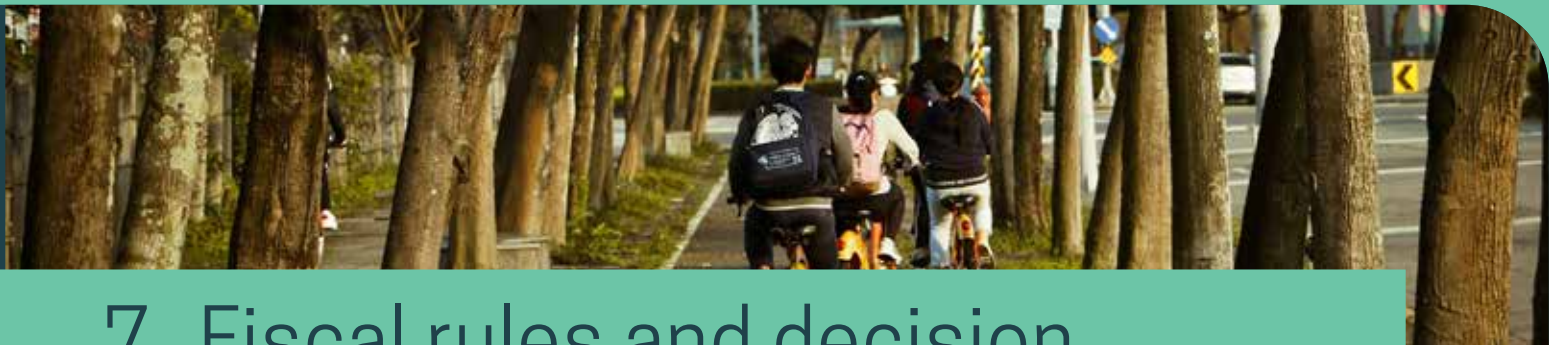
### Recommendation 8:

**Develop budget tools to assess and categorise whole-of-government resource allocation rather than framing decisions around the incremental change in spending**

- » In Australia, this process can start with budget tagging based on whole-of-government wellbeing goals, and possibly also the departmental objectives when these are developed around the whole-of-government goals. This large volume of information could be made useful by requiring analysis to be included in periodic economic and fiscal updates (for instance, the Pre-election Economic and Fiscal Outlook and the Intergenerational Report), as well as used to provide fiscal context in a standardised way for new policy proposals.
- » Adopting the practice of carrying out a regular Comprehensive Spending Review can support greater long-term alignment of spending across government with key priorities and/or whole-of-government goals.



***“ This kind of information coordination challenge is real, and how we actually provide a base that allows information to be kind of efficiently tagged and then used in multiple ways is the challenge that we should really be addressing... It is very difficult when we’re asked, ‘Can you tell us all about the programs that deal with this problem?’ And we say, well, that’s going to involve somebody sitting down and going through very long sets of lists to work it out.” – Public Servant in the Australian Government***



## 7. Fiscal rules and decision processes

Governments make thousands of policy and regulatory decisions in a year. Some of these emerge from highly deliberative processes – such as a piece of legislation passed by parliament – while many more decisions are made by ministers or senior officials acting on delegated authority. A whole subset of the public service is devoted to managing the flow of proposals and decisions, and codified processes and rules create the well-worn tracks along which ideas must travel on their way to become decisions.

Within Australia the decision processes are shaped by the Budget Process Operational Rules, the Cabinet Handbook, and the templates for conducting standardised assessments. These codify how ideas are quantified, which gatekeepers can pass judgement, and what hurdles a proposal must clear before it is considered by a decision-maker. Whether a proposal ultimately succeeds is, in some part, due to how it is treated in these processes. Further, fiscal rules and

decision processes have a significant impact on the types of policies that are developed, as do the culture and ways of working embedded within government, from an adversarial budget system that disincentivises collaboration between departments, to short-term forward estimates and the application of social discount rates which entrench short-termism.

“ One of the great tensions in moving towards a wellbeing government approach is navigating the path between complexity (bringing in all the relevant component parts and information) and simplicity (making it fit for use) ”

### Box 6: Practitioner reflections on the need for deep structural reform

“ The budget process, the cabinet process, they’re old, and they probably haven’t evolved terribly much. If you looked at the way the budget decision-making process, like the spending for the nation, how that is decided right now, if you really looked at it and said, ‘Is this the best way to allow a group of decision-makers to make judgments about how we spend for the future of the nation?’, you would never do it the way it is currently designed. It’s shocking in terms of what we put those decision-makers through in order to try and make hundreds and hundreds of consecutively excellent decisions with micro bits of information and at no point a full picture of how it all fits together...”

The budget process, which is primarily driven by a black and red kind of framing of the world, drives all of the behaviour of the public service. The reality is [that] so much of the public service is shaped by ‘how do I get the budget process to give me the money that I need?’ By urgency, short-termism. Those are all things that the budget process actively supports and encourages. It has no mechanism to drive and shape good long-term investment outside of infrastructure projects.”

– Public servant in the Australian Government

## 7.1 Rethinking how the cost of policies is calculated

Fiscal discipline is an important part of decision-making – governments need to know what impact a proposal will have on government resources. However the design of fiscal rules can leave much to be desired. A significant proportion of government spending goes to treating acute needs – through health, justice, emergency services, environmental clean-up and regeneration, unemployment and other benefits. The kinds of policies that are in line with a wellbeing approach – those that take a holistic and preventative approach – will often reduce demand for this spending by preventing acute needs from arising in the first place, delivering both wellbeing improvements and a level of savings. But such policies are not encouraged by the current fiscal rules and agencies have little incentive to achieve benefits that are not counted or recognised through fiscal decision processes.

Fiscal rules typically consider only the upfront costs (the cost of establishing and continuing to run) an intervention when calculating its funding. This acts as a barrier to departments developing and proposing programs that have higher upfront costs but lower costs over their lifespan (for example, those that focus on early intervention or prevention). Typically departments are required to find ‘offsets’ for policy proposals – whereby the department must identify cost reductions elsewhere in its remit to fund the proposal. When the full upfront cost of an initiative (and only this upfront cost) is competing with a department’s existing work to meet current need, it makes it very hard to justify investing in preventative initiatives – even though investment in such policies would reduce future need.

A requirement for departments to offset the upfront costs of an initiative, without factoring in the savings that some proposals will generate later, also acts as a barrier to departments working collaboratively to develop policy, interventions and programs. Where the benefits from a policy enacted in one department would mostly accrue outside its direct portfolio, the department delivering the initiative is hit with the full upfront cost, for which they will have to find room in their current budget. This is the case even if from a long-term whole-of-government point of view, the cost might be far less due to the overall savings it would

create. Second round fiscal effects can be significant, particularly for interventions that build human capital or break cycles of disadvantage.<sup>18</sup>

Counting second round fiscal effects in policy costing for the sake of offsetting can have a significant impact on the types of policies that are developed – contributing to more collaborative, preventative, holistic and long-term policies. This also needn’t come at the expense of fiscal rigour. In Victoria, the Early Intervention Investment Framework (EIIF, Box 3) solves several of these challenges. While most fiscal rules, including the Australian Government’s, only count immediate ‘first round’ fiscal effects, EIIF counts downstream second round fiscal effects.<sup>19</sup> Recognising the risk and uncertainty with counting second round benefits over longer timescales, the Victorian government has placed several guardrails around EIIF: the Department of Treasury and Finance require a very high evidentiary standard for projected savings (much higher than for first-round effects in a regular budget bid), and all interventions are subject to annual assessments (and may be wound back if they are not delivering benefits as expected). As outlined in Box 3, through targeting something as seemingly innocuous as fiscal rules, EIIF has led to significant change in approaches to policy-making and the types of policies that are being implemented.

While the example of EIIF shows how counting second round fiscal savings contributes to better policies being developed, government policies not only generate second round savings – certain policies can also lead to greater costs for government by growing demand for government services. A cut to benefits, for example, may lead to greater costs for government than the saving it generates due to the impact that living in poverty has on health, educational, employment, and justice outcomes.<sup>20</sup>

18 This is explored in much greater detail in CPD’s paper *Banking the Benefits* (Gaukroger and Phillips, 2024).

19 ‘Second round’ refers to effects that are not the original target of the intervention (for example where the target of a program is reducing homelessness, but this also has the effect of reducing hospital bed stays). ‘Fiscal effects’ refer to direct savings or costs to government. These are different from second round **economic** effects: costs or benefits to the economy of reduced or increased economic activity or effects on prices (Gaukroger and Phillips, 2024).

20 The generation of additional avoidable costs for government through economic and policy decisions is sometimes referred to as ‘failure demand’ (Chrysopoulou, Anielski & Weatherhead, 2021).

Similarly, transport and infrastructure projects may generate significant hidden costs for government if, for example, they contribute to increasing air pollution levels. Representing the true costs of some policies will include capturing their second round fiscal costs, and if this was a component of a government's fiscal rules this would disincentivise the selection of such policies, while incentivising efforts to reduce a policy's negative impacts, including those that fall across multiple portfolio areas.

## 7.2 Increasing the utilisation of policy analysis tools

Impact analysis, risk assessment, business cases, and economic benefit analyses are commonly used as policy proposal assessment tools. However, where these include consideration of wellbeing impacts, it is often buried in hundreds of pages of secondary assessments without being captured in the proposal summary in a consistent way. To address this issue, policy evaluation tools that aim to provide richer wellbeing analysis and evaluation are one of the more common types of wellbeing tools (see appendix 1). Jurisdictions are adopting impact assessments that focus broadly on wellbeing (e.g. the [Australian Capital Territory](#)) or relevant components such as gender, First Nations peoples, or environmental impact (e.g. the Netherlands, Ireland, Australia), alongside other tools such as wellbeing enriched cost benefit analysis ([UK](#), [New Zealand](#)). However, the success of such tools has been mixed, with reports in many cases that they are [not being used](#) (see principle 5) or that they are treated as a tick-box exercise. Success in changing practice has often been found less in the analysis that such tools enable, and more in the opportunities such tools create for central agencies to work with departments early in the policy design process to build wellbeing into new policy proposals (section 5.1).

To tackle box-ticking, governments need to ensure that each of the principles outlined in section 2 are being adhered to. Principle 5 – design for useability – is particularly important here. One of the great tensions in moving towards a wellbeing government approach is navigating the path between complexity (bringing in all the relevant component parts and information)

and simplicity (making it fit for use). Government departments, and particularly those who oversee the distribution of government resources, have finite information processing capabilities, so analysis tools can act as a valuable support for policymakers. Policy analysis tools are unlikely to be used in an overcrowded policy analysis landscape. A newly data-enriched policy business-case will only be as good as its first few summary sheets if they are the only thing ministers or budget review committees are going to read. Without an investment in making sure that these sheets best capture the richness of the information and at the same time are standardised to make them easily comparable, the value of the better informed business-case may be invisible.

## 7.3 Creating a body for driving better fiscal practice

There are many more fiscal rules and decision processes than we have the space to analyse here, yet each one will have an impact on how decisions are made in government. They range from how fiscal aggregates and social discount rates are applied, to the templates that are used to assist ministerial decisions. There is considerable work to be done for any government in assessing the extent to which these existing rules and processes are fit for purpose and how they could be improved or where they need to be replaced. There would be value in a body taking on this task alongside developing material such as guidance documents that articulate best practice, and providing a repository of templates that can be used by governments. Many such bodies exist for certain regulatory systems and expanding that model to fiscal practice in government would be a powerful force for aligning the quotidian forces that determine every day practice in government to achieve progress on whole-of-government goals. The Budget and Financial Framework Advisory Committee is a network under Heads of Treasuries from Australia and New Zealand that shares best practice related to the budget and financial frameworks – this could be a possible place to sponsor or even locate such a body within Australia.

## Box 7: Funding early intervention: Earmarked funds, social impact bonds, and fiscal rules

The benefits of early intervention are widely recognised: early intervention initiatives have a higher likelihood of improving long-term wellbeing outcomes and provide a more fiscally sustainable model by reducing demand for government expenditure on acute services. Despite this, governments tend to do a poor job of investing in early intervention and prevention. One of the key reasons is that even though it is known that effective early intervention will generate savings, governments typically treat those savings as theoretical – a reason for selection, but not something to factor into the budget.

[Social impact bonds](#) were developed as a way to encourage private capital to invest in early intervention programs – with the promise of a return paid by government if they succeed (eg [Canada](#), [USA](#)). But these are hard to scale and often struggle to find investment. Private capital does not generally operate on the longer timescales government needs, and has proven uninterested in taking risks on social interventions.

Earmarked funds are one way to tackle this – quarantining a set amount of resources to address a problem area (eg [Australia](#), [UK](#)). However these are typically finite and risk being ended or eroded (Carneiro et al, 2024), often, paradoxically, on the grounds that they are considered too expensive or not a fiscal priority.

One way to address this issue is to reinvest savings generated by early intervention initiatives back into the fund. However, tracking these savings requires rigorous evaluation capabilities and can inhibit innovation by limiting funding only to preventative programs where the evidence of savings is clear. While there are a small number of general earmarked funds which track and reinvest savings (eg [Sweden](#)), these are rare. The Victorian Early Intervention Investment Framework model, which changes the fiscal rules to reinvest the savings early intervention generates for government (see Box 3), provides one successful example of this approach.

## RESOURCES / INFRASTRUCTURE



### Recommendation 9:

**Amend fiscal rules to allow for counting second round fiscal effects across multiple portfolios, where there is a robust evidence base for projected savings**

To ensure the rigour of budget calculations, there needs to be strict criteria for where second round fiscal effects can be included in the fiscal costing of proposals (see Gaukroger and Phillips, 2024). These include where:

- Best evidence shows a high likelihood of SRFEs that would follow directly from the intervention;
- These effects are expected to represent a materially significant and direct cost or saving to government that can be estimated reliably and, ideally, tracked;
- Any fiscal benefits are to arise from a decrease in demand for government services, and any fiscal costs are to arise from an increase in demand for government services (for example, increased demand for health services due to a decline in health outcomes).

This will require a strong evidence base so expected outcomes can be estimated with a high degree of accuracy, and the data infrastructure to enable ex-post policy evaluation to identify whether anticipated second round fiscal effects are being realised (see section 8).

Valuable data resources already exist that can be used by Australian governments including the Person Level Integrated Data Asset (PLIDA) and pilot Life Course Data Initiative, and work on the Priority Investment Approach model is already being used to calculate potential future savings from early intervention in the area of social security payments.



## Recommendation 10:

Require that new policy proposals have a single overarching policy impact analysis that directly addresses how the policy affects whole-of government goals

- Process documents such as the Cabinet Handbook and Budget Process Operational Rules should reflect these requirements, with central agencies (or the Cabinet Secretary) responsible for ensuring high quality implementation.
- Covering notes (such as the Australian Government's one page "green brief") should include a one-sentence summary of expected wellbeing impacts alongside the expected fiscal impacts



## Recommendation 11:

**Establish an Institute for Fiscal Practice**

Within Australia many templates and processes are not publicly accessible due to cabinet-in-confidence, so such an institution needs to be established within government. The kinds of work such an institute would undertake – for example, providing best practice templates which can be adapted for use across government – would largely be applicable across jurisdictions, and so within Australia its value could be increased if used by all levels of government.





## 8. Supporting decision-making with the right kinds of data and evidence

Data and evidence are crucial to supporting public servants in embedding a wellbeing approach to government. They are needed to develop a detailed understanding of where interventions are needed, make robust assessments of expected outcomes, track and evaluate actual outcomes, and adjust course where necessary. Many of the wellbeing government tools require high-quality evidence and data to function effectively, including several of those we have recommended above. Some, such as including second round fiscal effects in government accounting (section 7.1), require quantification of outcomes to a level of accuracy that goes beyond what is normally required for a policy assessment. In some areas there needs to be investment in high quality data and evidence, in others there simply needs to be better mechanisms for connecting existing data that government institutions currently hold with the policy design and decision-making processes. However, data itself needs to be understood as a support for government decision-making – too often jurisdictions have focused on quantifying outcomes while under-investing in changing the ways they work. Governments need to be very specific about the kinds of data and evidence needed to support the changes recommended throughout this report, and make sure that these specific data investments are part of the execution plan for such changes.

### 8.1 Investing in evidence-building with a focus on the utility of data

Tools and frameworks that promote better informed, evidence-based decision-making are only as good as the data they use, and the data you have is only valuable if it is used. Ex-post policy evaluation in the Australian Government is rarely carried out and this makes it very difficult to identify which policies are working, which ones should be scaled, and which must be ended or redesigned. Further, the Australian Government public servants we interviewed reported that, even where policy evaluation is done currently, it is not consistently being used to inform future policy design.

If the remit for improving the evidence base for government decision-making is too broad, then significant resources can be used to collect data that is ad hoc and piecemeal. Without a ‘filtering’ strategy on the data that should be collected or collated for a particular purpose, it can be ad hoc which policies or policy areas will benefit from increased investment in data. Having a direct plan for how data can be better used by government can help ensure that the data being collected is the most useful.<sup>21</sup> For example, there are effective tools that can’t be adopted because evidence and data capabilities are lacking (see section 7). Prioritising building data assets and capabilities, including integrating existing data,<sup>22</sup> in order to establish and adequately support such tools will be one of the most effective data investments.

In designing new tools, policymakers should include ‘placeholders’ where data is not yet available, but where its inclusion would directly improve the tool.<sup>23</sup> For example, performance measures or outcomes frameworks that may currently only look at short-term first round outcomes should also identify the kinds of data that would be needed to represent second round outcomes and longer-term outcomes. Where such data is not yet available, it should be identified as a priority for investment.

21 Understanding how to engage with the available evidence and translate that into policy can be a further barrier to integrating data, evidence and evaluation insights into policy. The Data Translation team in the Department of Health is an example of a team that has a role in supporting the use of data in policy-making.

22 For example the [Person Level Integrated Data Asset \(PLIDA\)](#), [Life Course Data Initiative](#), the [National Disability Data Asset \(NDDA\)](#) or the [Digital Map of Human Services](#) pilot. Within Australia, there are also barriers to cross-jurisdictional sharing of data. There are valuable data sets being held by state and territory government bodies, for example, which the federal government is currently unable to access to inform their decision-making and vice versa.

23 This practice has been adopted by some jurisdictions in the development of their wellbeing dashboards (Gaukroger et al, 2022).

Where there is investment in evidence and data building for a particular tool, there needs to be an understanding of the type and quality of data that is needed for that tool to function appropriately. In the attempt to embed outcomes based budgeting in the Australian Government in 1999, the goal was to have greater information about outcomes that could drive decision-making, but departments struggled to find performance indicators which could be used to measure and monitor success in delivering outputs and achieving outcomes (ANAO, 2007). Similarly, in Victoria an attempt to adopt outcomes based budgeting in 1997 saw public servants struggle to define appropriate performance measures or specify outcomes in their organisations that could be used with the new system (Vatjanapukka, 2005). Additionally, there was a high level inconsistency in the presentation of performance measures and data was not timely making it largely unsuitable for driving continuous improvement (Carlin, 2004).

## 8.2 Improving ex-post policy evaluation

Within Australia, as is common world-wide, the bulk of policy proposals are ‘set and forget’ – with very little infrastructure in place to track whether they are achieving positive outcomes. There are a small number of initiatives that aim to address this issue, improving the effectiveness and efficiency of government activities. Victoria’s [Early Intervention Investment Framework](#) tracks policies to identify where they have been meeting their intended outcomes, including second round fiscal savings. The newly established [Australian Centre for Evaluation](#) is also conducting randomised control trials on existing policy interventions to identify how policy can be made more effective. Ideally, tracking outcomes would happen both at the individual policy level – to aid in continuing and scaling programs that work and ending or rethinking those that do not – but also at a broader level in order to get a picture of how policies

are performing collectively and where there might be gaps. Evaluations also need to include involvement of people being affected by policies in the consideration of whether an initiative is successful.

Evidence-driven assessments of expected outcomes and ex-post policy evaluation that directly feeds into government decision-making is key for continual improvement and more effective use of public resources. Greater investment in data collection and evidence-building would also improve the understanding of the negative impact that particular policies may have on people and the natural environment. This is vital for calculating the true cost of policies. When implementing policies that are novel or require adaptability, ex-post evaluation can provide evidence on what outcomes a policy did or did not achieve, but may occur too late in the process to inform the improvement of that policy based on its evaluation. In these cases, [developmental](#) evaluation should be used alongside ex-post evaluation as this approach supports continual improvement of a policy.

These systems and tools must be paired with cultural changes within government and associated actors that centre continuous learning and ensure the accuracy of program evaluations. A culture that promotes viewing mistakes as learning opportunities, focuses on iterative evaluation and improvement over time, and works through issues collaboratively rather than blaming individual organisations or staff can lessen occurrences of actors being reluctant to admit or address mistakes in program evaluation settings (Eberly and Martin 2024). Relational contracting, which relies on ongoing communication, mutual trust and shared norms alongside legal obligations outlined in a conventional contract (Young, et al, 2020), further allows governments to share findings with service providers and adjust practices in real time without needing to immediately use punitive measures that might be slow and damage the relationship (Eberly and Martin 2024).



### Box 8: Too great an emphasis on data risks unintended consequences

Data improvements are needed to support government practice, but many risks follow from putting too great an emphasis on data in government decision-making. Starting with evaluation and evidence can limit options by focusing on what has already been done, rather than exploring how things can be done differently. It is easier and faster to build an evidence base for policy areas that have been studied for a long time, that are already in place, and for which it is easier to control variables. This creates a status quo bias. Decision-making processes can become skewed in favour of policies that happen to have a more developed evidence base, rather than policies that are likely to deliver the best overall outcomes. For example, while randomised control trials (RCTs) are considered the gold standard in evidence, by their nature the interventions they support are going to be ‘micro’ interventions that sit below the system level (Pritchett, 2020). RCTs can make a valuable contribution to policy design, but they must form part of a broader evidence base.

In some cases, the fact that the evidence base may have not yet been established should not be a barrier to investing in certain policy interventions. Taking a holistic and long-term approach to government decision-making will require innovation and trying strategies for which there may not be a robust evidence base, particularly as evidence of the effectiveness of the types of initiatives that focus on holistic, upstream interventions will typically take a long time to manifest (Trebeck and Grant, 2024).

### 8.3 Ensuring direct pathways for data and evidence to feed into decision-making and practice

Without a concrete mechanism in place to effectively insert data into the decision-making process, that data cannot influence those decisions nor shape their implementation. In our Australian Government interviews, for example, we have heard how data on program evaluations and effectiveness, where it is currently collected, was not meaningfully connected with the policy process. It was not used to assess departmental or individual performance, so there was little incentive to use it, nor was there a requirement that it inform new policy decisions, so it failed to feed into a cycle of constant policy improvement.

Similar issues emerge when new tools are brought in with the intention of increasing the quality of evidence-based decision-making in government, but a good mechanism to directly feed that evidence into decision-making is missing. For example, we have heard of attempts to build more and better wellbeing data into budget bids, based merely on the hope that such bids would have an advantage in the budget process or be looked on more favourably by ministers. But there was no mechanism in place for ensuring that they would be advantaged (including a lack of concrete commitment by the most senior decision-makers to favour proposals with a deeper evidence base). In other cases the human nature of political decision-makers has also been overlooked. For example, in at least one past case of outcomes based budgeting in Australia the assumption that having more information would lead to better decisions was undermined by the fact that this increased information led to policy proposals that were so long, ministers were more likely to only read the summarising top-sheets where previously they may have read the whole proposal.

In contrast, Victoria’s Early Intervention Investment Framework (Box 3) is a good example of a direct plan that feeds good evidence into decision-making via the formal costings for budget proposals. The high evidentiary requirements of the framework, which required ex-post tracking and evaluation, incentivises the gathering and use of high-quality data and evidence. It also creates a positive feedback loop as data on the effectiveness of policies and their downstream savings becomes part of a

growing evidence base that supports future policy development. The Department of Treasury and Finance offers significant support to departments to assist them in collecting and using data, which further contributes to a consistent quality of evidence and evaluation.

The Australian Government has valuable data assets and evidence bases and continues to build more. These could be better used to support and improve policy and practice, and yet these are not sufficiently feeding into the decision-making process. The [Measuring What Matters](#) dashboard consists of 50 wellbeing indicators grouped under five themes – healthy, secure, sustainable, cohesive, prosperous – with recent investments in the Australian Bureau of Statistics enabling the collection of better and more timely data to populate this measure of wellbeing in Australia. [The Person Level Integrated Data Asset](#) (PLIDA) gives whole-of-life insights combining information on health, education, government payments, income and taxation, employment, and population demographics over time. Current pilots of data-sharing and analysis between the Commonwealth, ACT and South Australian governments through the [Life Course Data Initiative](#) will also provide linked data. There must be systems or tools in place into which the data will directly feed and which will directly influence decision-making and the implementation of those decisions. PLIDA and the Life Course Data Initiative could, for example, be used to support assessments of the effectiveness of policy interventions on cohorts over time.

## 8.4 Testing assumptions on how data will be used

Governments need to be clear about precisely how they expect data and evidence to be used, and then build ways to track these expectations into the tool or data system. If governments cannot identify how to evaluate which data is being used and by whom, this may indicate that their initial beliefs about how it would impact decision-making were incorrect or not concrete enough. In order to understand whether the data or tool that uses it is worth the investment, a government must know whether it is being used as intended, whether more work needs to be done to make it effective, whether it is contributing to unintended outcomes (see Box 7), or whether it should be rethought entirely. For example, one sub-national government official told us they were surprised

### RESOURCES / INFRASTRUCTURE



#### Recommendation 12:

**Create a centralised record of where data and evidence is currently unavailable but is needed for fully informing decisions or for implementing valuable government tools**

This can be a resource both for guiding investment in data and evidence, and for broadening the pool of people who can match existing but potentially unknown data and evidence sources with government decision processes.

### RESOURCES / INFRASTRUCTURE



#### Recommendation 13:

**Require continual and/or ex-post policy evaluation for all new policy proposals above a certain size, with a requirement to build insights into policy development**

An evaluation plan should be included with all new policy proposals, so that evaluation capability is built into the design and delivery of initiatives. This should include considerations of the incentives and ways of working that will have a bearing on how policies are evaluated, and how the evaluation process (not just its findings) can feed back into practice. An institution like the Australian Centre for Evaluation could assist with and sign off on evaluation plans and help build evaluation capability. Further, where outcomes are found to deviate from expectations by +/- 25%, the department must report to Cabinet with any follow-up recommendations.

to discover that views of their online wellbeing indicators, designed for use by the general public, were overwhelmingly coming from within government. This has led to internal discussions over whether to raise awareness of the indicators amongst the public and/or focus on ensuring the way such indicators are presented best supports the way they are being used by public servants.



# Conclusion

**Within Australia** a range of initiatives – some emerging, others more established – are already being guided by many of the principles contained in this report. The Australian Government’s Early Years Strategy, for example, is led by what could be understood as a whole-of-government wellbeing goal – a vision “that all children in Australia thrive in their early years [and] children have the opportunity to reach their full potential when nurtured by empowered and connected families who are supported by strong communities.” Guided by principles that focus on ways of working, and accompanied by medium-term objectives that represent what it would mean for this goal to be met, its focus is on creating the environment and structure for collaboration across all levels of government, within and between agencies, and outside of government.

However, there are also important lessons that can be learnt from current practice. The National Agreement on Closing the Gap is a good example of governments at all jurisdictional levels attempting to incorporate all the principles and components of embedding a wellbeing approach (Figure 1). Consistent with the analysis provided by the Coalition of Peaks and the Productivity Commission, it’s clear that targets are unlikely to be achieved without a paradigm shift and changes to ways of working. Until the approach strategically embeds all the principles and components, its impact will be limited. Lessons learned from Closing the Gap reforms should be shared widely so that we can better understand what is working well and what still needs to be attended to.

The recommendations in this report range from those that could be actioned in the short term, to those that will take significant time, capability and capacity investment, and, in some cases, significant political will to embed. Several stand out as first steps that could be priority focuses for the Australian Government.

For those in elected government, **Recommendation 1 (set big-picture, whole-of government wellbeing goals)**, is the place to start. Australia needs the

direction such goals provide, and these should be decided on by a non-partisan National Conversation on the Australia We Want for ourselves, our children and our grandchildren. That would give these goals the greatest chance of longevity and broad public support. If done right, this can set the direction and provide the guidance needed to support all other recommendations that fall under the ‘vision’ category in this report.

For public servants **Recommendation 6 (create pathways for soliciting ideas from a broader pool of people)** represents achievable, practical actions including executing existing recommendations from the Australian Public Service Commission. Implementing the practice that decisions should be made at the lowest appropriate level, and creating an internal Australian Government wellbeing community of practice (as described on p.33) are two practical ways to increase pathways for connecting a broader pool of ideas and insights throughout government.

Within Treasury and Finance, **Recommendation 9 (amend fiscal rules to allow for counting second round fiscal effects)** would be a significant step that requires long-term capability building in central and line agencies. But a pilot, modeled on Victoria’s Early Intervention Investment Framework, could be a first step towards establishing a ‘proof of concept’ of this approach. This could be done by establishing a fund, or possibly drawing on an existing fund such as the government’s Commonwealth Outcomes Fund, for policies that take a preventative or early intervention approach and reduce future costs for government. Many of the data resources needed to support the estimation, tracking, and reinvestment of these savings are already available to the Australian Government (see p.45).

**Recommendation 11 (establish an Institute for Fiscal Practice)**, is a medium-term step that could have significant impact on government practice across Australian jurisdictions. It could either be established anew or possibly located within an existing body such as the Budget and Financial Framework

Advisory Committee. However, in the absence of such a body, **public servants should start to test the existing rules and processes that they work within, and consider whether they are fit for purpose, how they could be improved or where they need to be replaced.** An Australian Government wellbeing community of practice would be an ideal place to share and discuss these insights, but even in its absence having a better understanding of what needs to change is an important first step in bringing about the change that needs to happen.

**Across all jurisdictions,** the principles at the heart of this report, and the recommendations they support, are considerable in ambition and scope. This is where our findings led us. There are some stand-out examples of successful adoption and embedding of tools and approaches that contribute to some combination of collaborative, consultative, holistic, upstream and long-term reform in government. There are many other examples of attempts that have not succeeded in driving change. This is not a problem limited to wellbeing approaches – most attempts at government structural reform have failed. The lessons from these cases are clear – **if governments want to see improved long-term outcomes and be best placed to face future challenges, they cannot simply tinker around the edges.** Instead they must take a broad approach, focused on big-picture goals, driven by the right kinds of public service culture and practice, informed, supported and resourced to properly execute change. These components – and the principles and scope for their application outlined in this report – cannot be treated as separate; rather they are component parts of a single big-picture approach to government reform. As the examples throughout this report show, governments can't pick and choose which principles and components to implement. They can plan and sequence them, but for real change, they need to go all-in.

This is no small task, failure is going to happen, and not everything will work. However, the potential rewards of the right kind of transformational change are immense – it is our hope that this work helps governments in achieving that change.





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## APPENDIX 1:

# Wellbeing government tools

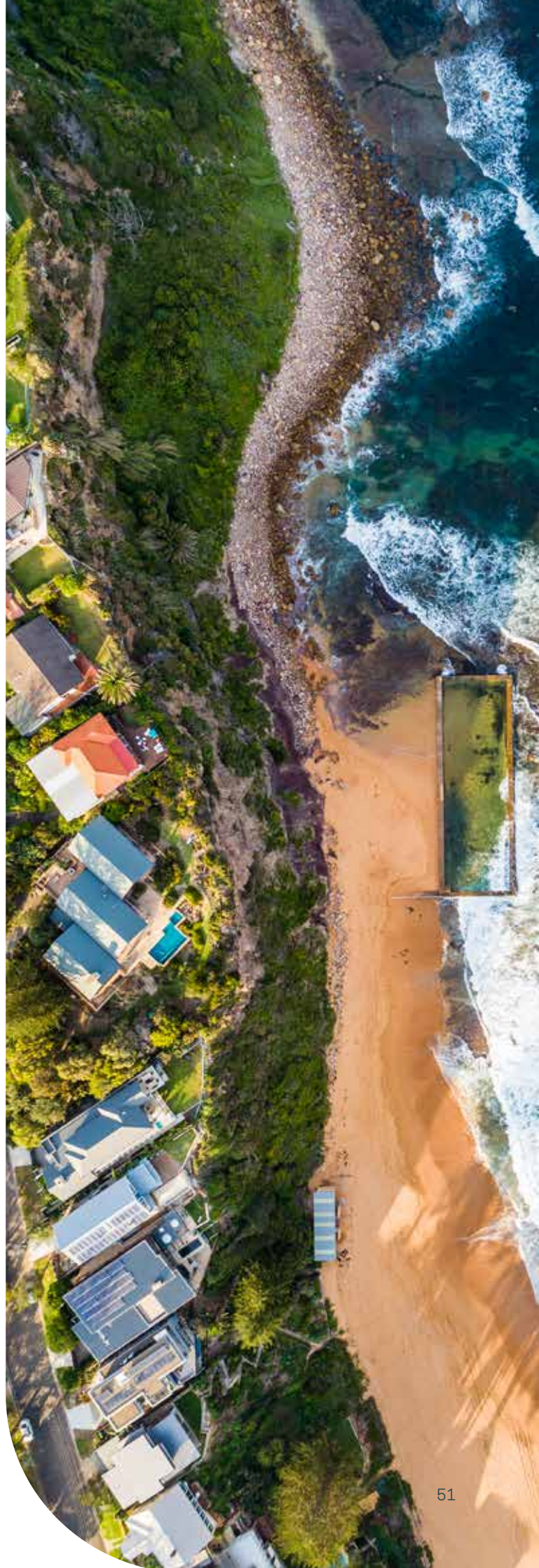
Governments have adopted a wide range of tools with the aim of better capturing and working towards wellbeing. Whether a particular tool should be considered depends on the nature of the jurisdiction in question. If, for example, cost benefit analysis (CBA) is already being widely used, then it may make sense to modify it to include wellbeing considerations. If, however, CBA does not play a significant role in government policy selection, then introducing a wellbeing-enriched CBA may risk overcrowding an already onerous policy assessment landscape. Similarly, in jurisdictions where legislation is hard to change, or with relatively consistent political contexts where legislation is unlikely to be quickly repealed, legislating wellbeing-based rules may be a valuable approach to ensuring longevity and adherence. However, if changes of governing political parties happen frequently and are typically accompanied by changes in the type of legislation that would aim to embed wellbeing rules, then legislation may not be the most effective approach. How to embed the tools that are most appropriate to their jurisdictions matters as much as identifying which tools will be most appropriate.

While the following list is not exhaustive, and not all the initiatives mentioned below are still in action, some examples include:

- » **Wellbeing frameworks:** While this term is used to refer to a wide range of initiatives, we take Trebeck and Smith's (2024) definition of a wellbeing framework as a decision-making guide that can include a combination of goals, wellbeing domains, ways of working, or decision-making tools. Wales and the Australian Capital Territory (ACT), for example, have wellbeing frameworks that include all these components.
- » **Wellbeing measures:** The most common step taken is the introduction of metrics or indexes that aim to go beyond traditional economic indicators (Gaukroger et al, 2022). These measures aim to provide a broader evidence base to guide wellbeing-focused government decision-making, and are sometimes accompanied by a legal obligation on governments to regularly report on these indicators ([Scotland](#), [France](#), [Italy](#)).
- » **Strategic priority setting:** The setting of government, fiscal or budget priorities to align them with areas of need (as revealed by wellbeing metrics) has been introduced, for example, in countries such as [New Zealand](#) and [Iceland](#).
- » **Legal obligations on the executive government:** Legislation has been used to mandate wellbeing in decision-making in Wales. The [Well-being of Future Generations Act \(2015\)](#) requires all public agencies to ensure the economic, social, environmental and cultural wellbeing of Wales, aligning with the principle of sustainable development. Ecuador integrated the concept of Buen Vivir ('living well') into its [2008 Constitution](#) and [national development plans](#), to focus on the wellbeing of people and respect for nature, conceptualising development in a way that goes beyond economic growth.
- » **Policy assessment tools:** Many jurisdictions are now bringing in or modifying budgetary tools to better guide and inform government decision-making. Examples of tools which aim to better capture the value of wellbeing calculations in decisions such as choosing between new policy proposals include: [wellbeing impact assessments](#) for new policy proposals or whole-budget evaluations (including complementary components such as gender, First Nations, or environmental impact assessments); [outcomes-based budgeting](#); and including [richer wellbeing analysis](#) in [cost benefit analysis](#).
- » **Budget structures:** Budget allocation and auditing has been restructured to adopt the features of a wellbeing approach such as de-siloing departments through shared budgeting (see McDaid 2012), and increasing involvement through [participatory budgeting](#). The Australian state of Victoria has [redefined government budget rules](#) so that they allow for, and even encourage, more effective wellbeing-focused policies that were previously overlooked because their true fiscal value was not being captured.
- » **Earmarked funds:** New funds have been created with the goal of supporting multi-dimensional wellbeing initiatives. The [Scottish Green Infrastructure Strategic Intervention](#) funded initiatives that used green infrastructure to

help tackle social and health challenges in disadvantaged urban areas, guided by community engagement and co-design. Other programs have been introduced to empower local communities to make decisions about what will best meet their diverse needs. The [Bolivian La Paz Neighborhood and Communities of Truth Program](#) has involved neighbourhood organisations in site identification, activities planning, assignment of budget, and supervision of the execution of works with a focus on the Sustainable Development Objectives.

- » **Establishing dedicated units or institutes:** Bodies have been established to conduct research or support government implementation, or in some cases both. Some of these are independent such as the [Welsh Future Generations Commissioner's](#) office which has a formal role as part of public decision-making, along with a mandate to work alongside government departments and public bodies to support implementation of the Well-being of Future Generations Act. Other units have a purely advisory or thought leadership role such as the Australian [Measuring What Matters](#) team that focuses on how to implement the government's wellbeing framework, and the [PolicyProject and Taskforce Office](#) in the Australian Commonwealth Department of Prime Minister and Cabinet, one of the functions of which is to embed futures thinking into government through training and producing regular [Long-term Insights Briefings](#).
- » **Creating new departments and ministerial positions:** The United Arab Emirates now has a Minister for Happiness; Scotland a Cabinet Secretary for Wellbeing Economy. Ecuador had a Buen Vivir ('Good Living') Secretariat in Ecuador, though this has since been ended.
- » **Bringing in safeguards against harmful policies:** Improving wellbeing is not just about doing more good things, but also preventing decisions or practices that compromise wellbeing to continue, whether or not this is due to vested interests or flaws in the current policy assessment system. Some jurisdictions have introduced bodies and processes to better filter proposals and increase transparency and accountability. Bhutan has a [council of experts](#) who assess policy proposals with the job of rejecting those proposals that do not reach a wellbeing threshold. Wales has an [independent commissioner](#) whose role is to ensure the good-faith application of its wellbeing legislation with powers of audit and public accountability.



## APPENDIX 2:

# Current Australian Commonwealth initiatives

The Australian Commonwealth Government already has a number of initiatives that are in line with a wellbeing government approach. These include:

- » [Measuring What Matters](#) (MWM): Introduced in 2023, this is a national wellbeing dashboard including 50 indicators captured under five themes: healthy, secure, sustainable, cohesive and prosperous.
- » The Measuring What Matters team: Housed in the Australian Centre for Evaluation, this team works to embed the principles of the MWM framework into government.
- » Initiatives coming from the Policy Projects and Taskforce Office within the Department of Prime Minister and Cabinet including: [Long-term insights briefings](#), [Building a Digital Map of Human Services](#) for policy insights; an [APS Futures Primer toolkit](#).<sup>24</sup>
- » [Reform of the Australian Public Service](#) focused on building capability, integrity, transparency and collaboration.
- » [The Commonwealth Outcomes Fund](#) aimed at growing social impact investing and reducing disadvantage.
- » Mandatory First Nations and Gender impact assessments for all new policy proposals.
- » An [Early Years Strategy](#) for a whole-of-government approach and investment to improve outcomes for young Australians, including an Action Plan and Outcomes Framework.
- » A [Priority Investment Approach](#) that uses actuarial analysis, supported by a longitudinal dataset of people who receive social security payments, to predict future social security usage and associated lifetime cost, identify and provide insights into vulnerable groups and inform early intervention.
- » A [Digital Atlas of Australia](#) that supports functions such as representing multiple types of information from flood risk to income support payment recipients.

<sup>24</sup> This Office has a broad remit to assist the government in adopting practices that are directly in line with a wellbeing approach: taking a medium to long-term lens with a direct focus on the impact of policies on Australians; working across policy silos and joined-up working; focusing on prevention and treating the root causes of problems.





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