

NSW Government Response to the Parliamentary Inquiry into Performance and Wellbeing

May 2025

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Introduction

The NSW Government is committed to delivering quality services that improve the wellbeing of the people of NSW. The NSW Government is developing a Performance and Wellbeing Framework (the Framework) to monitor its delivery of services and track the overall quality of life of the people of NSW.

The Framework will improve the government's accountability and performance of the services it delivers and its impact on community wellbeing. It includes the measurement and reporting of wellbeing metrics and performance indicators so that the government can better understand the impacts of policy and resourcing decisions.

The NSW Government has reviewed the recommendations of the NSW Parliament's Public Accounts Committee inquiry report into *A Framework for performance reporting and driving wellbeing outcomes in NSW* and thanks the Committee for their detailed review into performance and wellbeing reporting in NSW. Out of the 14 recommendations made to the NSW Government:

- ten are supported in full
- four are supported in-principle.

In response to the recommendations, the NSW Government will prioritise action in two key areas, including further public consultation and data improvements. Three of the recommendations called for ongoing public consultation. The Framework is intended to evolve and be refined as new information becomes available. Following the 2025-26 Budget, the NSW Government will set out a consultation program to ensure the Framework remains relevant to the community and meets government objectives. Five of the recommendations relate to improvements in the collection, availability and presentation of data. NSW Treasury is working with The Cabinet Office to ensure the Framework takes a data development approach, in collaboration with government agencies across the public sector.

The specific recommendations of the Committee are addressed below.

Response to recommendations

Recommendation 1: The NSW Government should consider the learnings from the implementation of other wellbeing frameworks and models, particularly the *Well-being of Future Generations (Wales) Act 2015*.

Response: Supported

The development of the Framework has been guided by learnings from other wellbeing frameworks, including the Welsh model, and community feedback.

The basis for the selection of the eight wellbeing themes (the highest hierarchy in the Framework) is the Commonwealth Government's Measuring What Matters and OECD's wellbeing framework. The Framework was adjusted to reflect community and agency feedback, and the State's service delivery context.

NSW Treasury has met with other jurisdictions who report on wellbeing or wellbeing related policy to discuss learnings and help develop the Framework, including the:

- Commonwealth Government on Measuring What Matters
- New Zealand Treasury on the Our Living Standards Framework

- ACT Government on the ACT Wellbeing Framework
- Victoria Government on the Early Intervention Framework.

Common challenges include how performance information is embedded into decision making processes and incentives for cross-sector collaboration.

As the Framework is updated and as new information becomes available, the NSW Government will continue to draw from other jurisdictions, where relevant.

Recommendation 2: The NSW Government should ensure the delivery of wellbeing is people and community focused rather than service delivery focused.

Response: Supported

A key objective of the Framework is to report on government performance in a way that is meaningful to the NSW community. Better information serves our community by supporting more effective allocation of our collective resources, allowing us to achieve more with less, thereby improving our collective wellbeing.

The Framework is designed to:

- Report on outcomes that are meaningful to the people of NSW rather than reflective of government operational activities.
- Measure and track broad community wellbeing in addition to reporting on performance of government service delivery.
- Demonstrate links between government services and how they contribute to wellbeing outcomes.

Recommendation 3: The NSW Government, in consultation with the community, should establish a holistic vision and a clear definition of wellbeing and other relevant terms and articulate an end state for the NSW Performance and Wellbeing Framework's outcomes.

Response: Supported in-principle

The Framework has not explicitly included a single definition of 'wellbeing'. While NSW Government agrees that a holistic and clear understanding of wellbeing is useful, the Framework achieves this through defining and describing eight wellbeing themes. This is because wellbeing can have different meanings for different people based on individual preferences, context, cultural background and other characteristics.

To capture this, the Framework defines eight broad themes, or areas, that are important to wellbeing and overall quality of life. It is a strength of the Framework, and others such as the OECD's, that it does not try to place weights on each theme, acknowledging that such weights will change by personal characteristics (or cohort), geography and over time.

The Framework is intended to be both flexible and enduring. Therefore, it is not the role of the Framework to articulate an end state for NSW Outcomes as this will change along with community expectations. The NSW Government can, however, state its vision, or end state, for specific policy areas, which can then be reported. For example, the NSW Government has committed to an ambitious target of 377,000 new homes by 2029 under the National Housing Accord. Progress against this target could be reported under the 'Quality housing solutions are sufficient and affordable' NSW Outcome.

Recommendation 4: The NSW Government should consult with local government, as well as local community and neighbourhood centres, in adopting a place-based approach to:

- the development and implementation of the NSW Performance and Wellbeing Framework
- its decision making on policy changes and funding decisions, following the implementation of the NSW Performance and Wellbeing Framework, and
- the collection, analysis and publication of data.

Response: Supported in-principle

The NSW Government recognises that ongoing consultation is important for refining and updating the Framework, so it remains relevant and available to the NSW community, including at a local level. As part of this, where there are specific and relevant local issues to address, and resourcing permits, we will consult with local communities and councils. For example, consulting with local groups could be beneficial for refining and improving wellbeing metrics, to ensure that they meet information needs in the community, such as for disaggregated data by regions or cohorts.

Recommendation 5: The NSW Government should consider:

- whether the NSW Performance and Wellbeing Framework has the appropriate balance of lead and lag indicators,
- if there should be a smaller number of themes, outcomes and indicators to drive better interdepartmental and agency collaboration to breakdown silos,
- how indicators and metrics are assessed and analysed across different thematic or geographic areas to ensure a holistic approach and no unintended consequences, and
- prioritising indicators and metrics as part of its ongoing review and implementation of the NSW Performance and Wellbeing Framework.

Response: Supported

The NSW Government is committed to reporting wellbeing metrics and performance indicators that are meaningful to the people of NSW, provide information to government on service delivery and drive improvements in NSW Outcomes.

- The balance of lead and lag indicators have been considered as part of finalising the performance indicators, including whether there is sufficient coverage of wellbeing themes and outcomes. The inclusion of lead and lag indicators in the Framework will support NSW Government to tell a meaningful performance story to the community.
- A central consideration throughout the development of the Framework has been to ensure that the number of themes, outcomes and indicators is manageable and targeted while sufficiently covering the key service responsibilities of Government. Central agencies, including Treasury, The Cabinet Office and Premier's Department, will support interagency collaboration on Government priorities as required.
- Presentation of the Framework will include disaggregation of wellbeing metrics and performance indicators by different cohorts and geographical areas, where appropriate. Where there are gaps in currently available data (including disaggregate data), Treasury and the Cabinet Office are progressing a whole-of-government data development plan to prioritise and address this.
- There will be ongoing review and consultation over the life of the Framework. This will include refinements of metrics and indicators.

Recommendation 6: The NSW Government should prevent duplicate data collection gathering by leveraging existing data sources to inform ongoing consultation.

Response: Supported

The Framework draws on multiple data sources, such as agency administrative data and survey data. The NSW Government recognises the value of leveraging existing data sources and will continue to work with both internal and external stakeholders to ensure data collection is not duplicative. For example, there is existing environmental data available in the NSW Sharing and Enabling Environmental Data (SEED) portal that can be leveraged.

Recommendation 7: The NSW Government should address any gaps identified in existing datasets as part of implementing the NSW Performance and Wellbeing Framework.

Response: Supported

The Cabinet Office and Treasury are coordinating a whole-of-government data development plan to ensure that performance data required as part of the Framework is fit for purpose.

The data development plan includes a focus on identifying key data needs and analysing gaps in data between what is available now versus what is important to measure. It also identifies which data development activities are the most feasible and likely to have the greatest impact.

Recommendation 8: The NSW Government should take a data development approach that considers the ability to collect and publish disaggregated wellbeing data, including by area or cohort.

Response: Supported

The NSW Government is taking a data development approach to the Framework. The approach has included effort from across the sector to understand what is required to improve data quality, performance indicators and reporting.

There are currently 15 wellbeing metrics that include disaggregated data by cohort or geographic area. Work has also been undertaken to identify performance indicators that would benefit from further data disaggregation.

Data development activities have identified key actions through community feedback. This includes the provision of disaggregated data and addressing known data gaps.

Recommendation 9: The Committee recommends that the development of the Data Development Plan be prioritised for delivery with the NSW Performance and Wellbeing Framework.

Response: Supported

The NSW Government supports a data development approach to the Framework. Work to date has identified key actions to improve data quality, indicator selection and public reporting. A collaborative interagency approach to data development is essential for success.

Recommendation 10: The NSW Government should conduct ongoing public consultation on the NSW Performance and Wellbeing Framework for the duration of its lifetime to ensure it remains relevant to the people of NSW.

Response: Supported

The NSW Government acknowledges that public consultation is of vital importance to the development and endurance of the Framework. As part of the 2024-25 Budget, the Government called for community feedback on what aspects of the Performance and Wellbeing Framework mattered most to them. External stakeholder consultation has included engagement with the public through an online Have Your Say portal, the convening of a diverse non-government roundtable event and direct engagement with key First Nations stakeholders including NSW Coalition of Aboriginal Peak Organisations (CAPO) and NSW Coalition of Aboriginal Regional Alliances (NCARA).

The Framework is intended to evolve as community expectations of wellbeing change and new information becomes available. Refining and updating the Framework will be informed by ongoing consultation with agencies and the public.

Recommendation 11: The NSW Government should include people and community-centred benchmarks and targets for wellbeing measures in the NSW Performance and Wellbeing Framework.

Response: Supported in-principle

The Framework reports key measures of government performance and community wellbeing together in one place. Government should consider setting targets when they can galvanise action in priority areas. Where the NSW Government has set specific targets that align with measures in the Framework, they will be reported. It will also report on progress across groups and geographies over time and with respect to sensible comparators.

Movements in wellbeing metrics can inform where Government should prioritise resources. While government services can influence these metrics, they are also significantly determined by factors outside government control. Moreover, there will be trade-offs between metrics across the wellbeing themes, for example an increase in house prices might increase wealth but make housing less affordable. In this context, setting targets for all wellbeing metrics may not be meaningful.

Recommendation 12: The NSW Government should ensure the NSW Performance and Wellbeing Framework is effectively embedded in budget and policy development processes.

Response: Supported

The NSW Government will consider how the Framework can be embedded in budget and policy evidence processes. An objective of the Framework is to provide quality data insights to inform government decision making, so that wellbeing considerations are part of policy decisions.

The Framework will be integrated with existing NSW Government Investment Frameworks, which are used to inform policy development and funding decisions. For example, business cases or cost benefit analyses that support new budget measures or proposals could consider how they contribute to achieving NSW Outcomes or align with wellbeing themes. The wellbeing themes provide a useful structure for considering the welfare impacts of new policy proposals across the public sector.

Recommendation 13: The NSW Government should ensure there is direct involvement of the NSW Parliament with the NSW Performance and Wellbeing Framework, through consideration of how the Framework will be incorporated into legislation, committee and parliamentary processes.

Response: Supported in-principle

The NSW Government will consider options for directly involving NSW Parliament in Framework implementation. For example, reporting for the Performance and Wellbeing Framework will be formally tabled as Budget Papers.

Recommendation 14: The NSW Government should consider the feedback on the NSW Performance and Wellbeing Framework's themes gathered in this inquiry, as part of its ongoing review and implementation of a Wellbeing Framework.

Response: Supported

Feedback gathered in this inquiry has been used to inform the development of the Framework and will provide an important reference as part of the ongoing review and implementation of the Performance and Wellbeing Framework.