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# Wellbeing and Public Policy

## can New Zealand be a leading light for the ‘wellbeing approach’?

Reflections on the Third International Conference on Wellbeing and Public Policy, Beehive and Victoria University of Wellington, 5–7 September 2018<sup>1</sup>

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### Abstract

Delegates left the Third International Conference on Wellbeing and Public Policy with great expectations following three days of inspirational addresses by some of the world’s most prominent thinkers and policymakers. In this article we ask: what is required for a wellbeing approach to public expenditure to be successfully implemented and sustained?

The wellbeing approach arose out of concerns about whether the current suite of measures used by policymakers provides sufficient information on the full range of contributors to or components of the good life. Sometimes divided on what wellbeing is and how to measure it, proponents of the wellbeing approach agree that the ultimate goal of public policy should be to improve wellbeing for all citizens. In order for this wellbeing approach to be successful, we believe it must address three main challenges: measurement, representation and engagement. We must be clear about how wellbeing will be measured, whose wellbeing we will assess, and the extent to which all New Zealanders are represented in the conversations that will determine the first two issues.

**Keywords** wellbeing, happiness, measurement, representation, engagement, Living Standards

Framework

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University of Wellington. His main research focus is on the geographies of subjective well-being and their implications for public policy. Philip was chair of the organising committee for the Third International Wellbeing and Public Policy Conference.

## Box 1: Keynote speakers

- **Martijn Burger** is assistant professor of industrial and regional economics and academic director of the Erasmus Happiness Economics Research Organisation, both at Erasmus University Rotterdam.
- **Jan-Emmanuel de Neve** is associate professor of economics and strategy at Saïd Business School, a fellow of Harris Manchester College at the University of Oxford, associate editor of the *World Happiness Report*, deputy principal investigator for the What Works Centre for Wellbeing and research advisor to Gallup.
- **Edward Diener** is alumni distinguished professor of psychology (emeritus) at the University of Illinois, professor of psychology at the University of Utah and the University of Virginia and research advisor to Gallup on measuring psychological well-being.
- **Carrie Exton** is leader of the Monitoring Well-Being and Progress section at the OECD and lead author and coordinator of the OECD’s flagship well-being report, *How’s Life?*
- **Carla Houkamau** is associate professor in the Department of Management and International Business and associate dean for Māori and Pacific development for the Business School at the University of Auckland.

### The Third International Conference on Wellbeing and Public Policy and the ‘wellbeing approach’

Hundreds of delegates left Wellington on 7 September with great expectations after three days of inspirational addresses. None left more impressed than the keynote speakers invited from Europe and the United States (see Box 1), where progress on wellbeing and public policy seemed to them sluggish by comparison.

The reasons for the keynote speakers’ buoyancy are significant: their discovery of a government placing wellbeing front and centre of its policy agenda, encountering an audience of nearly 400 each day, and having a choice of over 150 presentations across multiple streams. The streams included planning for wellbeing, the Living Standards Framework, and diversity and wellbeing, as well as housing, ageing, children, youth, gender, community, consumption, disasters, work, sustainability, technology and urban living; there were also papers on theory, measurement and indicators of wellbeing.<sup>2</sup>

A striking feature of the conference was the apparent presence of a shared vision of a wellbeing approach to public policy. Probably even proponents of the wellbeing approach were surprised to see so many government representatives, academics and community representatives coming together to discuss how public policy might improve the wellbeing of all New Zealanders. This was momentous because the wellbeing approach is an important departure from the policymaking status quo. The wellbeing approach arose out of concerns about whether the extant suite of measures used by policymakers (think GDP etc.) provides sufficient information on the full range of contributors to or components of the good life. Sometimes divided on what wellbeing is and how to measure it, proponents of the wellbeing approach agree that the ultimate goal of public policy should be to improve wellbeing for all citizens.

In his speech to open the conference the minister of finance, Grant Robertson, drew attention to the rationale behind, and the importance of, the wellbeing approach:

[I]t is my job to ensure that the country’s finances are managed well,

but that is not the end of the story. The economy is not an end in itself, it is the means to the end of allowing our people to live good and fulfilling lives.

And so it is from this position that a focus on wellbeing for me and for our Coalition Government is an obvious direction ... I believe that this work on wellbeing is likely to be the most significant legacy this Government can leave for future generations. (Robertson, 2018)

James Shaw, minister of statistics, added: ‘GDP statistics measure current economic activity in terms of through-put. But they ... don’t take account of the quality of social relationships, economic security and personal safety, health, and longevity’ (Shaw, 2018).

New Zealand is clearly at a turning point in terms of what guides public policy. In this reflection on what transpired over the three days we highlight several key points and the challenges they raise; specifically, we ask what New Zealand has to do now to live up to the high expectations of the keynote speakers and to become a leading light on wellbeing and public policy internationally.

It is helpful in addressing this question to recognise some of the milestones in a potted history of wellbeing as a concept of interest in public policy. Table 1 lists side by side a number of the key steps taken towards the wellbeing approach internationally and in New Zealand.

A review of the timeline in Table 1 reveals that an important turning point was the recognition that ‘what is measured gets attention’, as Professor Diener noted in his keynote address, and ‘what gets measured gets managed’, as James Shaw, minister of statistics, reminded us on the third day. A key step in that direction was taken nearly a decade ago in the *Report by the Commission on the Measurement of Economic Performance and Social Progress*, commissioned by the French president at that time, Nicolas Sarkozy, which stated, quite simply: ‘The decisions they (and we as individual citizens) make depend on what we measure, how good our measurements are and how well our measures are understood’ and ‘what we

pursue determines what we measure' (Stiglitz, Sen and Fitoussi, 2009, p.9).

Indeed, the issue of measurement remains at the heart of any wellbeing framework. But increasingly and quite centrally it is the way measures are interpreted, including their behavioural underpinnings, that remains central to their effective use in public policy. This was the challenge highlighted by Minister Shaw when he spoke of turning what we measure into information: 'Stats NZ provides a pool of data from which Treasury and others make their analysis and interpretations and turn it into information' (Shaw, 2018).

The operation of turning wellbeing measures into information sounds easy. However, the vast international industry that is contemporary wellbeing research is largely a reflection of just how difficult it can be to turn wellbeing measures into information that policymakers can use, not to mention the even more difficult task of achieving consensus on exactly how that should be done. The variety of available conceptual lenses, theoretical frameworks and value judgements that can affect how data is transformed into information makes the task much more complex than it might first appear. We elaborate on this important challenge and others below.

### Wellbeing policy in New Zealand

As emerged during the conference, the New Zealand approach to wellbeing policy seems to rest on two main pillars: a conceptual framework that is the Treasury's Living Standards Framework (Treasury, 2011) and a robust set of indicators produced in large part by Statistics New Zealand (2018) as part of its Indicators Aotearoa New Zealand project.

Treasury's Living Standards Framework is a tool designed to enable sustainable intergenerational wellbeing to reside at the centre of its policy advice, government expenditure and long-term management of the country's asset stocks: natural, social, human and financial/physical. Indicators Aotearoa New Zealand is being developed by Statistics New Zealand as a multiple data source for measuring wellbeing, initially at the level of the country as a whole.

Statistics New Zealand has been 'working with Treasury to ensure Indicators Aotearoa New Zealand aligns with

**Table 1: A short history of wellbeing and public policy**

International	New Zealand
1965: 'Cantril's ladder', in <i>The Pattern of Human Concerns</i> (Cantril, 1965)	1984: Statistics New Zealand Social Indicators Survey
1968: Robert F. Kennedy famously points out the failings of GDP as a measure of what 'makes life worthwhile' (Kennedy, 1968)	1988: <i>Counting for Nothing</i> , a critique of GDP for excluding essential aspects of wellbeing (Waring, 1988)
1973: 'Does money buy happiness?', the first paper on the Easterlin Paradox (Easterlin, 1973)	1988: The Royal Commission on Social Policy investigates what New Zealanders want from public policy
1974: First issue of <i>Social Indicators Research</i> , the first academic journal dedicated to interdisciplinary well-being research	2001: Ministry of Social Policy publishes the first <i>Social Report</i> , which presents measures of New Zealanders' wellbeing
1976 <i>The Quality of American Life</i> (Campbell, Converse and Rodgers, 1976), seminal book on quality of life measurement	2002: Statistics New Zealand publishes <i>Monitoring Progress Towards a Sustainable New Zealand</i>
1979: 'Equality of what?', Amartya Sen's first publication on his influential capabilities approach (Sen, 1979)	2002: <i>Investing in Well-being: an analytical framework</i> (Annesley et al., 2002)
1981: <i>The Sense of Well-being in America</i> , (Campbell, 1981), seminal articulation of the concept of well-being and its measurement	2002: Local Government Act 2002
1984: 'Subjective well-being', a primary article on the topic (Diener, 1984)	2005: 'Social well-being in New Zealand and the correlates of life satisfaction' (Smith, 2005)
1997: First meeting of the International Society for Quality of Life Studies	2006 'Measuring Māori wellbeing', New Zealand Treasury guest lecture (Durie, 2006)
2000–05: Researchers call for scientific measures of happiness for policymaking (e.g. Diener, 2000; Layard, 2005; Diener and Seligman, 2004; Frey and Stutzer, 2002, Kahneman et al., 2004; Marks and Shah, 2004;)	2007: 'Subjective wellbeing and the city' (Morrison, 2007)
2004: The Australian Treasury publishes a conceptual framework to integrate well-being and public policy that does not include any new measures (Australian Treasury, 2004)	2008: First wave of the New Zealand General Social Survey: the survey was designed explicitly around a well-being framework and included measures of subjective well-being
2008: Bhutan makes gross national happiness their policy focus	2009: Statistics New Zealand publishes its <i>Framework for Measuring Sustainable Development</i>
2008: French President Nicolas Sarkozy charts the Commission on the Measurement of Economic Performance and Social Progress	2011: Treasury publishes its Living Standards Framework
2009: The report of the Commission on the Measurement of Economic Performance and Social Progress, edited by Stiglitz, Sen and Fitoussi, is published	2012: Treasury trials the living standards policy analysis tool
2009: <i>Well-being for Public Policy</i> (Diener et al., 2009)	2012: The First International Conference on Wellbeing and Public Policy, Wellington
2010: British Prime Minister David Cameron announces the government will investigate and measure well-being	2012: 'The determinants of subjective wellbeing in New Zealand: an empirical look at New Zealand's social welfare function' (Brown, Wolf and Smith, 2012)
2011: <i>How's Life?</i> , a guide to measuring well-being among OECD countries (OECD, 2011), is published, and the Better Life Index website to encourage greater public engagement with well-being measures	2018: Local Government Act (Community Well-being) Amendment Bill
2012: The United Nations hold a high-level meeting on 'Happiness and Wellbeing: defining a new economic paradigm'	2018: The New Zealand Treasury develops a well-being dashboard based on the OECD's Better Life Index
2012: The first <i>World Happiness Report</i> recommends using measures of subjective wellbeing because 'they capture best how people rate the quality of their lives' (Helliwell and Wang, 2012, p.11)	2018: Finance Minister Grant Robertson announces a Wellbeing Budget for 2019
2013: The OECD publishes formal guidelines on measuring subjective wellbeing (OECD, 2013)	2018: Statistics New Zealand starts work on the project 'Indicators Aotearoa New Zealand – Ngā Tūtohu Aotearoa: measuring our wellbeing'
2014: The Second International Conference on Wellbeing and Public Policy, New York	2018: The Third International Conference on Wellbeing and Public Policy, Wellington
2015: The United Nations Sustainable Development Goals incorporate well-being with health as one of the goals	
2015: Wales passes the Well-being of Future Generations Act	
2016: The United Arab Emirates appoints a minister of state for happiness and well-being	
2017: Wales publishes 'National Indicators: mapping to well-being and UN Sustainable Development Goals'	
2017: Germany publishes <i>Government Report on Wellbeing in Germany</i> , based on a sophisticated engagement programme, the National Citizens' Dialogue	

Treasury’s Living Standards Framework’ (Statistics New Zealand, 2018). It is responding to the Conference of European Statisticians’ recommendations on measuring sustainable development, which consolidate previous work undertaken by the Stiglitz, Sen and Fitoussi report (2009); the European Commission communication on ‘GDP and beyond’; the EU group on ‘Measuring progress, wellbeing and sustainable development’; and the OECD forum Measuring and Fostering the Progress of Societies (2007). As such, the indicators being developed go well beyond economic measures such as GDP to include measures of wellbeing and sustainable development, as well as incorporating a range of cultural perspectives, including

Wellington in 2012, encouraged not just thinking about potential wellbeing impacts of policy, but also measuring those impacts. Treasury’s work on wellbeing and public policy impressed the international experts, causing some to suggest that New Zealand was among the leaders in this area internationally. Within Treasury the wellbeing agenda has had several champions, but the development of practical applications of the wellbeing approach has been slower than expected. A change of government and of policy priorities in 2017 has provided new impetus in government departments, and especially Treasury, for the ongoing development of the wellbeing agenda. The notion of a Wellbeing Budget for 2019 could promote enough significant

measured and acted upon. The third challenge is *engagement and embedding* – ensuring there is sufficient initial and, particularly, ongoing engagement with all levels of government and the increasingly diverse citizenry of New Zealand.

### Measurement

The critical issues in the measurement of wellbeing are what to measure, how to measure and how to construct a model of wellbeing out of those measures. An important decision regarding the what and the how is whether to use objective or subjective measures of wellbeing or both. We define subjective measures of wellbeing as measures of how people evaluate their lives, in whole or in part.<sup>4</sup> Examples include survey questions about how satisfied you are with your life as a whole and whether you feel lonely, etc.<sup>5</sup> We define objective measures of wellbeing as measures of the actual or reported levels of externally verifiable potential contributors to or components of wellbeing. Objective measures of wellbeing include independent records, such as hospital records of the amount of care someone received, but the term also embraces self-reported measures about the dollar amount of your income or whether you are employed, as well as other readily verifiable characteristics.

Objective measures of wellbeing have been used for a long time. A wellbeing approach to policy focused on objective measures of wellbeing simply broadens the range of such measures used in order to better account for more of the things that seem to contribute to or be an integral part of living a good life. The importance of objective measures of wellbeing is well understood by policymakers. This is also increasingly true of subjective measures (e.g. Stiglitz, Sen and Fitoussi, 2009; Michalos, 2011).

There is a strong case for using both objective and subjective measures. Using only objective measures would be problematic as it might result in resources being directed towards something that was perceived to be a contributor to wellbeing, but actually makes little difference to how people themselves evaluate their own lives. On the other hand, Sen (1992) and others have pointed out, using only subjective measures for policymaking is also

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te ao Māori. Following six months of public consultation and technical workshops in September and November, Statistics New Zealand is preparing for a summit in December 2018 to finalise its indicator selection. A peer review will follow in January–February 2019. A visible step in its outreach is the video on its website, which asks, ‘What matters to you and your whānau, here and now, and in the future?’<sup>3</sup>

The process outlined above started over a decade ago, as shown in Table 1. In 2011 the New Zealand Treasury published its Living Standards Framework as part of an international drive to develop at least conceptual wellbeing frameworks for policy. But Treasury went further still by developing the Living Standards Tool (Treasury, 2014) to aid in policy evaluation. The tool, which was widely discussed at the First International Conference on Wellbeing and Public Policy held in

work to position New Zealand alongside Wales and the other nations outlined in Carrie Exton’s keynote address, notably France’s new budget law (2015), Italy’s budget reform law (2016), and Sweden’s new measures for wellbeing presented alongside its Spring Budget Bill (2017).

### Challenges

Enhanced wellbeing may be the goal but the most important lesson we have drawn from the conference is that the process is as important as the goal. If New Zealand is to pick up the torch and be a leading light again, it must face three main process-related challenges. The first is the *measurement* of wellbeing, from its collection on the ground to its actual use in policy formulation. The second is *representation* – ensuring that *all* voices are heard and that people feel that *their* wellbeing, what matters to *them*, their whānau and their community, is recognised,

problematic, since it would run the risk of failing to target resources towards those with objectively poor lives who have adapted to their situations so well they are subjectively satisfied with their life.<sup>6</sup> For Sen, it is not sufficient that a person scores highly on a conventional subjective wellbeing scale; there must also be evidence of capabilities – the genuine opportunities and abilities required to live a life they have reason to value. Sen’s capabilities approach is reflected in the *Report by the Commission on the Measurement of Economic Performance and Social Progress* (Stiglitz, Sen and Fitoussi, 2009), the OECD’s *How’s Life?* wellbeing framework (2011) and the Living Standard’s Framework (Treasury, 2011; Weijers and Mukherjee, 2016).

Another issue raised in connection with using subjective measures of wellbeing to guide policy is that we do not know enough yet about how they work in response to the levers of policy. This claim becomes less plausible every year, given the pace of research in this field. There already exists, for example, a vast body of literature seeking causal connections between individuals’ attributes, social interactions, and physical context such as the sensitivity of life satisfaction to shocks, including changes in GDP (Deaton, 2012), discrete events like natural disasters (Kimball et al., 2006), changes to location-based conditions, such as airport noise (van Praag and Baarsma, 2005), or the differential effect of urban residence (Morrison, 2011). Many more examples appear in the annual *World Happiness Report* (e.g. Helliwell, Huang and Wang, 2017).

But even if we agree that both subjective and objective measures of wellbeing should be used, there is still a lot of work to be done on how best to incorporate them into a model of wellbeing that is useful for policymakers. The main options and recent policy examples are discussed in Weijers and Mukherjee (2016). A fraught issue is whether and how to weight the domains thought to contribute to wellbeing. Weighting the domains seems to amount to making value judgements on behalf of citizens. Unfortunately, not weighting them may have the same effect: no weightings could in practice mean equal weightings, arbitrary inclusion of a limited

range of domains, or reporting on all the domains, but then making a decision that is not strongly guided by any particular domain even if it seems highly important.

At the conference, Keith McLeod (2018) offered a starting point for measuring multidimensional wellbeing using the Living Standards Framework. His aim was to measure and reflect the wellbeing of New Zealanders across different areas of their lives. The method uses the respondents’ three value assessment (poor, good, very good) of the contribution each of eight domains (excluding subjective wellbeing) make to their wellbeing. McLeod (p.18) distinguished between descriptions of

is certainly interesting work, but it does not settle the issue of how overall measures of subjective wellbeing, such as life satisfaction, will fit into the wellbeing model. Although such holistic subjective measures have their problems, they may be suitable ultimate indicators of wellbeing<sup>7</sup> (perhaps as a composite index that could include a range of holistic subjective and objective measures). The advantage of a model of wellbeing with an ultimate measure of wellbeing that has substantial subjective content is that it would incorporate respondents’ own implicit weighting of the various domains of their lives. As such, it would allow individual citizens to have at least most of the final word on how their

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‘multidimensional wellbeing’, where he examined all measured Living Standard Framework domains at once using a dashboard-type approach, and a newly developed ‘multi-domain’ wellbeing measure, which is an aggregate measure that seeks to reflect a person’s overall wellbeing across a ‘poor’ to ‘very good’ wellbeing continuum over domains including health, housing, knowledge and skills, social connection, and others. Average scores on equally weighted domains are added together to yield the multi-domain measure in recognition of the fact that the impact of state investment is rarely confined to a single domain, but spreads over many. A primary driver of this work is the recognition of multiple disadvantages experienced by relatively more vulnerable populations.

While positively correlated with life satisfaction, the multi-domain measure is, according to Treasury, designed to be a complement rather than a substitute. This

life is going for them and (implicitly) the relative impact of the various domains on their wellbeing.

A very important aspect of the measurement of wellbeing has been highlighted by Mason Durie (2006). Not only did he draw our attention to the fact that different populations within a society define wellbeing in different ways; he also distinguished between wellbeing measured at the level of the individual, the group and the population as a whole. Each is a different unit of analysis. While the research literature on wellbeing has focused strongly on the individual, the policy analysis has tended to focus primarily on the (national) population. Sitting in the middle, underdeveloped by both, is the group, a notion that embraces the family, wider family (including whānau) and the community, depending on the circumstance. The wellbeing of the group constitutes both a research and policy frontier in large part because it invites a

much deeper, nuanced understanding of social interactions, which 'is confined in the literature mainly to research on relativities (e.g., the impact of relative income versus personal income on personal wellbeing). The importance of addressing this lacuna becomes apparent once we consider how communities are going to respond to the opportunities to address the four well-beings as enabled by the 2018 amendment to the Local Government Act 2002.

#### *Representation*

Measures of life satisfaction and other holistic measures of subjective wellbeing act as a sort of democratic poll, allowing a

As keynote speaker Carla Houkamau pointed out, just as they exhibit differences in their subjective wellbeing, so they will differ according to the weight they place on different contributors to that wellbeing (the domains). For this reason, holistic subjective wellbeing measures may better represent the layers of diversity in New Zealand.

The way we represent individual responses to wellbeing questions is particularly important in an age of increased sensitivity about inequality. The average may be the typical default measure, but one thing we have learned in the last few years is that the distribution may actually matter more than the average

the scale. We already know that average levels of wellbeing are negatively related to high levels of urban agglomeration, even though there remains an ongoing debate over why (Morrison, 2011). We now also understand that the dispersion in wellbeing widens with urban size, as does inequality based on other measures. Such results are further challenges to our understanding of the nature of the wellbeing of the group, the geographic group, as opposed to the individual or the country as a whole.

To an increasing degree we are recognising that wellbeing itself is sensitive to inequality (Oishi, Kesebir and Diener, 2011; Pickett and Wilkinson, 2010). So, the fact that inequality remains high in New Zealand in terms of income, health and wealth means that the spread of wellbeing outcomes in New Zealand is also likely to be wider than it would be if inequality were reduced. Any failure to carefully measure the distribution of wellbeing at the level of the individual (as well as the group) has the potential to derail the wellbeing approach in New Zealand. This critical issue was not lost on the minister of health, David Clark:

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direct representation of popular sentiment on the state of people's lives. They allow individuals to be represented in the wellbeing distribution. By contrast, the multidimensional and multi-domain measures focus on the representation of domains, such as health, employment and environment. Holistic subjective measures allow individuals to then identify their own level of wellbeing in a given distribution (e.g., as life satisfaction on a 0–10 scale). Multi-domain measures allow individuals (and groups) to view how the domains they care about are represented and interconnected at any given level of multi-domain wellbeing.

While one can compare the wellbeing of different regions and communities (as well as many non-spatial subsets of the population, such as age groups) on the basis of their collective weighting of the domains important to them (as the OECD does for countries, for example), it is not always appropriate to assume subpopulations are homogeneous in their views on what contributes to well-being.

(think Trump and Brexit). When Carrie Exton quoted a member of the UK public saying, 'That's your bloody GDP, not mine', the political implications were clear: not everyone experiences the benefit of a rise in average GDP equally or even positively. Indeed, as inequality rises, it is technically possible for the majority not to benefit at all from a rise in average GDP (Stiglitz, 2013); significant minorities may be languishing and elites may be flourishing in ways unrevealed by the average. The underlying problem with representing wellbeing as an average is, quite simply, that the same mean can be produced from a variety of different distributions, so wellbeing scores can become more unequal without widening gaps or movements within the distribution being obvious to observers of the mean.

Martijn Burger highlighted a related issue in his keynote address. Burger's geographical focus drew our attention to the marked spatial disparities in wellbeing, not only globally but also within countries. The nature of these disparities depends on

The disparities different people currently face are largely preventable, yet they persist across the health and disability system and have done so for decades. This failing costs us as a country – both in terms of quality of life for individuals and required funding. The Indian economist and philosopher Amartya Sen once said 'I believe that virtually all the problems in the world come from inequality of one kind or another.' ... I share his view and want New Zealand to have a health system delivering high-quality health outcomes for all people, so they can reach their full potential no matter their ethnicity, socioeconomic status or health status. (Clark, 2018)

Issues of inequality are inevitably linked to power and its distribution within society. The prospect of the wellbeing approach succeeding as a framework for allocating public funds at all scales of society will depend heavily on ensuring that all 'wellbeings' are represented,

whether the unit of interest is the individual, the neighbourhood, the school board, the river catchment, the hapū or the nation as a whole. A key step in ensuring such a connection is what we refer to as engagement and the process of embedding.

#### *Engagement and embedding*

It remains to be seen whether all of New Zealand's diverse and underprivileged groups will accept more recent developments, such as Treasury's Living Standards Dashboard, as inclusive enough. Statistics New Zealand staff have consulted widely as part of the Indicators Aotearoa New Zealand project, but this does not mean that most people have engaged in the process. An on-going worry for the wellbeing approach is that the public will reject the models and measures of wellbeing created by policymakers. Such rejection would be understandable, especially if the question, 'Why is the government telling us what the good life for New Zealanders is, rather than asking us?' becomes a major talking point in the media. If the finance minister's proposed Wellbeing Budget 2019 does not connect with the public or demonstrate its relevance to the values of both sides of the party-political divide, then New Zealand's inaugural Wellbeing Budget may also be its last.

Several issues may well determine whether the excitement about wellbeing and public policy generated by September's conference will still be felt in the Beehive in 20 years' time. Treasury and Statistics New Zealand are already working hard on integrating wellbeing into their policy work. Whether civil servants continue to develop and refine this wellbeing approach will depend on what they are directed to do by future governments. And, hopefully, future governments will be heavily influenced by the public (by far the biggest stakeholder group to get engaged with this new economic paradigm).

An avenue for encouraging future governments to persist with the wellbeing approach is to embed it in the relevant statutes. For example, a new measuring, monitoring and reporting act, like the Social Reporting Act once proposed, would help future-proof the relevant collection of data and reporting of wellbeing information. Perhaps an amendment to the

Public Finance Act could have similar effects. Taking the statutory route may work, but its chances of success depend heavily on cross-party support for such an initiative.

Another way for the wellbeing approach to persist through changes in government is for it to be widely supported by New Zealanders. This support is unlikely if New Zealanders are not given the means and opportunity to meaningfully exercise their democratic freedoms by having a say in what the ultimate goals of public policy should be. Public support may also be generated if they see physical expressions of

unemployment and creating a highly skilled workforce. However, what we have learned at this conference is how potentially powerful an impact raising wellbeing (and narrowing its distribution) can have on productivity, economic growth and innovation. Instead of viewing wellbeing simply as an *outcome* of public and private investment, the international research community is rapidly appreciating the role of wellbeing as an *input*, with a major causal role in other outputs of interest, such as increased future earnings, positive social relationships and better health and more (De Neve et al., 2013; De Neve and

All told, even though New Zealand is one of a few countries leading the field, a range of challenges stand in the way of New Zealand becoming a leading light in the wellbeing approach to public policy.

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a commitment to a wellbeing approach on the ground, in their community, among their neighbours and in their children's futures. In this respect, there is a possibly underappreciated role to be played by the revised Local Government Act. Instead of being viewed separately, the national Living Standards Framework and the four well-beings from the Local Government Act ought to be presented and operationalised as a unified framework with a common objective. The act has a key role to play in linking the Living Standards Framework at the national level with the wellbeing of local communities. And here the lessons from the conference were rather important, particularly in terms of who was represented.

The potential for a broader education of the public on the potential benefits of a wellbeing approach and how they might be realised is considerable. Many New Zealand citizens and politicians might worry that a focus on wellbeing would distract from the important economic goals of economic growth, a more robust and innovative economy, low

Oswald, 2012). A happy person, Diener explained, is more likely to be an engaged and productive worker: they will take fewer sick days and be a better colleague and corporate citizen. Research even shows that a happier person takes fewer risks while driving, resulting in fewer and less severe accidents (Isler and Newland, 2017). A happy worker is therefore more likely to show up at work and be more useful when there. Considering the range of positive effects enhanced worker wellbeing has, it becomes apparent that improving the subjective wellbeing of New Zealanders is likely to create a stronger and more internationally competitive economy. We also know that reducing inequalities, including in the distribution of wellbeing itself, has a range of positive effects on outcomes of national interest (Goff, Helliwell and Mayraz, 2016).

The need for engagement and embedding follows a recognition of the diversity of the New Zealand population, as Mai Chin reminded her audience at the conference. This heterogeneity takes many

forms, which means that even a broad-based wellbeing approach may not elicit support from all New Zealanders. New Zealand is one of the most diverse nations in the OECD (Office of Ethnic Communities, 2016), and, as keynote speaker Carla Houkamau pointed out, many New Zealanders exhibit considerable diversity *within* their groups in addition to any general differences that might exist between them and other groups. If consultation processes or wellbeing frameworks fail to appreciate these layers of diversity, then many New Zealanders will not feel included in or supportive of the wellbeing approach.

During the keynote panel discussion Gabriel Malhouf asked the speakers to address any inadequacies they saw in the OECD Better Life model of wellbeing being applied to New Zealand. In response, Carla Houkamau pointed out that the OECD model does not have a domain for spirituality or religion, which are very important for particular groups, including Māori and Pacific New Zealanders. As other presentations at the conference showed, many working on indicators in New Zealand are aware of this issue. But the question remains: have the efforts to engage with a diverse range of New Zealanders been extensive enough?

### Conclusion and looking ahead

All told, even though New Zealand is one of a few countries leading the field, a range of challenges stand in the way of New Zealand becoming a leading light in the wellbeing approach to public policy. Most notable is the conceptual challenge of creating a policy-apt model of wellbeing, one that works at the individual, community and national level. There remain associated measurement issues at these different scales and a number of aggregation issues persist in linking one with the other. Closely associated with both are distributional questions – the way levels of wellbeing and contributors to wellbeing vary across the country, among individuals and communities, and in big cities and small towns. All this is complicated by issues of heterogeneity in a multicultural environment.

There also remains the complex, conceptual and technical challenge of turning available data on wellbeing into

policy-relevant information. The roles of Treasury and Statistics New Zealand appear to be clearly demarcated. Statistics New Zealand’s role appears to end with the production of indicators of wellbeing (direct and indirect). How these indicators are then used – how this data is turned into information – is the job of someone else: Treasury certainly, but also New Zealand’s research community, councils and community groups. Their capacity to undertake that transformation will be critical to the success of the wellbeing approach. An important step in this process lies in recognising the gaps in our data collection. This will be an ongoing process and channels for communication of these data needs will also have to be clear and transparent. Individuals and groups will want to be able to locate themselves not only in multi-domain frameworks based on indicators, but also within distributions of subjective wellbeing assembled at different levels of aggregation: cities, regions, health boards, catchments and so forth. This in turn will place considerable pressure on making measures of subjective wellbeing at least widely collected in the major surveys administered by Statistics New Zealand, as well as those surveys run by other organisations such as the city-based Quality of Life Project.

We hope that these challenges can be overcome because not only would that result in New Zealand joining the likes of Wales and other nations as leading lights in wellbeing and public policy, but it would also likely result in the wellbeing approach being successful in New Zealand. Only then will wellbeing have a chance of being, in the minister of finance’s words, ‘the most significant legacy this Government can leave for future generations’.

- 4 How to define subjective and objective measures is a matter for debate too, but we present only our view to expedite the discussion.
- 5 For general background on the issues involved with subjective measures of wellbeing for use in public policy, see Weijers and Jarden, 2013.
- 6 A response Nussbaum refers to as preference deformation (Nussbaum, 2000).
- 7 Keynote speaker Emmanuel De Neve advocated for this approach when advising the United Arab Emirates on wellbeing and public policy. Specifically, he recommended using a measure of life satisfaction (a subjective measure) as the ultimate measure of wellbeing.

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At the same time the two authors take full responsibility for the views expressed above, including any mistakes or omissions, and note especially that the article does not represent the views of the Treasury or any other government department.

- 1 The first in this series of conferences was held at Te Papa and Victoria University of Wellington in 2012. The second in the series was held at Hamilton College in New York in 2014. The fourth in this series is being planned for Melbourne in 2020. The series is organised by Aaron Jarden, Philip Morrison and Dan Weijers. This third in the series was hosted jointly by Victoria University of Wellington, the Treasury and the International Journal of Wellbeing, and was sponsored by Allen + Clarke, Deloitte, Statistics New Zealand and the Faculty of Health, Victoria University of Wellington. The authors would like to acknowledge the hard work of the rest of the organising committee for this conference: Samuel Becher, Arthur Grimes, Aaron Jarden, Suzy Morrissey and Conal Smith.
- 2 The conference website features the full programme, abstracts, and slides from some of the presentations: <https://www.confer.nz/wellbeingandpublicpolicy2018/programme/>.
- 3 <https://www.stats.govt.nz/consultations/indicators-aotearoa-new-zealand-nga-tutohu-aotearoa-consultation>.



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