



## BRIEFING #5 OUTLINING THE WELLBEING ECONOMY

“The benefits of a wellbeing economy are really multifold...human health is inextricably linked to planetary health, to the health of our environment”

- Dr Sandro Demaio, CEO, VicHealth<sup>1</sup>

At one level – the level of mindsets, paradigms, and assumptions – understanding what a wellbeing economy is simply requires understanding that the economy needs to be designed to deliver what people and planet need; an economy that is in service of social and environmental goals, not a goal in its own right.

Instead of assuming more growth is the best mechanism to address today’s challenges and meet the needs of people and planet, the wellbeing economy agenda asks what societies need more of, and how that can be obtained in a sustainable way? For example, a wellbeing economy would appreciate that growth of leisure time may be desirable (despite potentially reducing GDP), while the expansion of certain industries may be undesirable (despite increasing GDP).

In other words, a wellbeing economy is about bringing to the fore the purpose of the economy as delivering human and ecological wellbeing. Also inherent in the wellbeing economy agenda is recognition that ‘development’ is not the same as growth, and that some of the most important goals humanity has (for example as laid out in the Sustainable Development Goals) – ending poverty; ensuring dignified lives; equal opportunities for all; democratic governance – can be advanced without economic growth and the deference to GDP as a preeminent measure of success.

The core tenets of a wellbeing economy can be described as encompassing:

1. Deliberate shaping and configuring of the economy (via policy instruments, regulations, taxes, subsidies, business models, and so on) so that it delivers outcomes that **meet the needs of people and planet (social justice and sustainability)**, rather than generating harm that necessitates ameliorative and corrective action from government and others.
2. Appreciation of – and acting in accordance with – the reality that **the economy is a subset of society and of nature**, and that it needs to be **designed to serve social and environmental goals**, rather than the economy positioned or perceived as an objective in its own right.
3. Being selective about economic growth: **asking what societies need more of and where and for whom**, and what they need to power down. This means that economic growth is worth pursuing if it helps meet people’s needs within planetary boundaries. However, when economic growth is contributing to climate change or increasing material footprint alongside increasing wealth and power for those who already hold it, then that is not the sort of growth we should pursue or advocate for.

The Wellbeing Economy Alliance (a global collaboration of people and organisations working for a wellbeing economy) proposes five ‘tests’ to ascertain progress towards a wellbeing economy:

- » Does the economy provide everyone with what is needed to live a life of dignity and purpose?

- » Does the economy restore, protect, and cherish the natural environment and is the economy guided by the principles of interconnection and indivisibility of human, animal, plant, and environmental health?
- » Does the economy value activities and behaviours by their contribution to social and ecological wellbeing?
- » Is the economy designed to ensure a just distribution of income, wealth, power, and time?
- » Is the shape and form of the economy locally rooted and determined by people's active voices?<sup>2</sup>

Breaking these down to the level of delivery in Australia (and beyond), transforming the current economic system towards a wellbeing economy will require shifts, changes, and new practices across a range of areas. It demands asking questions of various aspects of the economy, such as the labour market, the tax system, businesses, decision-making, the way people treat each other, and the impact on the environment:

- » How well does Australia's **labour market** support the wellbeing of people living and working in Australia? Are the jobs on offer good quality in the sense that they provide meaning and purpose, and enable work-life balance? Who can access these jobs? Is the income that workers earn sufficient to live on and participate in Australian society, including being able to afford goods and services that are priced appropriately, given their environmental costs and social benefit? How can more earnings equality be attained?
- » Does the operation of Australia's **tax system** support wellbeing of people living and working in Australia, and those beyond our borders? To what extent does the way taxes impact enterprises and individuals encourage behaviours that support wellbeing, and discourage behaviours that undermine wellbeing? Does the way taxes are levied reduce economic inequality? Is the level of taxation sufficient to support collective institutions and shared services that enhance wellbeing?
- » How do the **businesses** that operate in Australia (and those owned by Australians) support the wellbeing of people living and working in Australia, and of people beyond our borders? What sort of activities, goals, and enterprise models are worth encouraging, via regulation, tax breaks, and other means, because they are likely to contribute to collective wellbeing of people and planet?
- » How do **decision-making** processes support the wellbeing of people living and working in Australia, and beyond our borders? Are there opportunities for people to tangibly influence decisions that impact their lives? How are decisions taken, by whom, and how responsive are institutions to people's needs? How diverse are elected officials and the staff working in Australia's public service?
- » How does the **way people treat each other** support the wellbeing of people living and working in Australia, and those beyond our borders? How can stigma and prejudice, racism and sexism be addressed? How can we address the historical roots of current inequalities, while recognising that the overlaps across them mean their cumulative impact is harsher than the sum of the parts?
- » How do all these decisions **impinge on the environment**, both here in Australia, and beyond our borders? Do Australia's production and consumption patterns, our emissions and use of ecosystems, positively or negatively impact the health of the planet and the environment in Australia and overseas? Do economic activities in Australia align with an understanding that decisions cannot be taken as if the economy is separate from the natural world, and with the reality of finite planetary boundaries?

## ABOUT THIS SERIES:

These mini-briefings look at the idea of a wellbeing economy, how it relates to other ideas for economic change, and what some of the core elements of a wellbeing economy are. They reflect on why Australia needs to build a wellbeing economy.

This series of 'mini-briefings' attempts to clarify terms and expressions and associated wellbeing economy ideas so that discussions can take place from a basis of shared understanding and language.

The authors are grateful to the input and advice from colleagues who contributed to this series in various ways: Diane Bowles, Mark Burford, Margreet Frieling, Cressida Gaukroger, Andrew Hudson, Amanda Janoo, Esther Koh, Layne Kullrich, Caitlin McCaffrie, Toby Phillips, Dirk Philipsen, Kristín Vala Ragnarsdóttir, and Lachlan Williams.

## ENDNOTES

- 1 VicHealth. (2023). [How to create a wellbeing economy](#).
- 2 Wellbeing Economy Alliance. (2022). [WEAll 2040 Strategy](#).