



BRIEFING #6 THE WELLBEING ECONOMY IN PRACTICE

“To build the kind of economy that we want, we’ve got to align what we want to see in our economy with what we want to see in our society and in our communities”

– Jim Chalmers, Australian Treasurer¹

Building a wellbeing economy requires a vast suite of actions and shifts in practice and policy. These will range from the very local through to the supranational level. Fortunately, various groups, scholars, policy makers, activists, entrepreneurs, innovators, and change agents are building the evidence of how to go about implementing the necessary shifts by:

1. Experimenting and prototyping via delivery they undertake themselves
2. Documenting and promoting practice elsewhere and by others
3. Envisaging and modelling, and advocating for changes yet to be implemented (or yet to be implemented comprehensively).

The changes can be understood as a jigsaw with multiple pieces that add up to an economy aligned with what people and planet need. There is no single change or policy that is sufficient on its own, but together they can transform the economy’s purpose, design and delivery.

It is worth noting that the majority of policy instruments that need to be developed and rolled out are unlikely to be referred to as ‘wellbeing policies’ (or similar) and that most relevant practices are unlikely to be badged as being about ‘wellbeing’. Instead, their contribution to a wellbeing economy can be judged by the extent to which they are part of building an economy explicitly in line with the collective wellbeing of people and planet.

To help navigate the jigsaw, the practices of a wellbeing economy can be loosely clustered into four corners, the ‘4Ps’ of the wellbeing economy:

- » Purpose
- » Prevention
- » Predistribution
- » People Powered

PURPOSE

Description

Purpose is about realigning the goals of the economy and the entities that comprise it with the needs of people and planet. A consequence of such a purpose is that merely pursuing ‘growth’ in an abstract sense needs to evolve to asking what needs to grow, where, how, and for whom? In other words, consideration of the direction and composition of growth becomes more important than simply seeking to boost the rate of growth (as measured by Gross Domestic Product). This is an important distinction between means and ends, and applies, not just to the macroeconomy, but also to individual firms. Also important is valuing what matters – be it nature or community building or care in the home – rather than equating market price with true value.

In practice

The sort of activities and initiatives that can help focus on the purpose of the wellbeing of people and planet include wellbeing frameworks and dashboards that shape government goals and policy, wellbeing (and outcomes) budgets, and pro-social businesses. Over two thirds of countries in the OECD have created

frameworks, development plans or surveys that emphasise wellbeing (in the multidimensional sense of the term).² In turn, many governments are starting to shift to what is called ‘outcomes budgeting’ when it comes to how they raise and spend financial resources. This means considering what is being achieved and changed, rather than just tallying up what is being spent and done. The rise of businesses that seek to harness commercial viability in order to deliver social or environmental impact is an example of purpose at the enterprise level. Enterprises adopting business models more conducive to this include B Corps, social enterprises, community interest companies, cooperatives, Economy for the Common Good, International Corporate Governance Network (ICGN) practices, Conscious Capitalism, and so on. In some circumstances, ‘purpose’ would also manifest in ensuring certain activities are delivered via care, commons, reciprocity, government provision of services, and so on.

Examples

We can see such practices in the implementation of the Welsh *Well-being of Future Generations Act*, with all Welsh public bodies having to work towards all seven of the Welsh wellbeing goals (and the associated expectation that public bodies must demonstrate the principles of long term thinking, prevention, integration, collaboration, and involvement in their decision making)³. New Zealand’s wellbeing budget and Canada’s Quality of Life Framework⁴ both help elevate the goal of wellbeing as a government goal and, to different degrees, link government budget spending and policy decisions to a wider set of goals. In 2023 the Australian Federal Government published the first iteration of its Measuring What Matters statement⁵ and states and territories across Australia are constructing and utilising wellbeing frameworks to inform their policy development and investment decisions.⁶ The Federal Government’s Women’s Budget Statement⁷ is an example of the disaggregation and analysis necessary to inform more wellbeing-aligned decision making. Enterprises harnessing commercial viability to deliver social or environmental goals include foundation companies prevalent in Scandinavia, banks such as Triodos and businesses such as Australia’s Cooperative Power, Earthworker, and Thor’s

Hammer, and others beyond our shores such as Eileen Fisher, Lush, and Ecosia.

PREVENTION

Description

Tackling things at their source is better than constantly responding to the damage once done and seeking to repair and fix. Prevention requires investigating why a problem emerged and repeatedly asking ‘Why?’ until the upstream drivers are understood and, in turn, actions that tackle root causes are planned and implemented. Prevention in terms of the economy requires designing an economy that meets the needs of people and planet first time around, rather than repairing and patching up symptoms downstream, once damage has occurred.

In practice

For example, the more renewable and efficient energy systems are today, the less societies will need to spend in the future on repairing after climate-change induced extreme weather, nor spend on treating asthma exacerbated by pollution. If housing is accessible and affordable, there will be less need for governments to spend on rent assistance and homelessness shelters. If labour markets are designed in a way that ensures people can earn enough to live on, there will be less need for food banks and in the longer term, support for children whose learning is hindered by growing up in poverty. With more jobs that help meet people’s fundamental needs of autonomy, relatedness and competence⁸, the less demand there will be for anxiety treatments and other ‘coping mechanisms’ that themselves often create more harm to individuals reaching for them.

Examples

Delivery in terms of prevention includes South Australia’s success increasing its generation of renewable electricity, and in businesses moving to 4-day weeks or six hour days (from Perpetual Guardian in New Zealand to Senshi Digital in Glasgow, and as recently recommended by a Senate inquiry).⁹ The Victorian Treasury’s Early Intervention Investment Framework is an example of preventing worse outcomes than

might otherwise occur. Health and Wellbeing Queensland describes its role as 'to empower and activate people, organisations, communities and governments to...create the conditions that will prevent people getting ill in the first place and keep people healthy'.¹⁰ In the 2022 Federal budget there were some examples of support for work on root causes, including \$69 million over 4 years to expand local initiatives to address causes of Indigenous incarceration. Other examples are the work of organisations such as Soils for Life and Farmers Footprint that seek to transform farming through regenerative ways of working with the land.

PREDISTRIBUTION

Description

Predistribution is an antidote to government intervention that is necessary to reduce inequality and harmful outcomes: predistribution is about getting the economy to do more of the heavy lifting in terms of delivering sought results. Predistribution requires designing markets so as to generate a better distribution of economic resources in the first place, meaning less government intervention after the fact is necessary to redistribute and moderate the gap between rich and poor or attend to misallocation of resources.

In practice

Mechanisms for predistribution include community wealth building (that builds economies from the local up via local ownership, local procurement, and local employment) rather than waiting for wealth to trickle down; worker cooperatives (where labour owns capital and the purpose of a business is to meet its member's needs); and true cost accounting (that ensures environmental costs are incorporated and social impacts accounted for, giving a more accurate price signal to consumers). Living wages and pay ratios, and efforts to share work better can also help deliver better distribution without relying on government taxes and transfers. The more these practices are rolled out - with standards and enforcement ensuring adherence - the less firms which do not practise social and environmental responsibility will be able to compete via price differentiation

Examples

Examples of predistribution in operation can be seen in worker cooperatives such as the global engineering firm Arup, Australia's Wayfarer Cooperative and Cooperative Life, an aged care provider owned by its workers. UK businesses such as Green City Wholefoods and the cooperatives that produce around a third of regional GDP in Emilia Romagna in Italy¹¹ are also illustrations of workers as partners in an enterprise whose purpose is to deliver benefits for them, not extract financial wealth for remote shareholders. Community wealth building efforts are seen in Preston in north England¹², in North Ayrshire in Scotland¹³, and in Cleveland¹⁴ in the US show how local governments and anchor organisations can use their procurement policies and support local suppliers to keep money circulating locally, for the benefit of local people. Local councils and development agencies in Australian cities and towns - such as Sydney, Newcastle and Ballarat - are working on implementing the ideas of community wealth building.¹⁵ The Scottish Government's Living Wage policy¹⁶, Oregon's tax on extreme inequality in pay¹⁷, and Puma's Environmental Profit and Loss Account¹⁸ all illustrate aspects of predistribution in practice.

PEOPLE POWERED

Description

Putting a diversity of people at the forefront of shaping economic systems is the only antidote to an economy designed by and for a narrow group. Who is at the table when budgets are designed or when economic strategies are written? When policies are prioritised? When business plans are shaped and investments weighed up? This matters for its own sake, but also because transitions are more likely to be possible and sustained when people feel they are able to shape them.

In practice

For example, citizens assemblies bring together a group of people representative of the wider population, with expertise 'on tap' as needed to input to conversations about a certain topic. When governments take their recommendations

on board, citizens assemblies help position dialogue amongst everyday people at the heart of government decision making. Other examples are participatory budgeting where public money is deployed according to what local people decide it should be spent on. Public ownership of key service providers (perhaps water or energy providers or rail companies) and more employee input to decision making at the firm level (via, for example, employee representation on boards and employee ownership of firms themselves) will also help bring about economic democracy. National conversations with the public about what sort of country they want to be are important mechanisms to build the democratic mandate for wellbeing government efforts.

Examples

Citizens assemblies have been utilised on a range of topics, including just transitions and climate change, in countries including France¹⁹, Scotland²⁰, Ireland²¹, and the UK²². Major participatory budgeting initiatives are

being undertaken in places such as Brazil, Portugal, Paris, and New York.²³ In the Kimberly, Yawuru women and men have co-produced an articulation of their conception of wellbeing, drawing on the Yawuru concept of good life, 'mabu liyan'.²⁴ Communities in places such as Gladstone²⁵ and Geelong²⁶ have created local economic plans via community consultation and deliberation. The examples above of worker led cooperatives are also examples of economic democracy, as are community owned cooperatives like Yackandandah Community Development Company²⁷ and Barossa Co-op²⁸, where community members banded together to purchase important retail outlets to keep them in community control. Housing cooperatives such as Low Impact Living Affordable Community in Leeds, England show a community's effort to provide basic needs for people.²⁹ Wales' consultation about 'The Wales We Want' is an illustration of a democratic foundation for wellbeing governance mechanisms.³⁰

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.

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