

Arthur Grimes

# Well-being at the Local Level

There is good government when those who are near are made happy, and when those who are afar are attracted.

*Confucius, c500 BC (Chen, 2010)*

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## Abstract

The Institute for Governance and Policy Studies, in partnership with Victoria University of Wellington's Health and Wellbeing distinctiveness theme steering group, hosted a symposium on 'The Four Wellbeings for Local Government' on 26 February 2019. The symposium heard brief presentations from eight invitees from local government, central government, the private sector and NGOs: Justin Lester, Lyn Patterson, Karen Thomas, Peter McKinlay, Wayne Mulligan, Meg Williams, Danielle Shanahan and Suzy Morrissey.<sup>1</sup> Inspired by these addresses and by the ensuing discussion, this article considers what the reintroduction of the 'four well-beings' into the Local Government Act might mean for local decision making.

**Keywords** well-being, capitals, Sen, localism, voice

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The view of Confucius two and a half millennia ago is as apt now as it was then. We can also turn the aphorism on its head and posit that the role of government is to assist people to be happy, and to ensure that their territory is a place that attracts 'those from afar'.

The concept of government in this respect applies equally to central government and to more localised forms of governance. Indeed, it can be argued that local forms of governance are more in touch with the preferences of their local communities than is central government. This makes the role of localised governance organisations a cornerstone element of a well-being approach to public policy.

In New Zealand, the importance of addressing well-being issues at the local level was recognised by the introduction of the 'four well-beings' into the Local Government Act in 2002. That Act

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provided 'for local authorities to play a broad role in promoting the social, economic, environmental, and cultural well-being of their communities, taking a sustainable development approach'.<sup>2</sup> This purpose (inserted by a Labour-led government) was subsequently deleted (by a National-led government). Currently, the Local Government Act is being amended again to include, as one of local government's purposes, 'to promote the social, economic, environmental, and cultural well-being of communities'.<sup>3</sup> The new Act will require local councils to consider the likely impact of their decisions on each aspect of the four well-beings.

Places differ in how happy they are, even within countries. Morrison (2007, 2011) has documented that subjective well-being in New Zealand's larger cities is lower than it is in smaller towns. Grimes and Reinhardt (2019) find a similar result for the group of long-standing member countries of the OECD.

While the reasons behind these disparities are not yet well researched, the results indicate a fundamental issue for public policy: a well-being policy approach that is directed by central government is insufficient to address issues relating to the well-being of residents across different communities. Significant local involvement in policymaking related to well-being – as envisaged with the four well-beings for local government – is required.

This article places the reintroduction of the four well-beings into the broader New Zealand and international contexts on well-being policies. It draws on the contributions to the well-being symposium to assess what the reintroduction of the framework might mean for actual well-being-oriented policymaking at the local level. In doing so, a distinction can be made between approaches based on 'subsidiarity' and those based on 'localism'. The latter are more community-oriented than the former, as required by the new Act's explicit reference to the 'well-being of communities'.

#### **New Zealand and international contexts**

New Zealand's Ministry of Social Development conducted pioneering work on well-being policy with the introduction of its first *Social Report* in 2001. Its well-being focus was clearly stated: 'The aim of

the report is to provide information on the overall social health and well-being of our society' (Ministry of Social Development, 2001, p.7). It presented 36 headline indicators across nine domains. The report was designed to assist in monitoring well-being in New Zealand over time, to enable well-being comparisons across countries, and to identify key issues on which actions are needed to help decision making.

Shortly afterwards, Treasury discussed adoption of an explicit social investment approach to well-being in a paper, *Investing in Well-being: an analytical framework* (Jacobsen et al., 2002). After a decade's hiatus, further development of a well-being approach appeared from within Treasury (Gleisner et al., 2012; Karacaoglu, 2015; King, Huseynli and MacGibbon, 2018.)

Apart from the addition of the fourth (cultural) well-being component, New Zealand's four well-beings approach therefore reflects antecedents elsewhere, especially in the UK.

These contributions culminated in the Treasury's Living Standards Framework released late last year (Treasury, 2018), to help underpin policy formulation for the central government's 2019 'Wellbeing Budget'. The Ministry of Social Development's initial 36 indicators and nine domains had morphed into 38 indicators, 12 domains and four 'capitals' in the framework. The Living Standards Framework domains<sup>4</sup> are akin (but not identical) to Amartya Sen's 'capabilities' that contribute to well-being (Sen, 1999). The capitals (physical and financial; human; social; natural) represent resources available to support the well-being of future generations.

Each of these central government approaches has concentrated mainly on national-level indicators and national-level policy approaches to addressing issues of well-being. Given the spatial variability in well-being (even after controlling for incomes, and other personal characteristics) documented by Morrison, this national-

level approach clearly needs to be supplemented with a more local orientation.

In addition to the similarities with the Ministry of Social Development's *Social Report*, Treasury's Living Standards approach reflects the approaches of the OECD's *How's Life?* reports (OECD, 2011) and its Better Life Index,<sup>5</sup> influenced by the Stiglitz, Sen and Fitoussi *Report by the Commission on the Measurement of Economic Performance and Social Progress* (2009). Like the Treasury Living Standards Framework, these international approaches also tend to gloss over subnational well-being initiatives.<sup>6</sup>

The United Kingdom is one jurisdiction in which local government has explicit roles with respect to well-being. The Local Government Act 2000 accorded every local

authority the power 'to do anything which they consider is likely to achieve' the promotion of improvement of economic, social or environmental well-being (Dalziel, Saunders and Saunders, 2018).<sup>7</sup> The Public Services (Social Value) Act 2012 requires all levels of government (including local government) when commissioning and procuring services to have regard to economic, social and environmental well-being outcomes. Apart from the addition of the fourth (cultural) well-being component, New Zealand's four well-beings approach therefore reflects antecedents elsewhere, especially in the UK.

#### **Wales**

An even deeper embedding of the pursuit of sustainable well-being at the local level has been adopted in Wales. The Well-being of Future Generations (Wales) Act 2015 requires certain listed public bodies (including local councils and other locally based governmental organisations) to improve the social, economic,

environmental and cultural well-being of Wales (LLywodraeth Cymru, 2015). It is noteworthy that cultural well-being is included here, unlike the UK's Local Government Act 2000 which omitted the cultural dimension. It establishes seven well-being goals.<sup>8</sup> It places a duty on public bodies to carry out sustainable development, which it defines as: 'the process of improving the economic, social, environmental and cultural well-being of Wales by taking action, in accordance with the sustainable development principle, aimed at achieving the well-being goals.'<sup>9</sup>

Each listed public body must set and publish well-being objectives showing how they intend to achieve the well-being goals, and then take action to meet the well-being

### Practitioner views

Legislation with respect to local government's well-being responsibilities has changed over time in New Zealand. Nevertheless, practitioners<sup>10</sup> noted that many local councils adopted policies and programmes to promote aspects of well-being even under the current legislation (in which the four well-beings had been removed). However, there was previously a perception that a ratepayer could have challenged some of the former programmes that were supported by local councils as being illegal under the auspices of the existing Act.

Some councils did act in a manner consistent with the National government's changes to the Act (which removed the four

sanctuary contributes to all four well-beings. It has become a major tourist attraction for out-of-town visitors (contributing to economic well-being); it involves a large number of local volunteers (contributing to social well-being); it has helped preserve Māori taonga (cultural well-being); and it contributes directly to environmental well-being. A narrow cost-benefit analysis based only on paying visitor numbers may not find the sanctuary to be 'economically viable', but once consideration of all four well-beings (over 500 years) is included, the contribution of the sanctuary is enormous. Any Wellingtonian who sees the multitude of tūi and kākā that fly about the city can attest to the 'spillover benefits' of the sanctuary for everyday life in the capital.

Another example is the New Zealand Festival, a highly successful biennial international arts festival hosted in Wellington. The entity that runs the festival, Tāwhiri, now hosts multiple festivals to enrich the experience of living in the capital city.

Local authority funders of these festivals have traditionally placed emphasis on the contribution of out-of-town visitors in evaluating the returns to public funding. However, that approach ignores the social and cultural benefits of the festival to residents of the city, which need to be taken into account when evaluating the festival in terms of the four well-beings. Indeed, 90% of attendance at the Sydney Festival is attributed to Sydney's residents, and this is seen as a strength of that festival. This example demonstrates that local (and central) government funding bodies will need to change their evaluation criteria for programmes with the advent of the four well-beings purpose under the new Local Government Act.

A common observation of practitioners is that it is at the local level that 'the rubber hits the road' in terms of implementing well-being policy. Many aspects of life that affect ordinary residents are influenced by local government and by other (formal and informal) local organisations. For instance, the supply of green space and of everyday amenities such as streetlights are local responsibilities. NGOs and community groups that may receive local government funding provide philanthropic, social,

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objectives that they set. They must consider the well-being of future generations as well as the current generation. This contrasts with the practice of New Zealand local authorities, which have financial statements and formal documents covering transport and other infrastructure, but no formal well-being statements.

In order to lift the process above a dry box-ticking exercise (which indicator frameworks can result in), the bodies are expected to: *integrate* their well-being objectives with those of other bodies; *collaborate* with any other person or body that could help in meeting the objectives; and *involve* a diverse range of people with an interest in achieving the objectives. Thus, a strong element of community involvement is required, rather than the well-being framework being a top-down process from a local authority. The auditor-general can examine whether public bodies have acted in accordance with the sustainable development principle, and a future generations commissioner for Wales acts as a guardian for the interests of future generations.

well-beings), leaving a mismatch across councils in their attention to various aspects of residents' well-being. In theory, these different approaches to well-being across councils may give choice to citizens as to the type of place in which they wish to live (Tiebout, 1956). For instance, some people may choose to locate in a local authority area with low property rates and with a low level of services, while others may prefer to be in an area with higher rates and with greater well-being-oriented services. However, it is costly for people to access the requisite information about taxes and services across multiple local authorities, and even if they had this information, it is costly for people to move to other council areas. Hence, this choice is a highly constrained one.

One example of council funding that has maintained support for the four well-beings throughout the past 20 years is Wellington City Council's support for Zealandia, Wellington's ecosanctuary. The sanctuary has a 500-year mission to restore the flora and fauna of a former water catchment within Wellington city. The

cultural and environmental services that are often highly valued by specific segments of the local population.

Delivery of appropriate cultural contributions epitomises the importance of local involvement. The Treasury's LSF struggled with defining the cultural domain – and refrained from including 'cultural capital' as one of its capital stocks – despite the long heritage of this concept (Bourdieu, 1986). Cultural well-being is difficult to define at the aggregate level because cultures are inherently diverse. With differing ethnic compositions across the country and with differing personal preferences – even within local authority areas – it is more likely that a community-based approach to support for specific cultural activities will best suit the needs of the local population. One could posit, for instance, that an international arts festival is well-suited to Wellington, while a Pasifika festival is well-suited to Porirua – i.e. two different cultural emphases for two local authorities that form part of the same urban area.

Another aspect of a local well-being approach pertains to the role of local government with respect to central government policies and programmes. The actions or inactions of central government agencies are a major determinant of multiple aspects of local well-being. The four well-beings purpose for local government implies a role for local authorities to become actively involved in understanding the local impacts of the activities of central government agencies, and to work on behalf of their communities to ensure that those activities are designed, targeted and delivered to reflect local conditions and aspirations.

#### Implementation

Implementation of the well-being approach – rather than its conceptualisation – is a key issue. In deciding on which aspects of well-being to pursue, a purely populist or majoritarian approach will result in the disenfranchisement of the minority. For instance, Māori are in the minority in most, if not all, local authorities and so their well-being preferences will be relegated within a populist approach. A process of community engagement – where community is defined spatially,

socially and culturally – is essential to ascertain and reflect the preferences of diverse groups within a local government area.

Consistent with the requirements in Wales, this means that local decision makers must involve and collaborate with local communities in choosing aspects of well-being to prioritise. This may involve delegation of decisions to local groups through approaches such as participatory budgeting. For instance, decisions over a portion of the arts and/or cultural budget could be delegated to a peak body of local arts or cultural organisations that may better understand the priorities and needs across those organisations than do council officials.

Having ascertained a set of well-being objectives through community involvement and collaboration, there is a need to describe and prioritise what is to be achieved and how to achieve it, in a similar fashion to the requirements placed on public bodies in Wales.

An advantage of the well-being approach is that it helps to make explicit some of the well-being trade-offs involved in certain decisions. The allocation of water rights is one such example. Economic well-being (in a narrow sense) may be enhanced by fully allocating water to commercial uses (including dairying and horticulture), but this allocation may be at the expense of environmental and other forms of well-being. Involvement of multiple communities within a local authority area is crucial to understanding how the trade-offs between these aspects of well-being are viewed by different parts of the community.

Another trade-off occurs from the simple fact that each programme funded by a public body requires revenue to be raised by that body. Raising revenues – whether through rates or through user charges – creates a cost on some members of the community. A well-being approach

at the local (or national) level does not escape the need to subject proposals to rigorous analysis of the costs as well as the benefits of the proposed programme, together with analysis of who meets the costs and who accrues the benefits of the programme. Thus, local authorities need to retain or adopt some form of cost-benefit analysis,<sup>11</sup> and/or cost-utility analysis as mooted in the United Kingdom's 'Green Book' infrastructure manual (Fujiwara and Campbell, 2011), to evaluate proposals.

The complexity of this task is highlighted by a simple example. Consider a council that is contemplating the replacement of parking wardens with new artificial intelligence technology that

automatically assesses parking infringements. The new technology may reduce costs for the council (and hence for ratepayers) while placing downward pressure on the wages (and demand) for lower skilled workers. Should the council take the effect on workers into account when making decisions on this matter, and what time horizon should it adopt when thinking about these issues? (For instance, over time, workers can retrain and find new jobs, possibly in higher wage sectors.) This example illustrates that councils will have to draw up parameters to decide how broadly their well-being remit extends.

Perhaps the greatest implementation challenge highlighted by practitioners is the change in mindsets and behaviours required of both local politicians and local council officials. These changes include a shift to incorporating minority voices into decision making (e.g. through inclusion of

local iwi representatives on decision-making bodies). They also include a shift to according equal status to social, environmental and cultural well-being to that traditionally accorded to economic well-being. At the political level, this has the added complication of taking local voters along with the requisite changes. This aspect may be especially challenging for the recognition of the importance of minority inputs and of programmes that support the well-being needs of minority groups in the local area.

For officials, several challenges are highlighted and, again, mindsets may need the greatest alteration. The ability to engage with local communities in an ongoing fashion to ascertain appropriate well-being objectives will be crucial. This involves skilled engagement processes. These processes could involve, *inter alia*, community mapping and modelling, the use of arts and creativity to promote community input, public meetings, forums, web-based engagement, futures exercises, street stalls, community surveys, citizens' panels and citizens' juries (Community Places, 2014).

Having ascertained a set of well-being objectives through community involvement and collaboration, there is a need to describe and prioritise what is to be achieved and how to achieve it, in a similar fashion to the requirements placed on public bodies in Wales. An analysis of local level well-being approaches reveals close to 1,000 well-being indicators being adopted worldwide. The ability to reflect communities' priorities for certain aspects of well-being will therefore be crucial.

Some local councils will have the resources to undertake the engagement processes required to arrive at a well-formulated programme that is designed to

achieve the four well-beings in a sustainable manner. However, New Zealand has local authorities of a highly disparate size – ranging (in 2018) from populations of 3,830 to 1,695,900.<sup>12</sup> Different communities also have very different financial positions, depending on whether they are growing fast, growing gradually or in decline (McLuskey et al., 2006). Peak bodies, such as the Society of Local Government Managers and Local Government New Zealand, can play an important role in providing consistent monitoring data for councils that draw from available resources; the Society of Local Government Managers has a major ongoing programme to support officials in this respect.

Nevertheless, the provision of extra sources of funding for local well-being initiatives has not been addressed by central government, even though it is central government that is passing the legislation to include the four well-beings as local government purposes. The legislation does restore local authorities' power to collect development contributions for any public amenities needed as a consequence of development, but this does not extend to new funding for the provision of extra services based on existing amenities. Thus, as with past central government initiatives to expand the role of local authorities, this approach is being adopted without a corresponding increase in resources for those authorities.

### Final observations

If it is at the local level where 'the rubber really hits the road' with respect to well-being policies, then the central government's Living Standards Framework approach may turn out to be a sideline to the main (local) players. It is at the local level at which officials may best be able to

engage with communities and so reflect what really matters for the well-being of citizens.

Currently, despite the amendments to the Local Government Act to reincorporate well-being perspectives, many central government officials appear to relegate the four well-beings for local government to a subsidiary – indeed almost invisible – role. Reflecting the innovative Welsh experience, it may now, however, be the turn of local governance groups to take the lead in developing an integrated set of well-being objectives that build on genuine engagement of local communities.

- 1 None of the speakers is responsible for the views expressed in this article, which are those of the author. I am nevertheless extremely grateful for the inspiration and ideas provided by the listed speakers, and for further thought-provoking ideas received from Peter McKinlay following the symposium.
- 2 Local Government Act 2002, Part 1, 3(d).
- 3 Local Government (Community Well-being) Amendment Bill, introduced to Parliament in 2018.
- 4 The 12 domains are: subjective well-being; civic engagement and governance; cultural identity; health; housing; income and consumption; knowledge and skills; safety and security; social connections; environment; jobs and earnings; and time use.
- 5 See <http://www.oecdbetterlifeindex.org/#/111111111111>.
- 6 One exception was the emphasis placed by the United Nation's Agenda 21, a non-binding action plan that emphasised sustainability-oriented initiatives at international, national and subnational levels. In Sweden, for instance, all local authorities adopted a Local Agenda 21 initiative (Jörby, 2002).
- 7 This power was later replaced under the Localism Act 2011 by a general power of competence.
- 8 A prosperous Wales; a resilient Wales; a healthier Wales; a more equal Wales; a Wales of more cohesive communities; a Wales of vibrant culture and thriving Welsh language; a globally responsible Wales.
- 9 The Brundtland definition of the sustainability principle is: 'Sustainable development is the development that meets the needs of the present without compromising the ability of future generations to meet their own needs' (World Commission on Environment and Development, 1987).
- 10 'Practitioners' here refers to the unattributed views expressed at the Four Wellbeings symposium.
- 11 The Treasury's approach to cost-benefit analysis is itemised at <https://treasury.govt.nz/information-and-services/state-sector-leadership/investment-management/plan-investment-choices/cost-benefit-analysis-including-public-sector-discount-rates/treasurys-cbax-tool>.
- 12 Statistics New Zealand, <http://nzdotstat.stats.govt.nz/wbos/Index.aspx?DataSetCode=TABLECODE7502&ga=2.160635130.679763479.1553982968-1535653198.1479083941>.

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