THIRD NATIONAL FORUM ON AUSTRALIA'S WELLBEING: COMMUNITY, BUSINESS AND GOVERNMENT

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How wellbeing budgets or frameworks are transforming outcomes across each state, the Victorian approach to scaling upstream wellbeing investments through better evidence

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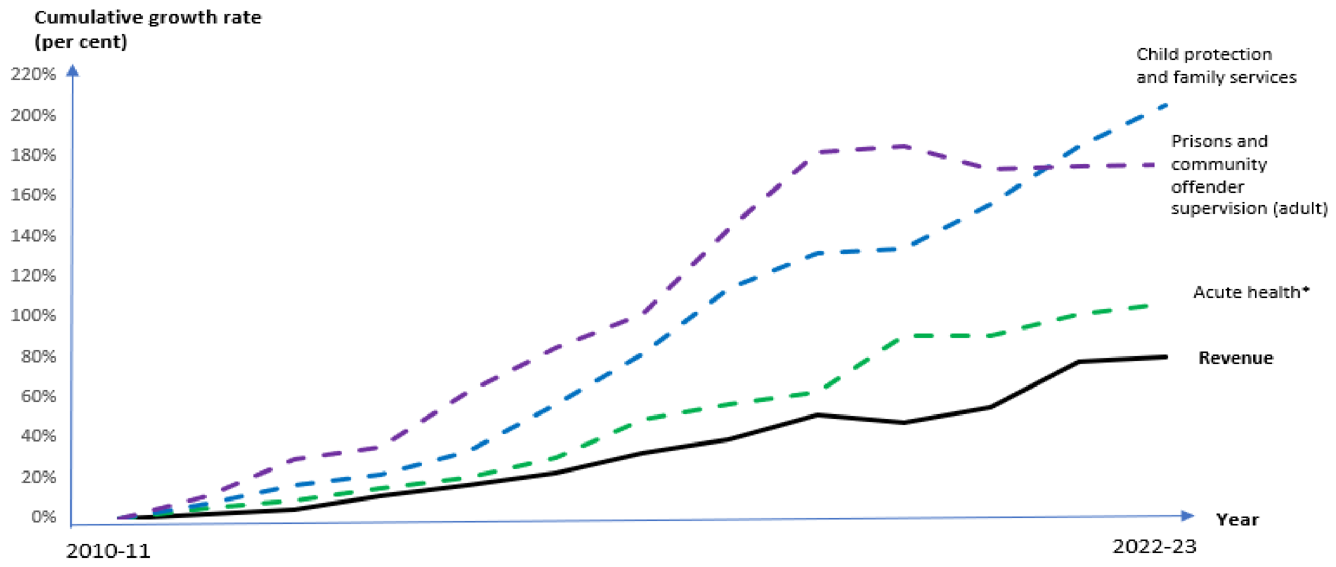
VICTORIA State Government | Treasury and Finance

Acknowledgement of Country

Background of EIIF

The Early Intervention Investment Framework (EIIF) is focused on evidence-based investment



Source: Victoria State Budget Paper No. 3 and No. 5
Notes: * Estimated costs of initatives related to the National Partnership on COVID-19 Response in 2021-22 have been removed

- Growth in acute expenditure outpacing government revenue
- Early intervention initiatives made up a smaller share of government funding, despite evidence of their significant outcomes and benefits.
- Lessons learned from impact investing
- Clear social services sector feedback for a scale-up pathway of what works.

EIIF is an organised and rigorous approach to early intervention investment, reforming budget processes and outcomes by quantifying wellbeing impacts for people

A focus on outcomes

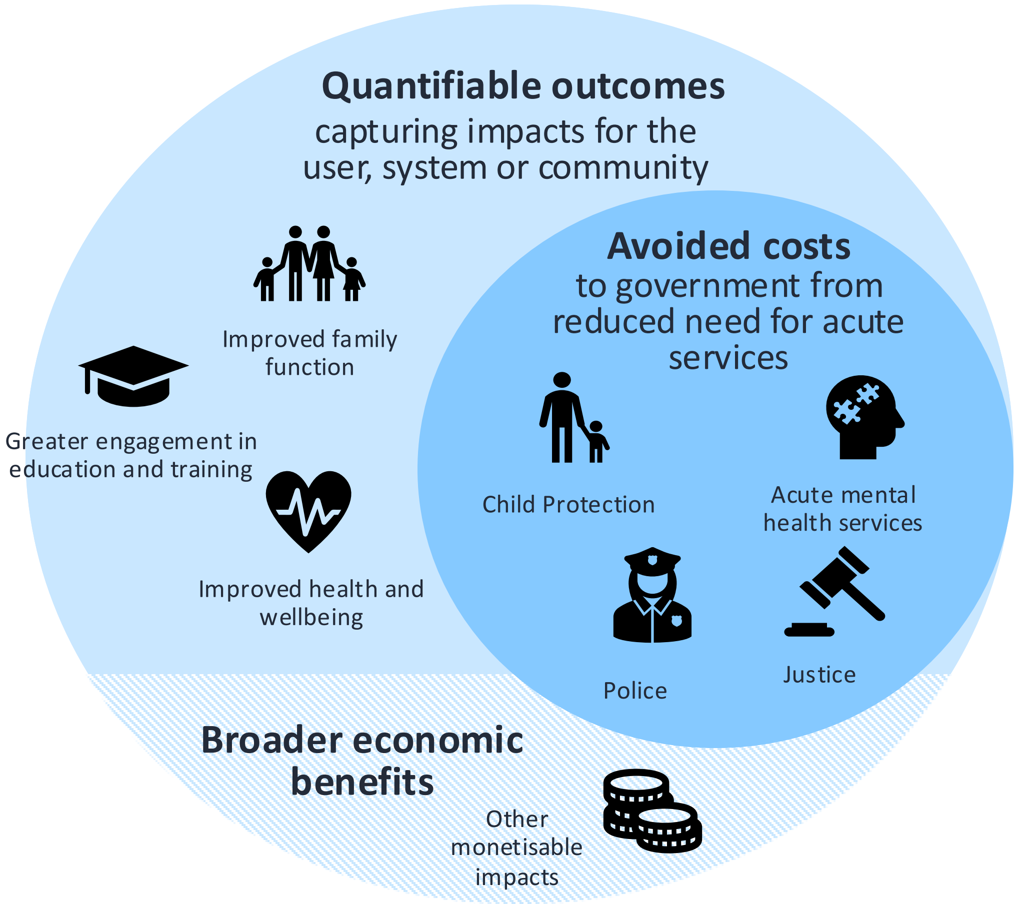
Implementing through the State Budget requires quantifying outcomes and financial impacts

EIIF proposals need to provide evidence of impact through:

- **Improved outcomes** – quantified impacts on the lives of service users and their families, the broader community, and the service system.
- **Avoided costs** – the expected reduction in future expenditure on Victorian government services, compared to a BAU trajectory.

Data is critical in informing evidence base and future decisions. In EIIF, data is collected and utilised during:

- Annual outcomes reporting
- Avoided cost modelling during proposal development
- Economic benefit modelling



Key questions to start with: Client journey to where they are, and new programs' impact for them

1. What client group is a new program targeting?

2. How does the initiative work? How does it help clients, and how does it directly affect government service use?

3. What are the flow on service impacts of the intervention?

4. How much spending is the Victorian government avoiding?

Evidence of impact is very important – e.g. clear evidence of previous program outcomes, evaluation reports, evidence of like programs in other jurisdictions

See **EIIF Toolkit online** for more information on how these questions relate to the quantification of benefits in EIIF

Both top-down and bottom-up wellbeing frameworks complement each other

Top-down frameworks (like ‘Measuring What Matters’) help us explain where people are in the economy now.

With this understanding of how different cohorts are fairing, analysis can be undertaken to identify the drivers/causes of their circumstances.

Connection at root causes, top-down identifying/prioritising and bottom-up addressing

Bottom-up frameworks (like ‘EIIF’) help influence decision-making for new program funding to address drivers/causes.

This influence is generated from stronger people centred-evidence, with causal links to cohorts that programs support allowing estimation of outcomes and tracking impacts.

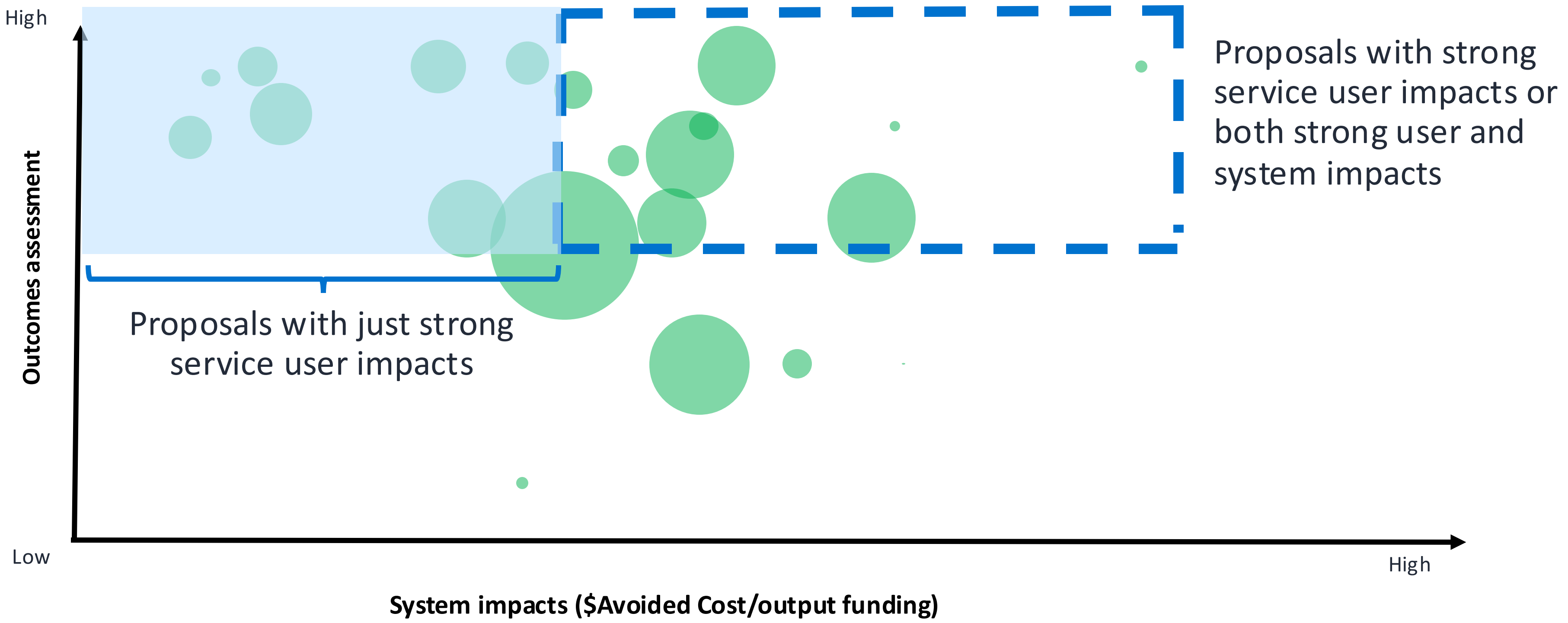
Figure 2: The sequence of wellbeing into government.

SOURCE: https://cpd.org.au/work/the-wellbeing-economy-in-brief-7-getting-the-component-parts-in-order/

EIIF embedded in Government’s budget process

EIIF is a decision-making tool that prioritises proposals with strong evidence of impact

Illustration of early intervention initiatives' quantifiable outcomes for service users and system (note bubble size refers to size of cohort for an initiative)



Setting the right incentives to manage risks and drive positive behaviour and more early intervention investment

	Positive incentives for early intervention	Requirements and limitations to manage risks
Balancing fiscal sustainability	Avoided cost benefits accrue back to departments • 50 per cent retained initially • 50 per cent returned in subsequent budget as early intervention reinvestment funding	An annual savings amount (dividend) is booked over 10 years to balance reinvestment funding
	Reinvestment funding is four times more than savings over forward estimates	Longer-term savings encourages shifting resources from acute to early intervention
Performance-related risks	Central government holds financial risks for underperformance	Ineffective programs may be ceased or not re-funded and require formal notification to central government
	Departments retain all additional benefits from outperforming initiatives, and successes are highlighted in outcomes reporting to strengthen the case for scale-up funding	
Rewards for proactive fiscal discipline	No savings are applied for initiatives fully paid for by existing resources within the department	Departments are encouraged to submit high-impact new proposals or may lose unspent reinvestment funding source

Core framework set in place early, with refinements and growth in transparency over time

2021-22 Budget	2022-23 Budget	2023-24 Budget	2024-25 Budget	2025-26 Budget
11 Initiatives	16 Initiatives	22 Initiatives	28 Initiatives	32 Initiatives
$324 million	$504 million	$677 million	$1.1 billion	$714 million

Developments overtime

- Set up outcomes reporting and financial incentives (from 2021-22 Budget): Core framework put in place and engagement in evidence/expertise building began
- Estimating avoided costs to the Victorian Government (from 2022-23 Budget): Strengthened logic and evidence to support framework
- Estimating broader economic benefits (from 2023-24 Budget): Better evidence on the economic benefits of proposals
- Benefits and costs in budget papers (from 2024-25 Budget): More transparent advice and publication of value at initiative level
- CSF, EF and further transparency (from 2025-26 Budget): Introduction of the Cultural Safety Framework (CSF), Empowerment fund (EF) and further transparency in budget papers

Lessons for future introduction of similar wellbeing approaches

Set out to achieve three key objectives through EIIF

more timely help for individuals as problems emerge to minimise impact on people's lives

Outcomes reported to date shows promising results for program effectiveness, with around 80 per cent of those reporting being effective

arrest fiscally unsustainable expenditure reducing demand and alleviating pressure

Savings realised through annualised dividends

New early intervention funding grew from approximately one per cent of total government funding in the budget to closer to 5-10 per cent

Broader considerations/learnings

- **Needs to be useful to Government and influence decision-makers.**

- **Stronger evidence is collectively beneficial – building greater connection between providers, departments and central agencies recognising each has different experience/expertise to build the collective evidence base.**

- **Feedback loops and gradually increasing transparency – leads a shift towards more positive culture that focuses on accuracy and what works.**

- **Patience/pragmatism to recognise the evidence base will build over time, with some areas growing from a low base and others leveraging great capability that already exists.**

Further details on EIIF

Toolkit for implementing similar wellbeing approaches in other jurisdictions

From the start EIIF, we sought to predict root-causes for why the EIIF might not be implemented as an ongoing practice within Government.

We identified four domains and have iteratively sought to strengthen work under each domain as EIIF has continued. This discipline is at the core of EIIF's continued growth and success.

These four domains were:

- Stakeholders external to government – 'Building partnerships outside of Treasury'
- Cultural shift within government departments – 'Making EIIF easy and building trust'
- Robust underlying economics and evidence – 'Upholding integrity in estimation across initiatives'
- Financial incentives – 'Deliver savings, manage risk and driving positive behaviour'

Embedded within each of domain was a focus on actions that promote transparency and dynamic/ongoing elements (e.g. stakeholder feedback loops) to ensure the EIIF was sustainable ongoing. Further details on lessons and actions within each of the domains are available within the full toolkit, which is available online at the Treasury and Finance website (below:

EIIF Overview and Toolkit https://www.dtf.vic.gov.au/sites/default/files/2024-11/OECD-Wellbeing-Forum_-EIIF-Presentation-and-Toolkit.pptx