

Measuring What Matters

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About ACOSS

The Australian Council of Social Service (ACOSS) is a national voice in support of people affected by poverty, disadvantage and inequality, and the peak body for the community services and civil society sector.

ACOSS consists of a network of approximately 4000 organisations and individuals across Australia in metropolitan, regional and remote areas.

Our vision is an end to poverty in all its forms; economies that are fair, sustainable and resilient; and communities that are just, peaceful and inclusive.

Introduction

ACOSS strongly welcomes the Federal Government commitment to develop a Wellbeing Framework to drive fiscal and public policy decision-making.

The October 2022 Federal Budget included a 'Wellbeing Statement' in Budget Paper 1, framed as the "foundation of a conversation". It provides an overview of wellbeing measurement approaches used around the world and the OECD's wellbeing indicator framework as a foundation for developing an Australian wellbeing framework.

ACOSS welcomes the opportunity to contribute to the Federal Government's development of a national framework and indicators for measuring wellbeing. We see a wellbeing framework and its measurement as able to provide insight into how people are faring in key aspects of life and a framework against which the success of government policy can be assessed. Importantly, it should deliver discipline in fiscal policy, targeting government investment to addressing social inequities, reducing poverty and building resilience to future shocks and risks. ACOSS considers the development of a Wellbeing Framework as an important commitment from the Government to drive a national shift in public policy debates from a narrow focus on, for example, Gross Domestic Product (GDP) as a measure of national success towards measures that reflect what matters to people and communities.

Developing a Wellbeing Framework is a welcome process that should remain open to adjustments over time. Australia's understanding and use of the framework and indicators will evolve as new data becomes available.

In this submission, ACOSS outlines a number of priorities for the development of an Australian Wellbeing Framework:

- The Wellbeing Framework should be a mechanism for driving policy and progress, not just for measuring it.
- The Wellbeing Framework should be embedded in the Budget policy development process.
- The Wellbeing Framework, goals and indicators should be mapped to major Commonwealth Government programs.
- The Wellbeing Framework should be an effective tool for reducing poverty across communities and improving equity in budget policy making, including through distributional modelling of impacts of major policy measures.
- The Government should take a staged and adaptive approach to the development of the Wellbeing Framework.
- The Government should engage a wide range of diverse stakeholders in the ongoing development, implementation, and review of the Wellbeing Framework, including direct citizen dialogues.
- The Government should harness the expertise and networks of the community sector in development, implementation and civic engagement.
- The Government should establish a reference group to support the development and implementation of the Wellbeing Framework.
- The Wellbeing Framework should contain measures both of overall wellbeing and the distribution of wellbeing.
- A headline poverty measure and target should be included in the Australian Wellbeing Framework.

Discussion

Purpose and application of indicators

ACOSS welcomes the Australian Government proposal to introduce a wellbeing framework to provide insight to the country's performance beyond macro-economic indices like GDP and provide a framework for progressive budget policy decisions.

1. The wellbeing framework should be a mechanism for driving policy and progress, not just for measuring it.

This should be achieved through the setting of high-level wellbeing goals, informed by a participatory community consultation process, which reflect the priorities and values of the community. The achievement of these goals should be the primary focus of the wellbeing framework and inform Budget policy decisions. The measurement of wellbeing through useful indicators then provides a mechanism to track progress, rather than being an end in and of itself.

2. The Wellbeing Framework should be embedded in the Budget policy development process.

Australia is at the beginning of a national wellbeing measurement journey, preceded by Scotland, Italy, the United Kingdom, New Zealand, Germany, Canada, Ireland and Iceland. That enables us to learn from the experiences of other jurisdictions and set standards for ourselves informed by their experiences. While the Government's Budget Wellbeing Statement notes that only a minority of countries have embedded wellbeing approaches into their budgets, ACOSS views this as essential and urges the Government to aim to be best practice in the way the Wellbeing Framework is used to inform budget policy making.

This should require distributional modelling of major policies, including direct and tax expenditures, to be considered in the process of budget policy decision making and published as part of the Budget papers.

3. The Wellbeing Framework, goals and indicators should be mapped to major Commonwealth Government programs.

The wellbeing framework must be more than a list of indicators. The connections between indicators, and between them and government programs that impact wellbeing, must be drawn. In this submission, we have used the Irish Wellbeing Framework as an illustrative example to map key domains of life against four primary metrics for measuring progress, a non-exhaustive list of possible indicators of wellbeing within each domain (drawn from the OECD wellbeing indicators), and major Commonwealth government programs impacting on each domain.

4. The Wellbeing Framework should be an effective tool for reducing poverty across communities and improving equity in budget policy making, including through distributional modelling of impacts of major policy measures.

A first priority for ACOSS is that the framework includes a poverty reduction goal, targets and relevant indicator(s). Unfortunately, Australia has no national definition of poverty, nor a plan to reduce it. As freedom from poverty is a key determinant of wellbeing, this should be a headline indicator for Australia's framework – commencing with developing an agreed national definition (in dialogue with academic experts, people directly affected by poverty, advocates, and other relevant parties). Any definition and plan must reflect the Sustainable Development Goal (SDG) 1 commitment to halve the number of people living in poverty by 2030, according to national definitions.

In addition, we encourage the Framework to include SDG 10 (Reduced Inequalities) which includes a target to progressively achieve and sustain income growth of the bottom 40 per cent of the population at a rate higher than the national average by 2030.

Finally, we consider it is important to incorporate gender equality and other key attributes for different population groups in Australian society including

First Nations communities. We need to help provide the human face to the different experiences of wellbeing in Australian society.

Stakeholder engagement with wellbeing framework

5. The Government should take a staged and adaptive approach to the implementation and review of the wellbeing framework.

Developing a Wellbeing Framework is a welcome process that should remain open to adjustments over time. Australia's understanding and use of the framework and indicators will evolve as new data becomes available. The **Wellbeing Statement** in the May Budget should be informed by public submissions and form the basis of a community dialogue to evolve how it reflects priorities, concerns and aspirations of the community. Further refinement and implementation of the Wellbeing Framework should be undertaken in future budgets. An adaptive framework should seek to balance the value of continuity with the need for responsiveness to new thinking and data sources. An adaptive approach would also support ongoing dialogue about national priorities and what matters to people and communities.

6. The Government should engage a wide range of diverse stakeholders in the implementation and ongoing development of the Wellbeing Framework, including direct citizen dialogues.

The implementation and ongoing development of a wellbeing framework for Australia will benefit from drawing on the insights and perspectives of a diverse range of groups, including relevant experts, community representatives, peak bodies, people directly affected by poverty and others. This process of consultation and co-design will ground the framework in the real priorities of communities. Engagement in implementation of the framework will contribute to the public and stakeholder capacity-building around wellbeing measurement, interest in this area and government accountability.

ACOSS echoes the calls by the Centre for Policy Development in their submission for deep ongoing public engagement through citizen's assemblies, roundtables, focus groups, recruitment of champions. This needs to be coupled with supports for people to participate, particularly more marginalised and disadvantaged groups.

7. The Government should harness the expertise and networks of the community sector in the implementation and ongoing development and civic engagement.

The community sector has much to contribute to the development of the framework and has played a lead role in the development of state and territory wellbeing approaches. For example, in 2022, the Victorian Council of Social Services (VCOSS) conducted a listening tour of the state and published

a subsequent report¹ identifying wellbeing priorities. The Tasmania Council of Social Services (TASCOSS) has developed a Good Life (wellbeing) Framework (2021) through conversations with hundreds of Tasmanians and through the Premier's Economic and Social Recovery Advisory Council's consultations with Tasmanians on the key drivers of wellbeing. The Western Australia Council of Social Services (WACOSS) is working on a project to develop a WA (wellbeing) Development Index in partnership with the Australian National Development Index (ANDI), the WA Local Government Association, WA Children's Commissioner and others.

8. The Government should establish a reference group to support the development and implementation of the Wellbeing Framework

We suggest the Government set up an ongoing reference group of experts and community representatives to assist in development and implementation/monitoring of a wellbeing framework, including ensuring transparent reporting of progress.

The architecture of a 'good' wellbeing framework: Domains, key questions and indicators

The Treasury discussion paper argues that wellbeing indicators should fit key criteria and be relevant, complete, measurable, comparable, reliable and understandable.

As discussed, we believe they should also inform policy development and the evaluation of government programs, and community awareness of Australia's progress in improving wellbeing and the contribution that programs make to that goal.

To fulfil these roles, the wellbeing framework must be more than a list of indicators. The connections between indicators, and between them and government programs that impact wellbeing, must be drawn.

A wellbeing framework with a limited set of indicators across many dimensions of life can only provide a high-level assessment of the country's progress and is no substitute for comprehensive program evaluation. Nevertheless, a well-crafted wellbeing framework can signal where real progress is being made and where governments and communities need to focus more effort.

The Government already has a system of statistical indicators regarding the effectiveness of certain social programs, which could inform the development of a wellbeing framework:

- the Report on Government Services (ROGS) prepared by the Productivity Commission. These include indicators for equity (equity of

¹ <https://vcoss.org.au/health-and-wellbeing/2022/09/voices-of-victoria/>

access and outcomes), effectiveness (appropriateness and quality), and efficiency (inputs per output unit).²

- the 'Close the Gap' indicators of wellbeing in First Nations communities.³

In most wellbeing frameworks used here and overseas, indicators are grouped into *domains of life* such as health and financial resources.⁴ This makes them easier for the public to understand and assists policy makers, advocates and researchers to draw the connections between public policy and wellbeing in each domain.

9. The Wellbeing Framework should contain measures both of overall wellbeing and the distribution of wellbeing

Within each domain, at least four distinct *measures* are needed:

- **overall levels of wellbeing** across the community at the present time (aggregate indicators);
- **how wellbeing is distributed** among different groups in the community (distributional indicators);
- **key risks and necessary** investments for *future* wellbeing (vulnerability and sustainability indicators);⁵
- more specifically, **the contribution that major government programs make to wellbeing** (program access and effectiveness indicators).

For illustrative purposes, the table below shows the domains used in the Irish government's wellbeing framework (slightly amended), the four measures, three key questions, a non-exhaustive list of possible indicators of wellbeing within each domain (drawn from the OECD wellbeing indicators), and major Commonwealth government programs impacting on each domain.

While we do not advocate adoption of a particular Framework already developed in another country context, we note that the Irish framework is easy to understand and well-grounded in people's lived experience. The indicators provide a logical framework to cluster major Commonwealth programs according to the domain in which they have the greatest impact.

Bolded indicators are those of highest priority for ACOSS, but this is not an exhaustive list.

² Report on Government Services 2022. Part A, Section 1: Released On 25 January 2022. <https://www.pc.gov.au/ongoing/report-on-government-services/2022/approach/performance-measurement>

³ <https://www.closingthegap.gov.au/national-agreement/targets>

⁴ This includes the OECDs wellbeing dashboard. See OECD 2019, [The future of the OECD Well-being Dashboard: Discussion paper](#).

⁵ Sustainability is a dimension of the Irish and Canadian wellbeing frameworks.

Illustrative structure for a wellbeing framework

Domain	Overall wellbeing	Distribution of wellbeing	Vulnerability and sustainability*	Relevant Commonwealth programs#
Subjective Well-being	Life Satisfaction	Gaps in life satisfaction by income Gaps in life satisfaction for First Nations people	Groups with low life satisfaction over long periods of time	
Mental and Physical Health	Life Expectancy Negative affect balance (depression); Morbidity; Dental caries (decay); Access to health services	Gaps in morbidity by income; Gap in life expectancy by education; Gaps in morbidity and life expectancy for First Nations people; Gaps in access to health services	Incidence of overweight & obesity; Incidence of life-threatening diseases; Investment in public health services (% of GDP)	Medical Benefits; Public hospitals; Pharmaceutical Benefits; Aboriginal and Torres Strait Islander health; Dental services
Material resources: Income and Wealth	Median household disposable income; Median household net wealth; National stock of produced economic assets, per capita	Poverty rate (<50% of median income); Material deprivation rate; Financial stress rate S80/S20 disposable income share ratio; S80/S20 net wealth share ratio	Interest payments as a % of household income; Financial Net worth of General Government; Public debt interest	Social security payments, Personal income tax, and their impact on income and income distribution
Work and Job Quality	Employment rate; Labour underutilisation rate; Gaps to full employment (unemployment, underemployment, and job vacancies); Satisfaction with employment Unionisation rate	Profile of people reliant on unemployment payments; Gender wage gap; Employment gaps for people with disability	Long-term unemployment (incl. long-term reliance on unemployment payments); Insecure employment	Labour market assistance to jobseekers; Industrial relations
Knowledge, Skills and Innovation	Educational attainment; Students with Low Skills (in science, reading, maths); Participation in education and training among adults (lifelong learning)	Educational attainment among young adults; Gaps in educational attainment for First Nations people; Gaps in access to VET/higher education	Investment in public education (% of GDP)	Schools; Vocational Education & Training; Higher education
Housing and the Built Environment	Housing Affordability; Housing quality (e.g. overcrowding); Rental vacancy rates	Housing affordability by housing status, income and location.	Homelessness; Construction of housing : growth in population;	National Housing and Homelessness Agreement; Urban and regional development;

			Social housing as a % of all dwellings	Transport and communication
Natural Environment, Climate and Biodiversity	Material footprint per capita (Natural materials extracted to service the economy); Energy efficiency of housing	Extreme weather events, by income and location; Energy efficiency of housing, by income and location	Greenhouse gas emissions per capita; Extreme weather events; Threatened species	Renewable energy; Natural disaster relief; Environment protection
Safety and Security	Homicides; Incidence of domestic violence; Access to insurance	Gender Gap in Feeling Safe; Regional gaps in feeling safe	Incarceration rates (and deaths in custody) of First Nations people; Incarceration rates of young people	Defence; Courts and legal services
Time Use	Time Off ; Time spent interacting with friends and family ; Time spent caring for a family members	Gender division of unpaid labour	Long hours in paid work	
Social connections, Community and Care	Having friends or relatives that can assist when needed	Access to care services		Child care; Aged care; NDIS
Civic Engagement, Trust, Diversity and Cultural Expression	Voter turnout; Having a say in government; Confidence in national government	Gender parity in politics	Low confidence in democratic forms of government; Persons who experienced discrimination	Broadcasting; Arts and cultural heritage; Citizenship; Migration, refugee and humanitarian assistance

Sources: Irish Government (2022), *Understanding Life in Ireland - The Well-being Dashboard 2022*; OECD (2020), *How's Life?*; Chalmers & Gallagher (2022), *Budget Statement 4 2022-23*.
Notes:

* Includes sustainability of institutions supporting wellbeing in each domain and indicators of vulnerability among groups in the population.

including overall expenditure, its distribution across the population, accessibility of programs, and indicators of effectiveness.

Priorities and staging

10. Headline poverty and inequality measures should be included in the Australian Wellbeing Framework

In the staging of the development of the wellbeing framework, a first priority should be given to goals and indicators which play a direct and important role in the wellbeing of those most disadvantaged and which are not currently a focus for Government action, official measurement or reporting. On these criteria, we believe that there is a strong case for a poverty headline goal and inequality indicators to be prioritized, noting:

- the key role that poverty plays as a social determinant of health and wellbeing;
- the absence of a national official definition of poverty;
- the lack of official poverty measurement and reporting;
- the existing Government commitment to halve poverty and reduce inequality by 2030;
- the inclusion by comparative countries of poverty as a wellbeing indicator, including Scotland, Italy, Germany and New Zealand (while Canada is still developing its Wellbeing Framework but has a Poverty Reduction Strategy and has set targets to reduce poverty by 20% by 2020 and 50% by 2030 (from a 2015 base) and publicly reports on progress against poverty through an online official Poverty Dashboard).

In 2019, the OECD reviewed its own wellbeing indicators and recommended the addition of additional indicators to better capture poverty, among other issues, including income poverty, financial insecurity, inability to make ends meet and housing cost overburden.⁶ Usefully, the OECD has definitions for the poverty rate and relative income poverty, and tracks poverty through its dedicated statistical Income Distribution Database.⁷

Through the Poverty and Inequality Partnership, ACOSS, UNSW and partners have developed a significant body of research measuring the level and depth of poverty and inequality in Australia, using a relative poverty line, after-housing costs and income and wealth inequality indicators. We refer Treasury to this

⁶ Exton, C, Fleischer L, 2019, The future of the OECD Well-being Dashboard: discussion paper. <https://www.oecd.org/statistics/The-Future-of-the-OECD-Well-being-Dashboard.pdf>

⁷ "Poverty rate" defined as the ratio of the number of people in a given age group whose income falls below the poverty line; taken as half the median household income of the total population; "relative income poverty" defined as a disposable income below half the national median. See OECD Data, Poverty rate. <https://data.oecd.org/inequality/poverty-rate.htm>

body of work, including the international comparisons contained within our *Poverty in Australia and Inequality in Australia* report series.⁸

The distributional impacts of government policy and programs would be powerfully illustrated by adopting poverty and inequality indicators, with a focus on the intersectionality of income, wealth, gender, age and other key attributes associated with poverty and inequality.

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⁸ See <https://povertyandinequality.acoss.org.au/> for key reports and all data.