

Submission to Measuring What Matters Consultation

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The Government and Treasury should be commended for undertaking this consultation process, recognising that they can benefit from a broader range of perspectives and experiences beyond the existing government sector.

I would like to make some comments and suggestions for your consideration:

1. Be clear about what you are trying to achieve with establishing a set of indicators, and tailor the resultant product(s) accordingly to best meet your objectives.

The Consultation Paper highlights two main approaches of a comprehensive set of indicators and the New Zealand initiative to establish a “wellbeing budget”. They are quite different products that would serve quite different purposes and are not mutually exclusive.

If the purpose is to have a comprehensive set of indicators to track progress over time, then Australia should produce a standalone indicator document. This is now a well-established international approach, and Australia was previously a leader in this endeavour with the ABS Measures of Australia’s Progress published between 2002 and 2013.

Usual practice has been for such an indicator document to be published about every 2-3 years, largely reflecting data availability and to increase the likelihood of clear trends emerging over time. However, in this era with web publication, alongside expectations of greater timeliness, there is no reason why the agreed set of wellbeing indicators could not be updated more regularly to reflect the latest available information.

As recognised, New Zealand provides an alternative for the Australian Government to consider, with their Wellbeing Budget. The latest 2022 iteration has several distinct features. The Wellbeing Budget is the overarching Budget document, that encapsulates a discussion of wellbeing trends, climate change, overall fiscal strategy, a child poverty report and documentation of all Budget initiatives. The Wellbeing Budget is not an add on statement to the other Budget documents.

The issue for the Australian Government to consider is whether it wants to follow the New Zealand model and refashion its Budget approach to have a central wellbeing focus, with the resultant major redesign of Budget documentation. A more modest alternative would be to have a standalone Wellbeing Statement, that sits alongside the other existing Budget papers.

In addition to the Wellbeing Budget, New Zealand Treasury also produces an extensive set of indicators, based around their Living Standards Framework. New Zealand, in fact, has two official indicator sets, as Statistics New Zealand also produces its own set of wellbeing indicators (Indicators Aotearoa New Zealand).

NZ Treasury suggests that the two indicator sets serve different purposes, implying that such duplication is warranted. I do not share this view as it is inevitable that such indicators will be required to serve multiple purposes, and it is potentially confusing and wasteful to develop and maintain two official indicator sets with considerable overlap.

2. An important issue is the responsibility for producing any desired wellbeing related documents.

My view is that a standalone comprehensive set of wellbeing related indicators should be produced by the Australian Bureau of Statistics (ABS). ABS is Australia's pre-eminent statistical agency and has the most significant experience producing this type of document with their prior publication of Measures of Australia's Progress and their extensive stakeholder engagements that cover many of the key areas of wellbeing. ABS' partnerships also enable them to access relevant data from other agencies and ABS has legislated protections ensuring strong independence from political interference.

Other independent agencies, such as the Productivity Commission or the Australian Institute of Health and Welfare, could also be given a role to produce or contribute to the detailed set of wellbeing indicators.

This would not preclude the Government and Treasurer from also highlighting annual progress or otherwise within the Budget documents. If some annual documentary evidence on wellbeing is of sufficient importance to the Government, this could be included within the usual Budget papers.

If the Government decides to produce a Wellbeing Budget, along the lines of the New Zealand approach, or some less ambitious standalone wellbeing statement, this should be the responsibility of the Treasurer.

The New Zealand experience with the Wellbeing Budget reporting on how government programs have improved wellbeing is not encouraging. The most relevant segment of the Wellbeing Budget is the standalone section reporting on progress with reducing child poverty. This is the only segment of the Wellbeing Budget that produces substantive evidence on how respective government policies have or have not improved wellbeing, in this instance to meet another legislated reporting requirement.

A Wellbeing Budget should not be expected to substitute for the Australian Government's commitment to improve the evaluation of government programs and policies, which has fallen into a state of disrepair over recent years. Introducing a wellbeing lens to the evaluation of government programs and policies would be a useful approach, but this is no substitute for appropriately rigorous and transparent evaluation activity of major government activities.

It would be desirable for the Government to more fully explain how it is going to implement its election commitment to introduce robust evaluations of government programs and policies. It is desirable for this to occur soon given the time and resources required to give effect to this commitment. The forthcoming Budget in 2023 would provide a timely and suitable vehicle to outline how the Government is intending to implement its commitment to introduce extensive evaluation of government activities, supporting effective use of limited taxpayer funds.

3. The Framework used by the OECD for their How's Life set of wellbeing indicators, produced since 2011, is as good a framework as any others. While there has been some enhancement to the indicator list over the last decade, the framework has been broadly stable but still subject to some refinement, including in 2019.

The OECD How's Life Framework comprises 11 key dimensions with a focus on current wellbeing, including income and wealth, work and job quality, housing, health, knowledge and skills, environment quality, subjective wellbeing, safety, work-life balance, social connections and civil engagement. The OECD Framework also includes four other key dimensions with a focus on resources for future wellbeing: natural capital, economic capital, human capital and social capital.

The OECD How's Life Framework also has the added advantage of encouraging and enabling international comparability of wellbeing indicators, with 37 OECD member countries now covered by the How's Life set of over 80 indicators (although data was not available for all indicators for all countries in the latest 2020 version, and this was also the case for Australia).

It is worth recognising that the ABS, and its pioneering work with the development and publication of Measuring Australia's Progress between 2002 and 2013, was one of the key influences drawn upon by the OECD when they started their Better Life Initiative with the first OECD indicator set published from 2011.

The OECD Well-being Framework does not only measure national averages, but also considers inequalities between groups, the difference between the top and bottom groups and the extent of deprivation. This increases the policy-relevant insights that can be drawn from the Framework and indicator set but does increase the data requirements to be able to properly measure these dimensions.

4. The Framework you choose is important, but just as important is the choice of indicators. Desirably, indicators should be selected that are likely to have long relevance, where data is already available (or can be collected) and where data is available with sufficient disaggregation to capture significant socio-economic and geographical variations.

If Australia was to make use of the OECD How's Life Framework and the latest indicator list (from 2020) as the basis for constructing a national set of wellbeing indicators, we do

have the opportunity to include some further indicators that have special national and policy relevance to us.

This should include consideration of improved measurement of outcomes for our Indigenous peoples (complementing the annual Closing the Gap report). Indicators could be chosen to cover performance in the policy areas of disability, aged care and child welfare that have all been the subject of recent Royal Commissions. For example, an indicator list could report on how economic and personal independence for people with disability has changed with introduction of the National Disability Insurance Scheme.

Some apparent gaps in the existing OECD list of indicators for the Australian context include the following:

- Home ownership
- Real wages
- Job satisfaction
- Business and household confidence
- Disability adjusted life years, as an adjunct to life expectancy
- Measures of functioning
- Prevalence of chronic health conditions, beyond depressive symptoms covered by the OECD How's Life publication
- Access to health care services, and any impediments to health care access such as cost or locational availability
- Measures of performance or outcomes from the health system (for example, improvements in quality or length of life)
- The good coverage of skills in OECD How's Life could be supplemented by Australian Early Development Index and NAPLAN data
- Educational attainment (year 12, and post school qualifications including trade and tertiary), beyond the OECD focus on educational attainment for only 15-24 year-olds
- Measure of sedentary or active lifestyles, as an adjunct to the obesity indicator
- Alcohol misuse
- Trust in other institutions, such as media, business and public sector (beyond OECD indicators reporting on trust in police and national government)

5. It should be recognised that policy areas related to wellbeing are not just the responsibility of the national Government, but many areas entail considerable actions from state and territory governments and the non-government sector (charitable and private).

For example, health, education, housing, criminal and justice, and a range of other social services are all areas of significant responsibility for state and territory governments while the charitable and not for profit sector also plays a significant role that should also be reflected in the proposed indicators and the policy implications.

6. A major challenge for constructing and reporting a set of useful indicators is availability of timely data related to these broader wellbeing dimensions. Most of the high-quality data related to many social outcomes are only collected by the ABS every three years at

best. The five yearly Census provides further information as does the five yearly household expenditure survey. Some wellbeing related data from other sources is available on a more regular basis.

By contrast, most economic data is usually reported by the ABS on a quarterly or even monthly basis, and priority has been given to further improving the frequency and availability of core economic data over recent years.

7. If wellbeing indicators are to be prioritised, this should also lead to more regular collection of high-quality data related to priority wellbeing issues. We need to measure what matters.

Greater funding certainty for these key social surveys should be provided to the ABS. Most of these key social surveys, including the major health survey, mental health survey and the survey of disability, ageing and carers, all cannot be funded within the ABS's existing annual budget appropriation. ABS needs additional funding from Commonwealth and/or state government agencies to conduct these critical surveys.

The approach taken by ABS several years ago with the newly funded Time Use Survey, to restructure the survey to deliver annual data within a multi-year approach, provides a potential model that could be adopted more broadly across the social survey program to support more frequent wellbeing reporting.

8. Aside from the ABS, Australia has many other data sources that should be considered and used if they are the best available.

Well established longitudinal data sets, such as the Household Income and Labour Dynamics in Australia (HILDA) survey, Growing Up in Australia and the Longitudinal Study of Indigenous Children are all long-standing data sources. Other health related longitudinal data studies, covering women and men and more specific disease and treatment registries could also be drawn upon. Australia has other regular data produced with assistance from the private sector, academic and research sources.

Administrative data, from a range of Commonwealth and state/territory agencies, might be useful in some instances. However, much of the administrative data usually provides information on who received assistance, hopefully what that assistance entailed and how much the program costs. Unfortunately, administrative data for many social programs rarely collects adequate information on the net outcomes that were achieved for program recipients as a result of the intervention.

On the other hand, other administrative data, such as migration data, information from the State and Territory Registrars of Births, Deaths and Marriages, and the ATO's developing maturity of Single Touch Payroll all provide useful and contemporary data sources.