

## **Wellbeing in Public Policy Practice**

**- Dr Ken Henry**

**- Don Henry**

**- Gemma Van Halderen**

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**Transcript**

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Around the world governments are recognising that there is more to life – and government – than GDP. The Australian Government Treasury has developed a “wellbeing” framework for evaluating policy and outcomes, and the Australian Bureau of Statistics has developed a project named “Measures of Australia’s Progress” (MAP). Both aim to broaden the objectives and measures of government beyond purely economic indicators.

These developments, and how public policy in Australia might change as a result, was discussed by Dr Ken Henry, Secretary to the Treasury, Don Henry, CEO, Australian Conservation Foundation and Gemma Van Halderen, Social Data Integration and Analysis Branch, Australian Bureau of Statistics.

This is the last in a series of three seminars about social and environmental measures for public policy. The panel discussed how wellbeing frameworks are already being used in Practice in Australia, how they might develop, and how they might influence the future development of public policy.

This seminar was presented by Grattan Institute, in conjunction with the McCaughey Centre, the Centre for Public Policy of the University of Melbourne and Trinity College.

**Speakers:**      **Dr Ken Henry, Secretary to the Treasury**  
                         **Don Henry, CEO, Australian Conservation Foundation**  
                         **Gemma Van Halderen, Social Data Integration and Analysis Branch,**  
                         **Australian Bureau of Statistics**

**Moderator: John Daley, CEO, Grattan Institute**

AUDIO: This is a podcast from Grattan Institute, [www.grattan.edu.au](http://www.grattan.edu.au).

JOHN: Good evening, ladies and gentlemen, and welcome to the Commerce Faculty of the ... Economics and Commerce Faculty of the University of Melbourne. My name is John Daley, I'm the Chief Executive of the Grattan Institute. I'd like to thank our hosts this evening, the University of Melbourne which very appropriately is either the owner of, or an affiliate of, all of the organisations that have been part of putting tonight together. The McCaughey Centre for the Promotion of Mental Health and Community Wellbeing, the University of Melbourne, the Centre for Public Policy of the University of Melbourne, Trinity College and Grattan Institute itself. So I'd like to start by thanking all of those organisations for their role in putting this together. We should start as we so often do here by showing our respect and acknowledging the traditional custodians of the land on which this meeting takes place and showing our respect to the Elders past and present.

We are very lucky this evening to be talking about wellbeing and public policy which in some ways raises the two oldest and most profound questions of philosophy, goes all the way back to the Greeks sitting in Athens worrying about the questions of what does it mean to lead a good life? And what should government do to help that or at least not hinder it? And arguably an awful lot of philosophy for the last 2,000 years has continued to wrestle with those questions and we're probably still wrestling with them tonight. This evening we are joined by three very distinguished guests. Firstly, Dr Ken Henry who was appointed as Secretary to the Treasury in April 2001, and as such is the most senior economic policy advisor to the Australian government. He has been reappointed for a further five years from April 2006. He sits, as you will doubtless see often on the news, on the Board of the Reserve Bank of Australia and holds a number of other positions. He was made a Companion of the Order of Australia in the Australia Day Honours in 2007.

On my right here we have Gemma Van Halderen. She is responsible for the Social Data Integration and Analysis Branch of the Australian Bureau of Statistics. The Bureau of Statistics, as you'll be aware, is quite possibly the world's best statistical agency. It's certainly right up there. We're incredibly lucky, I think, in Australia to have an organisation of that standing, and the Social Data Integration and Analysis Branch is the part that tries to work out what all of the data and statistics about social wellbeing and means, and trying to work out how to integrate all

of our data and statistics into something which aren't really numbers but actually mean something.

And then finally we have Don Henry who's the Executive Director of the Australian Conservation Foundation where obviously he holds a very high profile position in terms of promoting the wellbeing of the environment in Australia. He is a Director of the Wildlife Preservation Society of Queensland, he served as a Commissioner with the Australian Heritage Commission and as President of the Australian Committee for the International Union for the Conservation of Nature and Morton Island Protection Committee. And he returned to Australia in 1998 to take up the position as Director of the ... Executive Director of the Australian Conservation Foundation and has been here looking after the interests of the Australian environment since then.

Before we go any further, I should remind others about their mobile phones and hopefully that won't continue too much. We have the ABC recording this evening's proceedings as part of their Big Ideas program and we hope that'll be broadcast at some stage in the new year. So with all of those formalities over perhaps I could start, Ken, by asking you the first question, we traditionally think of Treasury as a ... treasury analysis as a pretty dry focus on the financial outcomes of policy, if the measure increases GDP that's good, if it doesn't increase GDP the Minister's got a lot of explaining to do and yet over the last few years the Australian Treasury has developed a wellbeing framework that analyse policies against a whole other ... set of other criteria as well. Why did you develop it and what kind of questions did it raise that perhaps you hadn't always considered in Treasury analysis previously?

KEN: Well thank you, John. We actually developed this framework that's been referred to back in 2001 so it's quite a while ago now. And the reason we developed it was because one of our senior people asked one of those really embarrassing questions and it was this, I notice that our mission statement says that our purpose in life is to improve the wellbeing of the Australian people, what do we mean by that? We didn't have an answer. When I say we I mean the other senior people in the department didn't have an answer to that question. And so as organisations that can't provide answers to questions often do, we set up a process to find out what the answer to that question might be. And over a period of months we developed something that we called the wellbeing framework. I'll talk about it very briefly, I could talk about this thing for hours and I expect that during the course of the evening I'll get the opportunity to say little bits about it, but briefly it has five components to it. Essentially the question that we asked ourselves was this ... and it is a very deep question ... what is the purpose of public policy? And what role do we as an organisation play in the development of public policy? What role should we be playing in the development of public policy? And therefore what factors should we be reflecting on in the development of public policy to advise governments?

At the core of the wellbeing framework we have concepts of opportunity and freedom. Now when I talk about opportunity and freedom I should say immediately that I'm not talking about a libertarian concept of freedom. And the concept rather that I'm talking about are those that are much closer to the concept of opportunity and freedom, or freedom in particular that the philosopher and economist, Amartya Sen, talks about, and I can at some stage presumably go into more detail on what that's all about. We unpacked that bit and identified four other dimensions, and interestingly all but one of these four other dimensions has appeared recently in some work done by the Stiglitz-Sen-Fitoussi Commission which I'm sure some in the audience will be familiar with. The first of these was consumption possibilities and we deliberately avoided talking about income or wealth, certainly avoided restricting ourselves to gross domestic product or gross domestic product per capita, rather spoke about consumption possibilities. Secondly, we identified risk as an issue and identified a role for a Treasury Department in advising governments on policies to deal with risk, to ensure that risk is allocated in society according to people's ability to manage the risk so allocated, and of course there's a macro economic dimension to risk or at least managing macro economic volatility which goes right to the core purpose of an economic policy advising department.

The third dimension that we identified was complexity and you don't see, or at least I haven't seen, much written on this topic in discussions of wellbeing but for somebody who had spent by that time about 15 years advising governments on how to add pages to the Income Tax Assessment Act, and when I say pages I'm not talking about two or three or even tens, I'm

talking about thousands, the concept of complexity proves quite challenging, challenging to such a person. And it's had quite a profound impact actually on our thinking and had quite a profound impact on the sorts of policy advice that we've been delivering to governments over the past nine years or so. And the fourth component was distribution, and when I say distribution I mean distribution of consumption possibilities, I mean distribution of complexity and I mean distribution of risk. And I mean distribution in a spatial sense so across groups in society including across regions in society. But I also mean distribution in an intertemporal sense including therefore intertemporal or intergenerational I should say, intergenerational distribution. And thinking in these terms has obviously had a strong impact on our work reflected in intergenerational reports since 2002. It's also had a strong impact on our thinking about the development of policy advice to governments on environmental issues. Also on infrastructure issues. So that's the framework in a nutshell. As you can imagine there's an awful amount of thinking that goes into the development of such a framework and it has actually had quite a profound impact on our policy advice.

JOHN: Thank you. Gemma, there's been a parallel development I'd suggest in terms of what the Australian Bureau of Statistics has been doing over the last couple of years. Historically the media perhaps pays most attention to the GDP numbers that the ABS puts out but you've been engaged in a project mapping Australia's progress that identifies a range of measures and tries to headline a number of measures which are a lot broader than purely economic measures. What were you trying to achieve through mapping Australia's progress and how did you hope that it was going to shift the kinds of questions that the ABS raises and answers?

GEMMA: Thanks very much, John. The Australian Statistician has publicly said that measuring a nation's progress is one of the most important and really one of the most challenging tasks that a national statistical agency can take on and we've been doing this for over 100 years, we've been producing statistics and measures of progress on various dimensions of our economy, our society and much more recently on our environment for well over 100 years now. But what we've tended to do is focus on each of these measures in isolation and so in the late 1990s, we recognised, the Australian Bureau of Statistics recognised, that there was growing public interest in the interrelationships between the economy, society and the environment. There'd been growing debates about the sustainability of economic growth and whether and how economic growth benefits areas of social concern such as health, education and crime. There was also quite a lot of international interest in developing a more comprehensive view of progress rather than just focusing on say the economic indicators such as GDP.

For instance we had the Blunt ... the Bruntman Commission that was calling for the development of new ways to measure and assess progress towards sustainable development, there was an Earth Summit in Rio in 1992 that was also calling for greater measures of progress beyond the economic, and the United Nations itself was also calling for better measures of social concerns to supplement the system of national counts. In Australia itself there was also quite a lot of activity around trying to put together measures of progress beyond the economic. We had state of environment reporting was starting and the Commonwealth Government itself was also establishing headline sets of sustainability indicators. So the ABS itself, we decided we needed to assist this process, we needed to assist the growing interest in putting together measures side-by-side so that people could look at things side-by-side about whether life in Australia was getting better. So what the MAP publication did when it first came out in 2002, was it provided a national summary of many of the most important areas of progress and we tried to present them in a way that we ... be quickly understood so in doing so the aim we had, what we were trying to achieve then was to stimulate this public debate and encourage Australians and make a contribution to that international debate to assess this bigger picture, not just the economic picture but the big picture of whether life in Australia was getting better.

JOHN: And what kind of things you know have you headlined? What are the big buckets in your view of the world?

GEMMA: Well it truly is a very ambitious project. Currently we've got something like 80 progress measures in our 2010 publication as well as we've got quite a number of contextual indicators so trying to put these together in a way that could be easily understood is quite a challenge. So

what we needed to do was put them together in a way that people could make their assessment of whether life is getting better. So we put them together in a way ... in a suite of indicators type approach, or approach what's currently being called the dashboard-style of presenting these measures. So what a dashboard-type approach does is it sets together these key aspects of progress side by side and it discusses some links between them. The aim then is for readers to be able to make their own assessment of whether the indicators together imply life in Australia is getting better and at what rate.

We had to do this in a fairly systematic way, or as Ken says we went about this way of establishing a process, and our process essentially had four steps. Firstly, we defined the three broad domains that we were interested in, the social domain, the economic domain and the environmental domain. We then compiled a list of potential dimensions of progress and we then had to select a subset of these dimensions that we would present. As you can imagine there's quite a number of different ways you could do this and we had to strike a bit of a balance, we ... if we had too many indicators then it would have been too hard for everyone to make their assessment and if we had too few we would have been sort of not giving due credit to all the different elements that were going on and look 10 to 20 seemed about right and we were guided by a lot of expert assistance and consultation with people, and in the end we decided and in fact in 2010 we have 17 headline dimensions in areas such as health, work, national income, housing, biodiversity and land and so on. We also took a decision to include a number of supplementary dimensions and we have five of those in areas such as culture and leisure, communication and transport.

We then had to choose some indicators for these dimensions and it's not a very easy task to do that because some of these dimensions are quite complex issues. So again we were guided by a lot of expert advice and we set up a criteria, a process for establishing what's a good indicator and we came up with the indicators such as life expectancy for the dimension of health, but for those people who have taken the time to have a look at our publication, we weren't successful in creating indicators for all those headline dimensions. For instance in the 2010 edition we don't currently have a headline dimension in the area of inland waters. We couldn't find an indicator that could take into account the quantity and quality of water available, the health of our inland water ecosystems, measuring water use is also quite tricky because of the fluctuation of weather patterns and inconsistent use of demands. So when we didn't have a headline indicator we put together some supplementary indicators such as in the case of inland waters we used indicators such as water use or agriculture water use as well.

JOHN: Thank you. You've touched on environmental indicators and I guess that's a topic near and dear to your heart, Don. What do you think we should be using as environmental measures? And why does, you know, how much of an impact is this having? Does it have that much of a difference to actually start measuring these things?

DON: John, I think it's absolutely crucial to measure. You know the old saying what you measure is what you manage and even at our level of governments, governments tend to focus on managing and focus decision-making on what's measured. I'd like to commend the work of Treasury on wellbeing and commend the ABS on measures of progress, they're both great innovations on a worldwide scale. I reckon we still face a couple of big challenges, one is having a standard data set that we manage in environment is still quite challenging. I think it's all out there, it's a matter of making decisions and having consistency across those measurements so we should be getting beyond the debate into consistent measurement and reporting on that. And then of course the other great challenge is doing something about it and we should be doing much more about that.

JOHN: Thank you. As you mentioned, Ken, Australia's not alone here, we've seen things like the Stiglitz-Sen-Fitoussi Commission. I picked up today, it's the publication, Sigma, put out by the bureaus of statistics around the world. And I think the entire issue is dedicated to this topic and heads of bureaus of statistics, or whatever they're called, around the world busy running kind of learned articles about the importance of wellbeing measures, what we need to do about, what the forward agenda is, you know this is clearly a very substantial worldwide movement. What do you think ... you mentioned Sen but what do you think are the kind of philosophical



drivers? What's changed in the last 10, 15 years that all of these people 'round the world are sort of drinking the same water?

KEN: Yeah, I think there's a few things going on actually. I think there is increasing frustration with the appropriateness of the measures of societal progress which have traditionally been used and that frustration is being felt, or being experienced, not just outside of the economics profession but also inside the economics profession and indeed some of the frustration within the economics profession is to the effect that ... or its source is that people including policy makers are misusing statistics that were never designed for the purpose for which they're being used. And take gross domestic product or gross domestic product per capita and this is one of the things which ... or the deficiencies in it, is one of the things that Stiglitz-Sen-Fitoussi Commission has focused on. The economists who developed gross domestic product did not develop it to provide an index of societal wellbeing, that was not its purpose. The fact that it's been used in that way for decades since speaks to the point that Don was making, that what is measured will be used and also though of course if something more important ... truly is more important but is not measured, it probably won't be used, it probably will be discounted. There are several problems with gross domestic product as a measure of societal wellbeing and tracking increases in gross domestic product as a measure of improvements in societal wellbeing.

One example ... well I'll give you two examples. Firstly, it's been well known since day one that gross domestic product does not measure very adequately at all the services provided by governments. Essentially there is no distinction between outputs and inputs in that area. That's one clear area of deficiency. The second is ... a second, a second, there are numerous but a second is a very poor treatment of essentially balance sheet effects that might be associated with income flows, thus for example, whilst in the national accounts you will find a distinction drawn between gross domestic product and net domestic product, and the net makes an allowance for depreciation of capital, the net does not make an allowance for the depreciation of ... sorry, for the exploitation of the nation's balance sheet, if that exploitation involves natural resources. Thus it could be coal, it could be iron ore, it could be native forests, it could be any national resource which is being exploited. It makes a direct contribution to gross domestic product in the year in which that exploitation occurs without any recognition that the balance sheet is being depleted by the activity. There should be ... there is no net addition to national income from the activity if all that's happened is there's been an exchange of a physical asset on the balance sheet for cash on the balance sheet. So that's one of the things. That's one of the issues that has challenged those interested in this question of the appropriate, or appropriate measures of societal progress. But that's not the only one.

If gross domestic product is not an appropriate measure in practice because of the way it's measured it may not be an appropriate measure in concept either. Maybe production is not the thing that should be guiding policy decisions but maybe policy should be about something more than expanding the nation's total production. And so in a second question that's raised in the Stiglitz-Sen-Fitoussi Report, of course, is that broader question about what is ... how would one go about tracking what is happening to the quality of life, to community living standards or whatever? Now that topic has been a topic of consideration by not only economists of course, whole body of people involved in thinking about the ... well thinking about what social progress is and what an improvement in quality of life is. Now of course philosophers have been focused on this question for a very long time. You could, as you say, go back to the ancient Greeks although usually people don't but ... they don't start the inquiry there but they do start the inquiry with philosophers whose name will be known to I'm sure everybody in this audience, people like Locke and Risso and, of course John Rawls, with his concentration on essentially procedural fairness and then what are the principles of justice that would produce a fair society and then what are the just institutions that would be required in order to ensure that those principles actually had an impact on society?

But more particularly, more particularly for me anyway, because it's had a bigger influence on me personally is the work of Amartya Sen that you referred to earlier and when I said earlier that at the core of the Treasury's wellbeing framework we've got freedom and opportunity the way we think about it is the way that Amartya Sen would express it. What he says is that the purpose ... well I'm putting some words in his mouth here really, but the purpose of public policy

should be to ensure that all individuals have the capabilities that would give them the freedom to choose a life that they have reason to value. It's complex, I know, and it needs some unpacking but that's the statement of it. Capabilities to give them the freedom to choose a life that they would have reason to value. That's a pretty neat summary of what I at least regard as the purpose of public policy. Now obviously gross domestic product is going to be of some relevance to that question, of some relevance in ensuring that individuals in society have those capabilities that give them the freedom to choose a life they have reason to value. But quite clearly there's a lot of other stuff and Amartya Sen points to a number of capabilities that he regards as being of substantive significance, things like avoidance of deprivations like starvation, premature mortality. That's pretty obvious. But also that people have a level of literacy and numeracy and political freedom.

These things are also important and he would regard them as being of substantive importance and I would too. And what I mean by substantive here is that these things make a direct contribution to wellbeing. They're not really of instrumental importance, they are directly important. Education itself makes a direct contribution to an individual's wellbeing. The education does not have to be used to generate income in order for one to say that person's education was important. It was important, it made the direct contribution to that person's wellbeing. Similarly, obviously the avoidance of deprivations like starvation, they make a substantive constitutive contribution to a person's wellbeing. Of course there are a whole range of instrumental capabilities which is what most of public policy is about, in fact ... or at least most of what we in the Treasury think about ensuring that there are ... things like ensuring that there are well functioning markets that allow people to transact, that is to sell or to exchange their endowments for other things, allow them to borrow money in order to secure capital for development and so on. And things like transparency guarantees, that is ensuring that the operations of government are transparent, are understood, ensuring that there is actual political participation, that citizens do indeed participate in a political process. These things are also important but they're more instrumentally important, that if those things are in place it is likely, it is more likely that people's wellbeing will be enhanced over time.

The third issue that is raised in the Stiglitz-Sen-Fitoussi Commission Report is the one that you've been talking to Don about which is this whole question of environmental sustainability, or if you like, sustainability in general and gross domestic product obviously doesn't come anywhere near providing a satisfactory answer to those matters.

JOHN: Don, that raises the issue of environment, environmental measures around the world. Do we see a movement of these measures around the world, an increasing concern about them? And how are other countries going about doing this?

DON: Absolutely, John, and we can see a number of examples out there, Ken's referred to the Stiglitz work. It's actually grappling with a set of environmental indicators that one could use in a dashboard sense as Gemma mentioned. There's some other measures out there, for instance the ecological footprint measure that's come out of California as a way of trying to visualise the impact we might have on the environment is quite potent, I think, and for example the Victorian Sustainability Commissioner would estimate that the average Victorian ecological footprint's about eight hectares, the world average is about 2.2, it's estimated that the planet's sustainability for each human being is about 1.8 and so there's some very dramatic, very important measures that help visually communicate impact. We're also seeing in part of that measurement with environment which I think's important, we're starting to see an economic valuation put on ecosystem services so this is not the full value, I mean how do you value beauty? How do you value other life on earth that we might be extinguishing? But there are parts of the environment that you can put an economic measure on.

I'll give you an example, with ACF's work we did a valuation of a healthy wetlands system in the north-west of Victoria, Hattah Lakes, our members helped buy 400 million litres of water to bring the lakes back to health. An economic analysis showed that the value of that healthy wetland for water storage, water purification, tourism and pollination to the agricultural industry around it was worth over \$14m per year. Now they're tangible economic things that if we degrade we'd have to pay for anyway, you'd have to build a dam to store the water, or you'd have to have a treatment works to clean it, or if we lose pollination capability around agricultural lands you've

got to supplement it, so these are real economic costs but at the moment quite often we don't even include in our economic account. So I think there's two things we're talking about here, one is better measures around environment as a whole, and the other is bringing some of this, but acknowledging you can't do it all, bringing some of it into the standard economic accounts 'cause we're crazy, we're not counting this stuff at the moment. It's costing us big time, it's costing us ... it's costing our children double big time.

JOHN: And I think that's a very nice example of how these measures can actually start to change the policy choices that you make and maybe if we turn to one of the elements of the framework that you've talked about, Ken, which was distribution. How did you think about that concept? And then much more importantly how did it change the kind of analysis you did and ultimately the sort of advice that you provided?

KEN: Yeah. Within a Treasury Department and I think Treasury Departments all 'round the world have responsibility at least for providing advice to governments on what you might regard as core economic issues and in most Treasury Departments around the world would tend to favour government policies which promote the operation of markets, government policies which are focused on delivering a greater level of economic efficiency and you might be tempted to think, and I think I did once think this actually, and more than tempted to think that distributional concerns are frankly a bit of a nuisance. I want to assure you I no longer think that and in fact I haven't thought that for a very long period of time. Distribution is what most of government policy is about in fact. Some of it is spatial in dimension and some of it is temporal, intertemporal in its focus. I've already referred to concerns about intergenerational equity, although frankly I'd have to say that those concerns are underdone, but nevertheless one can find in public policy discourse concerns being expressed about the appropriate degree of intergenerational equity and it's a good thing that we are at least having that ... or starting to have that conversation.

But a lot of our work, work even that we regarded as core economic work concerned with the operation of markets, really when you got down to it was about achieving distributional ends. And in accepting that that was the case, as a department or as practitioners of public policy advising we started to take an interest ... no, a ... not that we started to take an interest, we started to take a better informed interest and a clear ... a clearer-sighted interest in some really, really important public policy questions. For example, how does one think about the disadvantage suffered by indigenous Australians? Now this is a question that has been of importance to Australian governments, and appropriately so, for a very long period of time. The disadvantage suffered by indigenous Australians should in my view be thought of largely ... not wholly but largely, as an extreme form of capability deprivation. One can think about a distribution across society of the capabilities that I referred to earlier, capabilities that allow people the freedom to choose lives that they have reason to value, and what I would suggest to you is that if you look at indigenous Australia you don't find a wealth of capabilities that allow indigenous Australians to choose lives that they have reason to value. And that is a distributional conclusion.

Finally, on distribution I'd say that whatever your motives in public policy, whether you are really motivated by some arcane efficiency objective or whether you are truly motivated to improve the prospects of a genuinely disadvantaged group in society, let's say indigenous people, whatever your motives, the language of distribution is much more effective in public debate than arcane economic language, I can tell you that. And there's a reason for that. It resonates with people because it is how people think, right? And those policy advisers who still think of distributional issues as a bit of an irritation, right? They're really up against it.

JOHN: Thank you. Gemma, I noticed that the Bureau's mapping Australian progress measures, it doesn't have a headline measure about disadvantage. I mean you could imagine that we could for example measure Gini coefficients or something like that where it's a kind of overall measure of inequality. Were you tempted to do that and how have you tried to incorporate disadvantage and where do you see that going?

GEMMA: Thanks John. Look disadvantage actually sort of permeates throughout the entire MAP publication and we look at it through a couple of different lenses. A very important lens



that we look at disadvantage through is from the perspective of the people themselves, is the disadvantaged groups. So within MAP we have these 17 dimensions like I said, work, education and so on, and we actually explore each of those dimensions for particular subpopulations of the Australian people. So for instance, we explore progress and indigenous Australians in eight of those dimensions, health, education, work and crime for instance. We also explore progress in the context of older people, in context of migrants, lone parents, people with a disability, so we actually do have quite a lot of information around particular population groups in MAP exploring this issue of disadvantage. But we also have a dimension itself called household economic resources which goes to this issue of disadvantage from an income point of view.

And so household economic resources, the dimension there, it looks at whether life is ... in Australia is getting better for those most likely to have low living standards, and what we do is we measure the change in real income for those households in the second and third lowest income deciles on the income distribution. And we choose those two groups as being representative of those having low living standards. So that's sort of measurement in a sense, in an absolute sense, for a particular distribution or slice of the population but we also have a relative view of disadvantage as well and we compare that low income group with that of the middle income group so those in the fifth and sixth income deciles and that lets people, lets the readers consider changes in the community standards which over time may raise the expected minimum level of living standards.

We also provide lots of measures of changes in the distribution or the equity of income across the population as well so while any one distribution measure is subject to some interpretation other summary measures like Gini coefficient have built assumptions around preferences of aspects of inequality. Therefore, MAP itself has actually got three types of distributional measures in there. We have a whole range of what are called percentile ratios like percentage ... 90 percentile to the tenth percentile, we also have shares of total income received by the low, middle and high income groups, and we also do actually include the Gini coefficient in MAP itself. This whole area of income measurement, it is an area we've been pursuing better ways of identifying those at risk of economic disadvantage or hardship, and while income itself is the most commonly used measure for this purpose in Australia, it's actually both income and wealth together that are primary determinants of people's expenditure possibilities and their economic wellbeing. And this actually was also emphasised in the Stiglitz Commission work. And there's a new expert group that's going to be established through the OECD that are commissioning some work to develop an integrated framework for household income, expenditure and wealth statistics particularly at that micro level, say for households, and this work actually comes very much from the recommendations out of the Stiglitz Commission reports, and while membership of the group is currently being established, the ABS, and so Australia, is expecting to play a fairly major role in that new OECD expert group in this area.

JOHN: Thank you. Please, Don.

DON: John, I think a key element of disadvantage we may want to discuss is the question of disadvantage to future generations. By the way there's another challenging element which is disadvantage to other forms of life who may not speak the same language as we do. But if you look at future generations, this element of disadvantage is very, very important on the question of environmental degradation, because you could argue with something for example like climate change, that we are ... lack of action is delivering a real environmental, social and economic cost to future generations. Now there have been those that have attempted to put a value on this, Lord Stern had a value of cost of over \$100 per ton of greenhouse pollution, the Australian ... one of the Australian Academies has looked at the social cost of a ton of greenhouse pollution in Australia, it estimated it lower but it's still like \$30 a ton, an annual cost of \$20b to our economy. Now they're just figures, but I think this crucial issue of disadvantage to future generations is really important, it's written large on the great environmental challenges we face today such as climate change so how we measure, how we incorporate that, how we make decisions around that is really, really important and I acknowledge it's challenging when you think forward across generations. I mean Gemma and Ken, I don't have this expertise but there are questions around what discount rates you use, how do you value these things, etc., that are profoundly important in the decision-making at the end of the day.

JOHN: I mean, Ken, I think that is the issue around discount rates and given that this is an economic and commerce faculty building we're hopefully at least allowed to mention the concept which can get a little esoteric, but that's essentially about how much are we prepared to discount the future relative to the present. And it obviously raises a whole series of distributional issues over the environment, but presumably it also raises the same kind of issues when we start looking at infrastructure, you know how much are we going to value having a sewerage system not just today but you know in 20 years' time 'cause if you apply a conventional discount rate you know the value of that sewerage system in 20 years' time is almost irrelevant and that seems deeply counterintuitive.

KEN: Yeah, sure. This is a very good question and by the way I should say that I agree very much with the remarks that Don has just made about our failure to account properly for the disadvantage that we through our own actions in this generation are ... the disadvantage that we're conferring on future generations. And we've got to be able to do a better job of that even if we're not able to quantify the disadvantage fully and of course that would take us into a discussion about the proportionary principle and so on. Even if you can't quantify maybe you want to be a little cleverer about the decisions you take, but on the discount rates actually I think there are really two issues here. The discount rate is one issue, the other one is the time period over which you would want to sum up the discounted cost and benefit streams, and they are separable issues. Although obviously if you've got a reasonable discount rate it doesn't really matter what your time period is beyond let's say 20 years, because you're going to be discounting anything that occurs beyond that back to something which is effectively zero anyway.

And you really can trick yourself into making policy judgements, or if you like investment decisions, let's put it that way, making investment decisions that are let's say short-sighted. For example, just to give you an illustration, it's purely conceptual, it's not a real world example at all of course, but let's suppose that we lived in a society in which everybody lived for 80 years and let's suppose that every public infrastructure project that we could think of took 80 years to construct and then delivered 80 years of benefits. Nobody today ... even with a discount of zero nobody today would be in favour of any public infrastructure investment because nobody alive today would survive to be able to use that public infrastructure investment. But a different society, a somewhat smarter society might be one in which people today take the view that part of what we should be doing now is providing an investment in infrastructure which would be of benefit to future generations, those who are alive 81 years from today and 82 years from today and so on, and we might be more likely to view the world in that way if those who were alive 80 years prior to us had taken the same view about us and they had been making investment decisions, making investments, creating public infrastructure for ... that we today are presently benefiting from.

So even if one has a zero discount rate one can make erroneous investment decisions by failing to acknowledge that it might make sense in intergenerational terms for each generation to make investments on behalf of following generations. Now I'm sure everybody in the room is thinking ah, I do actually know societies around the world that do think like that, they don't tend to be societies in countries like Australia and the United States and Canada and New Zealand and Great Britain, and so on, but you can think of societies like that. Just one really practical real world example of this, I was saying to John the other day that the very first ever cost benefit analysis that was conducted on the case for a second airport in Sydney was conducted in 1979, and the person conducting the analysis decided that the appropriate timeframe over which costs and benefits should be summed, the appropriate timeframe was 30 years. I was talking to her the other night, she was not wholly comfortable with that piece of work that she'd done.

JOHN: Yeah, it does make the point very nicely. We've talked about distribution, one of the other areas of the wellbeing framework that you mentioned was complexity and that you saw complexity as a cost. And that might be slightly counterintuitive in the sense that one of the virtues of capitalism is supposed to be the proliferation of a huge variety of goods and services and I know that it's also an aspect of wellbeing that the Stiglitz Commission didn't talk about. Why did you particularly think of complexity as a cost and how has it changed the kinds of advice that you give?

KEN: I made some reference to it earlier. It probably does sound a little counterintuitive and the reason is that, I think, complexity is a by-product of a lot of other things which would generally be seen as welfare-enhancing or wellbeing-enhancing. Whether they are or not is another matter and we could spend hours discussing whether it really is wellbeing-enhancing for people to have an increasing ... in fact exponentially increasing array of things upon which ... consumer goods upon which they can spend their money, we could have a long discussion about that, but assuming that it is, assuming that it is, there is of course complexity associated with it but it's a by-product of it. I think it is appropriately thought of as a cost of that increasing proliferation of consumer products. Government policy though causes complexity as well. Government policy has in the time that I've been a policy adviser caused ... produced enormous complexity in the taxation system, it has produced enormous complexity in the social security system, especially through the targeting of social security benefits to beneficiaries which is a hallmark of our social welfare system but not only through the targeting of a system with means testing and so on provisions that we have in our social welfare system but certainly through that route. I think we should acknowledge that in these government policies we are imposing a level of complexity upon citizens and we should be asking ourselves the question whether that level of complexity that we're imposing on citizens is getting to a point where it might become unbearable.

I had the experience some years ago of visiting some remote indigenous communities in Cape York. I attended a council meeting in a truly remote indigenous community of about 800 people and I met ... so I met with the council, they were all indigenous people bar one person, the one person was the chief executive of the council, a person with an accounting qualification. And I sat down to meet with the indigenous council, I'd been introduced and then the mayor said okay, the first question to you is from ... he pointed to a lady across the table and she leant across the table and she said, what I want to know is what are you going to do about all the red tape. Now I was absolutely stunned. I was used to having business people ask me that question, business people in places like Sydney and Melbourne ask me that question but here I was in a truly remote part of Australia and this was the first question. We didn't discuss much else, we had a long discussion about red tape.

It started this way, I said I ... well I'm sorry, I don't understand what you're talking about and the chief executive, he turned 'round, he pointed me to some cardboard boxes sitting in the corner of the room and he said that's what she's talking about. Turned out cardboard box was full of paperwork that this council had to process in order that it was able to have a sensible relationship with government, I mean a sensible relationship with the State Government, a sensible relationship with the Federal Government and the chief executive told me that he spends all of his time dealing with that paperwork and looking at the volume of it I can imagine that that is the case. Here was an indigenous community which governments were trying to help but whose ... but this indigenous community, all of its resources that it had available to it to think about what ... the development needs of the community, all of those resources were tied up with filling out pieces of paper in this compliance burden and it was driving them absolutely mad.

In terms of its impact on our policy advising, it's had truly amazing impacts on our policy advising. Recently and I'm sure that not everybody in the room would support this particular piece of policy but we came to the view that our retirement income system had become ... and this is under the former government ... our retirement income system had become so complex and in particular the taxation treatment of any benefits, the benefits that people get when they retire, when they leave ... if they leave their work they then draw down their superannuation benefit, that it had become so complex that we could do nothing about it other than abolish it. And we abolished the whole lot. That was our advice to government, abolish all the taxes. It is so complex that you will never be able to reform it, set all the tax rates at zero. Right? Now that's a pretty extreme response to complexity but in our view the complexity was so bad that it warranted it. By the way, and this is a general proposition, we should not think that complexity doesn't have distributional consequences either, it does. The advice that we were getting from the industry, superannuation industry, was that almost everybody who retired irrespective of the size of their superannuation payout, almost everybody sought professional advice because the system was so complex. Even people, we were told ... at that time the average amount being taken out of an industry superannuation fund was only about \$8,000, that's all. Now it's growing

of course, but this is what we were told, and they were spending a couple of thousand dollars on investment advice because the taxation system was so complex.

You know somebody who has a few million dollars can probably afford the couple of thousand dollars, doesn't really matter that much to them, but somebody who's retiring with \$8,000 it is simply ludicrous to be imposing upon them a system of such complexity that a quarter, maybe even more of their retirement wealth goes in professional fees. And this is, of course, what people do in order to cope with complexity, they engage agents. So more than 70%, in fact more than 80%, of individual Australian taxpayers find the system so complex that they engage a tax agent to fill out their personal income tax return. In the tax review that I had the pleasure of leading recently ... no, truly it was pleasurable experience ... we focused on this issue, of the complexity confronting the individual in complying with the tax and transfer system, but particularly the tax system, and we made recommendations about ways that if they couldn't simplify the law, at least could simplify the way in which, or the manner of engagement between the citizen and government, through the development of user-friendly IT-based interfaces and other interfaces which reduce the complexity enormously while still providing the citizen with some assurance, and this goes back to the transparency guarantees point I made earlier, but providing the citizen with some assurance that it is actually being done properly.

JOHN: Thank you. Gemma, measuring complexity's quite a tricky task. How are you thinking about that?

GEMMA: Well I don't think we've cracked it from a measurement point of view at this stage. In MAP itself what we're trying to do is paint a statistical picture of whether life in Australia's getting better so we don't try and measure whether government red tape's causing greater complexity or interactions between different things and causing complexities. What we do though is try and give this picture across these 17 dimensions and just the sheer fact that we've had to have 17 dimensions highlights the fact that there is quite a lot of complexity in our lives. So you know like a healthy society can lead to a larger workforce which interacts with education and training and common wealth but at what cost to the environment? What cost to the disadvantaged groups in society? So we don't attempt to measure complexity in Measures of Australia's Progress but we acknowledge that those complexities exist and we try and give enough indicators across those 17 dimensions for other people to make their own assessment, their own adjudgement about how we're going with those complexities.

JOHN: Thanks. I guess that raises the question, Don, you know in ABS land we can put out a dashboard with 17 measures, but of course in the real world of politics, politicians ultimately have to make a decision we're going to do X and not Y. And invariably that's a question of tradeoffs and it begs the question well how should we be trading off these values? And I think a nice example of this perhaps at the moment is current debates about the Murray-Darling Basin. How do we trade off the economic value of irrigation as against the environmental value of having more water flow through our rivers. Now how do you think we should go about doing that?

DON: Perhaps a point first, John, if I may, I think often ... well particularly in the environment area, tradeoffs can be a proxy for not having good information and not having good valuing done of all the benefits. And, for example, I think you can put a strong case with the Murray-Darling, that there are very substantial economic benefits in returning the river system to health and be that more efficient irrigation systems so we're not wasting water or healthy wetlands with all the benefits I alluded to earlier or fisheries or healthy tourism, and so I think often we simplistically say there's a trade-off here without fully looking at all the benefits and all the costs that are involved, and I think on many of our environmental issues that's the case. So take climate change, have we really got a trade-off between being able to pump up zillions of tons of carbon pollution to the atmosphere versus real opportunities for our children and peoples around the world and other forms of life we share this planet with? Or is there a real opportunity there to say we can have a cleaner economy, we can be productive without having all these costs? Because we're actually not valuing them at the moment.

So the first point I'd make I think often trade-off language, particularly in environment versus economy, is just laziness for not doing the sums and not valuing even when you can't value.



Excuse me putting it bluntly, but it's lazy to think we can steal from future generations' wellbeing just for our satisfaction now. I'm not saying there aren't difficult decisions involved out there as well and I think part of that relies on good information, transparency, informed community discussion and rigour in decision-making, and at the end of the day those things will be contested in different societies, that's how it should be.

JOHN: Thank you. This is clearly a field that's moving, Gemma, and we've got people all around the world thinking about it. How's the Bureau of Statistics thinking about where to take Measuring Australia's Progress next?

GEMMA: Well it's been sort of nearly 10 years since we first put out Measures of Australia's Progress and things have evolved, we always said things would evolve and in recent times they've been evolving quite rapidly so we've recently released a consultation model to encourage a national dialogue on what is it that Australians care about and what is it that the ... would like a ... institution like the ABS to be measuring you know issues like Don's raising about what are our current national progress priorities and what should we be measuring in there? So one of the new elements of what we're proposing to do is ask people to articulate what are the goals or aspirations that they care about? We've got to be able to understand what are they aspiring to in the areas of the environment, in the areas of society, in the areas of the economy so that statisticians such as myself can go in and measure the things that are important to our society and to our governments. We're trying to differentiate different areas and goals, so goals for our society, goals for our economy and so on, and then that will let us work through what it is we should be measuring.

So over the next 12 to 18 months we're going to be consulting widely on this consultation model and putting together a final progress frameworks that tries to explain how progress is understood by the wider community and that reflects the values that Australians place on the various dimensions of progress. And within that consultation model there's two other new elements. At this stage we're thinking of expanding the number of domains from three to four and introducing a fourth domain called governance, and this really comes back to some of the points that Ken was making about ... that governance and what it is that's going on there. So that's an area that's a broad theme that's emerging when we're analysing current discussions that are going on and being thought about as a societal enabler, a key factor determining how a society functions. We've currently got some measures in there around democracy, governance and citizenship as a particular headline dimension, but we're contemplating raising that to a domain, an important domain in its own right.

The other area that we're also putting some particular attention to is this whole area of subjective measures, subjective wellbeing measures, and again that was another area of international discussion around Stiglitz Commission in a lot of other countries, the French, the UK are looking at this whole area of subjective wellbeing. We have tended to focus in MAP on objective measures, measures that we can measure and we measure objectively, but this thinking is also evolving and people are looking for some more measures around life satisfaction and actually since 2002 when we first put out MAP there's actually been a lot of progress in how to measure areas of life satisfaction as well and so we're ... as statisticians we're actually feeling a little bit more comfortable about this whole area of subjective wellbeing as well. So we do also ... we already have some measures in this area like trusting law enforcements, feelings of safety, people are assessing their own health status, the quality of networks, this issue of social connections is there as well. So as we go forward in this consultation process over the next 12 to 18 months we're really wanting to make sure that we draw in what's the current thinking around the incorporation of subjective measures, life satisfaction measures into this framework of MAP.

JOHN: Thanks. Ken, going forwards are you seeing those kind of subjective measures of wellbeing and quasi-subjective measures around social interaction being talked about more in terms of thinking about what government is trying to do?

KEN: They certainly are but ... oh yeah, there's no doubt that they are, globally actually, but also in Australia. Although I think I'd have to say that at least to date they haven't had a lot of impact. There's a ... there is an understanding within governments, certainly within policy



advisers, that social connectedness is important, that people having the ability to participate generally in society is important for their wellbeing, that's understood. It's not measured, or at least it's not well measured, not yet and there's substantial promise because of the vastly accumulating literature now on subjective measures of wellbeing and practitioners I might say, people who actually go out there and ask people how they're feeling and what factors are important to the way that they're feeling so there's a lot of promise that we will be able to build up a body of evidence on these things and that over time governments will be able to develop policies that have an impact on both subjective measures of wellbeing, but more particularly in my view, and I know not everybody would share this view, but more particularly on the capabilities that individuals have which determine their wellbeing, perhaps whether they realise it or not, and I know we're heading into somewhat curious psychological territory but ... and I think that in the more difficult areas of social policy there's certainly a growing appetite for these sorts of measures.

Again in the indigenous area, and I know I've said a lot about indigenous development issues tonight, and it's not because it's the only area of social policy that interests me, it's certainly not, but it's an extreme case and it illustrates quite well a number of things I think that are of relevance to these topics. There's a growing realisation that one needs to unpack standard measures of quality of life. I don't think there's anybody now who is participating actively in the indigenous development space as a policy thinker who would say well all we need think about is the average income of the indigenous person in this community. I don't think anybody thinks that way anymore and I would certainly hope that nobody does think that way anymore. And they're ... instead they're asking themselves some really interesting questions, they're asking questions about the contribution that overcrowding in the houses in which the indigenous people live and in many of these communities 15, 16 people in one house, typically a three-bedroom house, asking themselves the question what sort of contribution, what sort of impact is that having on the wellbeing of the indigenous people living in that house, the level of protective security for children certainly, but also for adults, the level of protective security available in society ... in that community, what sort of impact is that having? Access to primary healthcare, what sort of impact is that having? The incentives that are created by the tax, and particularly transfer system that confronts people in that community. Are those incentives the sorts of incentives that are likely to lead to the development of capabilities that would allow those people to have higher levels of wellbeing.

The governance arrangements, whether the people in the community have any real ability to have any say at all about what happens to them or whether they are passive, necessarily so, recipients of decisions that are taken in Canberra or decisions that are taken in Brisbane or Perth, but at some considerable distance from them, there is an increasing interest amongst policy advisers in looking at these questions and addressing these questions, understanding that these various dimensions might have quite profound implications for the wellbeing of the citizens in those communities. It certainly would be ... it would help everybody if these ... if we could develop metrics, and if having developed metrics we actually went out there and measured, and published and reported to governments about what is happening. But I think at least the appetite is there and as all economists would know where there's demand supply will follow so I'm reasonably optimistic.

JOHN: Thank you. As we talk about the future, Don, it does beg the question about what people sitting at this table in 30 years' time will be talking about as the emerging metrics. How do we deal with that problem of trying to predict what it is that people will value in future, do you think?

DON: Look it's a very good question, John, but let me go right to the heart of the supply point that Ken raised. Look I think we've got to learn by doing, there's probably a fatal flaw if we sit back and try and wait 'til our measurement is perfect, and I think I heard Ken describe earlier that GDP after many years still remains imperfect even for its original purpose so I think it's essential that we have wellbeing measures in our national accounts, more complete, more regularly reported, better understood in our communities. You know, I'd prefer to see on television the reports of wellbeing rather than GDP bouncing around all over the place. But I think we can go further, it's then a question of how you use those measures and for instance there's some innovation that we see here in Australia, the South Australian government has

used a goal-setting exercise around sustainability, to have a set of sustainability goals for the state that they've driven their decision-making around and those goals have included economic, social and environmental dimensions. There are tools like having sustainability impact assessments on all Cabinet submissions of governments. This is used a little in Queensland at the moment, the current government's committed to it, in the policy sense we're looking forward to it being implemented, but these are very practical tools that we can build on measures and put them better into decision-making so I think let's get on with it, let's learn by doing here, it's never going to be perfect, but the time is well overdue for wellbeing to come centre stage in our measurement and better centre stage in our decision-making.

JOHN: Thank you.

KEN: I think this ... if I could add there ... this is a very important point, the measurement. How many times in your life when ... have you heard somebody respond to you when you've commented on an incidence of land degradation or loss of species, loss of biodiversity, how often have you heard somebody say to you yeah but they didn't know what they were doing? You know we can't blame our ancestors because our ancestors had no idea what ... they didn't know that what they were doing when they introduced the rabbit was this, they didn't know that when they introduced the fox it would have this consequence, and so how many times have you heard that? And you see if we did measure the stuff we might be factoring that into our decision-making now, that we ... that our grandchildren would not be able to say, oh yeah but our grandparents couldn't possibly have known, don't blame them, they couldn't possibly have known. See? It's an excuse that's presently available to us and will be while ever we refuse to measure these things.

JOHN: Thank you.

AUDIENCE: Excuse me, John, at some stage are we going ... I know this is your show and it is fantastic but at some stage are you going to open this discussion up to questions from the audience.

JOHN: Look, we were hoping to do that but as you can see it's run quite a long time, I hope it's been a fascinating discussion. We do have the facility to ask a few questions and given that you clearly are very keen to ask one perhaps if we could get a microphone to you and ask you to go first? Or I'm happy for you to defer that to someone else.

AUDIENCE: I'm happy to ask a question, but I'd also welcome hearing other people's questions too. It seems ... I think, Ken Henry, I think you were really alluding to this when you were describing your experiences with the indigenous people, you were describing situations where people felt powerless.

KEN: Yes.

AUDIENCE: And it seems to me that the power, powerless dynamic is really critical and underlies an ability for people to either, to make that choice to have that freedom or not have that freedom to be able to live a life that they would value. And it seems to me that if it is possible to measure power and powerlessness it would be worthwhile doing so.

KEN: Yeah well I certainly agree with that. In some societies, though not in our society, people experience powerlessness through oppression. I don't think we can ... well I guess obviously there are some parts even in our society where people would say that they are experiencing powerlessness through oppression, but there are more insidious forms of powerlessness that have to do with the various things that just generate disengagement from the governance process. Remoteness is one, by the way, and it's not just remote indigenous people who experience this disconnectedness and disengagement and a feeling of powerlessness, remote people of all sorts will talk to you about it if you ask them. But then there are more ... that's not actually particularly insidious, I think, it's reasonably well understood, it's reasonably well explained, but particularly insidious things like take a welfare system that not deliberately, but has the effect over time and through generations of encouraging a culture of passive welfare dependency. Nobody would want their welfare system to have that result, to

have that consequence, but I don't think that we as a society can say honestly that our welfare system is not having that consequence at least in some indigenous communities.

And there's also the risk that the set of incentives that is established by not just the welfare system but I guess also the fact that in many communities people have not been able to identify employment opportunities for people, whatever it is but there's a set of incentives which over time and through generations perhaps, lead people to the view that there's just not much point in agitating for change and that too produces powerlessness. I think it's very important ... it is a very important point and it's not clear to me that you can deal with it directly though. In talking to some indigenous people ... I think this was on the Cape, but it could have been in the Territory, but I think it was on the Cape ... I said to them you know you've got to find some way of breaking the cycle because you know if you don't take decisions for yourself governments will take the decisions for you, of course they will, we ... that's the sort of political system we operate in. You have to find some way of breaking the cycle, you have to stand up and you have to say no, no, we want to have some say in what happens to us, but I did say to them as well if you can't generate ... if you cannot demonstrate through your own actions that you can improve things for yourself governments will step in as well, they will deprive you of the power and I don't need to be too explicit about what I'm talking about there, I think you know what I'm referring to.

JOHN: Thank you. Other questions.

AUDIENCE: Following on ...

JOHN: Just ... there and then if we can go up the back there, thank you.

AUDIENCE: So following on from that question ...

JOHN: If we can just please try and keep the questions very short.

AUDIENCE: Sure. Following the question of excess, the people who have excessive capacity and the ability to reshape their lack of ... you've focused on disadvantage measures but what about those who have excessive capacity and then when it's institutionally expressed suppresses other people's ability to have capacity?

JOHN: What do you think, Ken? Is it possible to have excess capacity?

KEN: Possible to be associated through ... in a capability sense, well one would expect so. Whether that excessive of capability has a negative consequence for others, well I'm sure it does, and certainly the literature on subjective wellbeing or happiness would suggest that it does, that there is a strong influence of what the behavioural psychologists refer to as rivalry in people's feelings of their own happiness. Whether they're ... we call it in Australia keeping up with the Joneses by the way, but for the behavioural psychologists ...

JOHN: That's a technical definition.

KEN: Yeah, yeah, yeah. But is it possible that egregious examples of opulence could be having a negative effect on others, well I certainly imagine so. Even more than imagine, I've experienced it myself.

JOHN: Don.

DON: John, let me bring in that intergenerational piece because it's relevant to excessive capacity and disadvantage as well, and powerlessness. I just go back to an earlier point I made, if you look at the ecological footprint of how we live here in Australia it's beyond the average carrying capacity of the earth and beyond the carrying capacity of the earth right now. If you look at the tons of greenhouse pollution per person we put in the air you could very strongly argue we're exhibiting an excessive capacity that as part of a global effort is disadvantaging people around the world right now and future generations, so it's a profoundly important issue around intergenerational equity and big issues like climate change for example.

JOHN: Thank you. We have a question there and I think we're probably going to have to make this the last question given that it's 7:30 and many people I suspect want to go and have their dinner.

AUDIENCE: Thanks. You mentioned ... Don mentioned for example the ecological footprint but what about the genuine progress indicator which has been around for a while as an index of holistic wellbeing incorporating environmental, economic and ecological and sorry, social metrics.

JOHN: Do you want to ..?

DON: There's a number of quite good measures out there, the genuine progress measure is one, you can also see out of ... I think it's called the London Institute of New Economics, a happiness index, there's a range of happiness indexes. or whatever words you want to use, so I don't think we have a shortage of examples or a shortage of thinking on how to do this. I think our great challenge now is to bring wellbeing measures and then action off those measures, be it government policy tools, business thinking or even community thinking about consumption versus investing in relationships and leisure. I think it's a matter of now getting on with the job. So I come back to that point.

JOHN: Gemma.

GEMMA: Yeah, I think actually there is a lot of measures out there, the challenge is that we need to make them visible and make them accessible to ourselves, to the public, to governments and ... because there is like large number of metrics out there on all these areas of social cohesion, social connectedness, environmental, there's more metrics coming through around the links between the environment and the economy, and so to me one of the challenges is how do we make them accessible and visible to people. And things like dashboard displays where you're trying to bring them together in a ... easily accessible format is one way that we can go, and in fact in 2010 in the Measures of Australia's Progress publication, we did put not just a dashboard of the 17 headline dimensions but we also used traffic lights to make them a little bit more accessible to people to say is there ... has there been progress over the last 10 years. So we gave a green tick if there had been signs of progress over the last 10 years, a red cross if there hadn't been clear signals of progress over the last 10 years and a tilda if we just couldn't tell. So I think the challenge we've got is not just measurement in new areas but making the measures that we currently have very accessible, very understandable and very digestible just ... not just to those people that live in indicator land but to the general public who are trying to understand what's going on.

JOHN: There's a challenge for public sector as well?

KEN: Well we do live in indicator land. I mean the point is, and really it's just to emphasise what's already been said, that the public policy process does respond to what is reported, to what people are talking about, it does and if people are talking about these indicators there will be a public policy response, no question.

JOHN: Terrific. Thank you very much. Well on that note I'd like to draw this evening's proceedings to a close. I'd like to thank our guests, clearly given this evening three people who know an enormous amount about this topic and I hope have provided some real insight for everyone here, and finally to thank all of you very much for coming. To thank our hosts, The University of Melbourne, and finally to thank those other organisations that have helped put this together. As I said the McCaughey Centre for the Promotion of Mental Health and Community Wellbeing, the Centre for Public Policy of the University of Melbourne and Trinity College. So thank you all very much for coming.

(Applause)

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End of recording