
From: [REDACTED]
Sent: Tuesday, 31 January 2023 5:58 PM
To: Measuring What Matters; [REDACTED]
Subject: submission for review of Treasury Indicators - Dr Martha Knox-Haly
Attachments: Treasury submission.docx

Follow Up Flag: Follow up
Flag Status: Flagged

Dear Sir/Madam,

Thank you for the opportunity to make a submission to this review. I am assuming a recognition about the inadequacy of Gross Domestic Product as an indicator for the era of post-growth economics. It does not measure the distribution of growth, nor does it measure the conversion of growth into improved life quality. Introduced in the 1930s, it is long past its expiry date. We need measures of well being and economic performance that will help us address current challenges. Australia in 2023 is a vastly different place from the depression era Australia of the 1930s.

Another challenge is achieving degrowth. We are all familiar with the statistic about humanity consuming the equivalent of 1.7 times of planetary resources each year. Obviously we cannot continue to go down the path of unfettered growth, it is unsustainable. The models for managing natural resources sustainably and the associated governance systems are enormously complex. This is apparent from the work of Ros Garnaut and Herman Daly. Looking at the pretext that what gets measured, gets managed, I would suggest inclusion of several measures.

The OECD has developed a number of post growth measures, specifically the Better Life Index. This index covers housing conditions and spending, household income and net financial wealth, earnings, job security and unemployment, community with the quality of a social support network, education and the returns on education, governance and involvement in democracy, health, life satisfaction, safety, and work-life balance. There has been substantial conceptual development and it is already being deployed across the 38 countries of the OECD.

The Happy Planet has been criticised as being overly focused on the ecology, but frankly previous economic measures have been disastrously exclusionary, so we now need measures which are corrective for this exclusion. The Happy Planet Index measures mean happy life years as a function of per capita ecological footprint. It is clear that individual consumption needs to be reduced, but in order for everyone to have a life of adequate sustenance, the extremely wealthy will need to cut their consumption by a mean of 97%. Those in the poorer end actually need to increase their consumption, and we need to have measures which reflect this. To this end we need to incorporate measures such as the Inclusive Wealth Index, which accounts for financial, manufactured, human, social and natural wealth. I personally would like to see a restoration of the GINI coefficient in official reporting for MYEFO. I am sure that Joe Hockey's omission of the GINI coefficient from the 2014 MYEFO report was entirely unintentional, but it has never been restored. The Gini coefficient is a much more informative predictor for health, educational and employment outcomes than GDP.

Lastly, I would like to give a plug for development work on Herman Daly's Genuine Progress Indicator. This covers income distribution (adjusted for private consumption), economic activities which are of social benefit- minus economically or socially costly or dysfunctional human activity (pollution, resource depletion, defensive expenditures).


It also covers elements of the commons and household contribution to the economy. There is no consistent way of measuring this, but Professor Philip Lawn has already deployed this in a study of the South Australian Economy. The GPI is particularly important because it creates a mechanism of accountability squarely at the feet of polluters.

Thank you for the opportunity to express my opinion.

Yours sincerely

Dr Martha Knox-Haly

Organisational and Clinical Psychologist BA (Hons) MA (Hons) MBA PhD Masters in Psychology (Clinical)



2 Footprint Open Data Platform, <https://data.footprintnetwork.org>,
Global Footprint Network, York University & Fodafo.

Daly, H.E. and Farley, J. *Ecological Economics: Principals and Applications* (2012). Island Press, US. Garnaut, R., *The Superpower*

Transformation: Making Australia's Zero Carbon Future. Schwartz Books Ltd, Sydney.

<https://www.oecdbetterlifeindex.org/about/better-life-initiative>
(accessed 31st January 2023).

Marks, N., Abdallah, S., Simms, A., & Thompson, S. (2006). *The (un)Happy Planet Index: An index of human well-being and ecological impact*. London: NEF.

Monbiot, G. *Make Extreme Wealth Extinct: It is the only way to avoid extreme planet breakdown*, the Guardian, Wednesday 10th November 2021, <https://www.theguardian.com/commentisfree/2021/nov/10/extreme-wealth-polluting-climate-breakdown-rich>
(accessed 31st January 2023).

Roman, P. & Thiry, G. *The Inclusive Wealth Index; A Critical Appraisal*, *Ecological Economics*, 2016 (vol 124), pp. 185-192.

Ray, D., Linden, M. *Health, inequality and income: a global study using simultaneous model*. *Economic Structures* 7, 22 (2018).

<https://doi.org/10.1186/s40008-018-0121-3>

Lawn, P. (2018) *South Australia Progressing in Recent Years and Outperforming the Rest of Australia*, Centre for Full Employment and Equity, University of New Castle, <https://modernmoneylab.org.au/wp-content/uploads/2021/05/MML-WP-2-1.pdf>
(accessed 31st January 2023)