

Australian Treasury

MEASURING WHAT MATTERS

Second Consultation Paper

**Monash Sustainable Development Institute Submission
26th of May, 2023**



MONASH
SUSTAINABLE
DEVELOPMENT
INSTITUTE



MONASH SUSTAINABLE DEVELOPMENT INSTITUTE SUBMISSION

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The Monash Sustainable Development Institute recognises that Monash University's Australian campuses are located on the unceded lands of the people of the Kulin Nations, and pays its respects to their Elders, past and present.

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I. ABOUT MSDI

The [Monash Sustainable Development Institute](#) (MSDI) is an interdisciplinary research, education and engagement platform, working to advance the wellbeing of people and planet for current and future generations. We partner with government, industry and civil society to understand complex problems, co-design meaningful solutions, and influence change in policy and practice. MSDI is an impact-focused institute and works to solve problems where they arise, developing place-based solutions with diverse stakeholders.

System transformation to support sustainable development is the connecting thread throughout our work. Collaboration and partnerships are at the core of the MSDI approach with our institute currently working with over 200 local, regional and global partners.

We harness the research, education and engagement strength across Monash University to address the interconnected challenges posed by the Sustainable Development Goals (SDGs). We bring together interdisciplinary research teams and co-produce research and action projects with industry and government partners to develop policies and solutions to key sustainable development challenges, including climate change, water and sanitation, food and land use, social inclusion, sustainable urbanisation, health, safety and wellbeing.

MSDI has specialist programs focusing on behaviour change for sustainable development ([BehaviourWorks Australia](#)), transitioning to Net Zero ([Climateworks Centre](#)), public policy and leadership, and system change in the water sector. We have a growing education program that includes postgraduate courses and PhD supervision alongside executive education, capacity development and student leadership activities. We host the UN [Sustainable Development Solutions Network](#) (SDSN) for Australia, New Zealand and the Pacific. MSDI also led the creation of the 2018 and 2020 [Transforming Australia](#) reports that mapped Australia's progress towards the SDGs .

II. SUMMARY OF RECOMMENDATIONS

Monash Sustainable Development Institute (MSDI) welcomes the opportunity to participate in the second round of Treasury's Measuring What Matters consultation. As one of Australia's leading sustainable development organisations, our conception of 'What Matters' entails meeting the needs for a flourishing society in the present without compromising the needs of future generations.

We are encouraged by the ideas put forth in the consultation pack and believe they are a promising foundation for designing a national framework that will enable Australia to understand the kind of society it wants to be and to build that society.

There are however three broad areas where we believe the proposal needs to be substantially strengthened if Measuring What Matters (MWM) is to achieve its potential:

- 1) The needs and wellbeing of future generations;
- 2) The need to address key challenges for the sustainability of our systems in an interconnected and integrated approach; and
- 3) In our efforts to strengthen the wellbeing of Australians, no one should be left behind.

At top level, we propose addressing these three deficiencies by:

1. Integrating sustainability and equity as underpinning principles of the framework

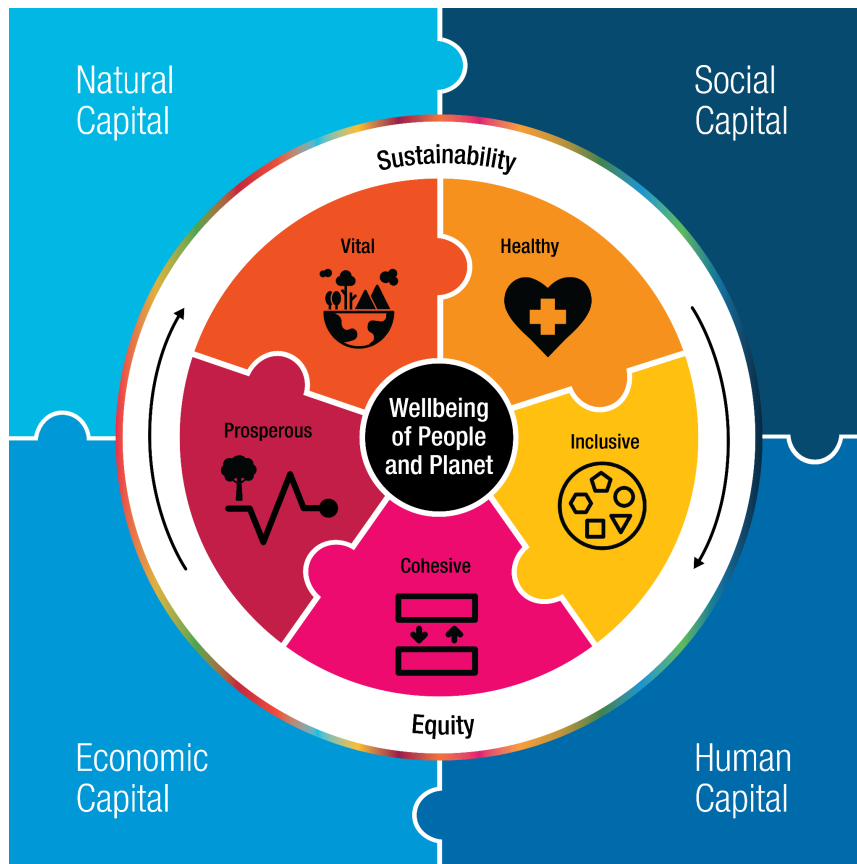
- a) Embed a sustainability lens across the framework by identifying and interconnecting key levers and risks to the long-term sustainability of our economic, social, and ecological systems (see recommendations 4-7). This integrated approach will allow us to address complex challenges holistically, recognising that actions in one area can have impacts on others, and promoting a more comprehensive and effective response to achieve **sustainable wellbeing**.
- b) Ingrain equity as a fundamental element of the framework, rather than being confined to a separate domain or treated as a mere statistical exercise. MWM should be used as a guiding tool to close the gaps.

2. Incorporating the “future wellbeing” component of the OECD framework to give greater weight to the needs of the future generations. Use the Intergenerational Reports as an accountability mechanism.

3. Link Measuring What Matters with the Sustainable Development Goals Agenda by integrating SDG indicators and targets across the framework. In our recommendations on indicators below, we highlighted the corresponding SDG as a reference. The Treasury can use this as an example for prioritising indicators for the rest of the framework.

Our recommendations above can be graphically represented in Image 1.

Image 1: Sustainable Wellbeing: A Recommended Framework for Measuring What Matters¹



At the heart of the framework lies the ultimate aspiration: the wellbeing of people and the planet. Anchored by the principles of Sustainability and Equity, five goals represent the present generation's wellbeing. These goals are interconnected acknowledging the intricate interplay between economic, social and environmental factors. Sustainability and Equity represent the bridge to the four capitals, symbolising the foundational elements that underpin the wellbeing of future generations.

Process and design principles

We are encouraged by the Treasury's intention to use MWM as a catalyst for "broader cultural change" and its anticipation that "...organisations and portfolios will embed this new approach to their respective policy areas."

Our experience suggests that in order to achieve this kind of deep-rooted, widespread, enduring change, MWM will need to embrace three essential design principles. It will need to be:

1. **Actionable:** For MWM to be regarded as more than just another monitoring framework, it must set specific goals that are supported by a theory of change, guided by precise targets and reinforced by robust accountability mechanisms that incentivise policy coherence and integrated policy making. The ultimate objective here is to ensure we have better policy that is fit for purpose, transformative, and improves lives. It is therefore important that the relationship of the framework to the

¹ Inspired by the Canadian Measuring What Matters Framework

policy architecture of government, and any new mechanisms that are needed to strengthen this relationship, are articulated.

2. **Legitimate:** If MWM is to achieve widespread buy in, it is not enough for Treasury to simply assert that the values it embodies are our national values. It needs to be proven. The process by which they were arrived at must be visible and convincing. Goals and targets should be informed by a comprehensive national conversation involving the Australian public and a diverse range of stakeholders, ensuring the framework reflects the needs and aspirations of the Australian community, with particular attention to the views and aspirations of Indigenous peoples.
3. **Resilient:** One of the valuable things about MWM is that it provides governments, people and organisations with the tools to take a long-term view. It should therefore be insulated as far as possible from the vagaries of party politics. The aspiration should be for a framework that inspires broad bipartisan buy-in, so that it endures through multiple changes of government. This will necessitate, not only a legitimate vision, but engagement at all levels of government to foster a unified national approach. Additionally, building a broad movement of stakeholders committed to embedding sustainability and long-term thinking into policy making processes will generate momentum and support for meaningful change. Partnerships with the private sector to promote wellbeing are deemed crucial.

By embodying these characteristics of being actionable, legitimate, and resilient, the MWM framework will be well-positioned to drive transformative change, promote and ensure the wellbeing of people and planet, current and future.

We have outlined 7 recommendations that set out our thinking and model and proposed indicators. While we have provided examples of indicators that we think would be relevant, and match the definitions we have provided, further work needs to be done with discipline specialists, the Australian Bureau of Statistics and others to ensure that the indicators are fit for purpose.

Thank you for considering our submission, we are excited about the prospect of contributing to this initiative and we look forward to its continued development and implementation.

For further information about this submission, please contact either MSDI Director Professor Tony Capon or Alejandra Mendoza Alcántara, Policy and Evaluation Lead. For more information about MSDI, please visit www.monash.edu/sustainable-development/

III. KEY RECOMMENDATIONS

Recommendation 1: Integrate sustainability and equity as underpinning principles.

We acknowledge and welcome the analytic effort that the Treasury has put into the development of the proposed policy themes including the drawing on a wide range of input and the first round of submissions. We can see this approach may offer advantages over the OECD framework in synthesising a large number of traditional policy issues into thematic domains. We can also see that each of the policy themes that the Treasury has proposed have merit in their own right.

However, if it is to help us address the challenges and complex public problems Australia faces, MWM must ensure that meeting the needs and wellbeing of people today does not come at the expense of meeting the needs and wellbeing of future generations, and in doing so no one should be left behind: sustainability and equity should be brought out of the ordinary run of domains and indicators and treated as foundational.

Sustainability as an underpinning principle

Sustainability recognises the complex interconnections between the economic, social, and environmental factors which shape the quality of people's lives. We are pleased to see that Treasury recognises the interrelated nature of such factors and is interested in views on how best to reflect cross-cutting themes in the framework, which we will address below.

When viewed through the lens of sustainability, the framework has three weaknesses:

Weakness 1: By grouping themes in siloed policy areas. it does not explicitly recognise key interconnections among our economic, social and ecological systems. For example, the health of people is directly interconnected with the health of our ecosystems.²

Weakness 2: It does not recognise that maximising the needs and wellbeing of people today will not necessarily do so for the future generations. We recognise that Treasury mentions "future generations" in some of the overarching definitions, but this is not consistent across the framework.

Weakness 3: The framework does not reflect the key role that the environment plays in ensuring a prosperous, inclusive, cohesive and healthy society. The cumulative effects of global environmental change and unsustainable development practices are disrupting vital ecosystems and hindering their proper functioning. This situation is not only concerning in its own right but also poses significant threats to our economic and social systems and overall well-being for present and future generations.

Our recommendations 4-7 suggest embedding sustainability across the domains. Doing so would identify and address gaps in the current framework that pose risks to the long-term sustainability of Australia's economic, social, and ecological systems. By identifying and taking action on the key linkages across these systems, we can harness synergies and foster policy coherence, moving away from isolated domains. This integrated approach allows us to address complex challenges

² Patrick, R, Armstrong, F, Capon, A, Bowen, K, Lo, SN & Thoms, A 2021, *Health promotion in the Anthropocene: the ecological determinants of health*, The Medical Journal of Australia, vol. 214, no. S8, pp. S22-S26. <https://doi.org/10.5694/mja2.51020>

holistically, recognising that actions in one area can have impacts on others, and promoting a more comprehensive and effective response to achieve sustainable wellbeing.³

In particular:

- Economic growth cannot be disentangled from climate change, the sustainable use of natural resources and fair income distribution.
- The unequal access to liveable communities perpetuates the exclusion and marginalisation of people, undermining social equity and wellbeing.
- The health of people is deeply intertwined with the impacts of climate change and the overall health of our ecosystems.
- The environment's health deserves recognition in its own right as it forms the foundation for our social and economic systems.

We recognise that the Treasury has already considered other important elements of sustainability such as trust in government and sustainable public finances. We further recognise that explicitly linking all components across domains is probably impossible and would likely render the model impractically complex. However, based upon our original and applied research, our experience of international frameworks, and our interactions with a wide range of businesses, government bodies and community groups, the recommendations 4-7 strike us as the most important and workable.

Equity as an underpinning principle

We acknowledge that the Treasury embeds the concept of “leaving no one behind” under the *Inclusive* domain. Yet as currently described, the policy themes are largely silent on questions of the distribution of the factors important to community wellbeing. High levels of inequality can compromise social cohesion, weaken opportunities for sustainable growth and inclusive prosperity, and ultimately corrode the foundations of democracy.⁴

As noted by the OECD, national averages often mask large inequalities in how different parts of the population are faring. We note that the Treasury is contemplating disaggregating some metrics to allow inequality analysis. We recommend that Treasury goes beyond this and makes equity, along with sustainability, a foundation element of the framework. It should not be approached solely as a statistical exercise; an equity lens should be applied analytically across all domains: in practice the framework should be used as a guiding tool to close the gaps

We recommend that Treasury integrates the OECD approach to measuring inequalities across all domains by assessing:

- a) Gaps between population groups (horizontal inequalities) (including a specific domain for Indigenous peoples)
- b) Gaps between those at the top and those at the bottom of the achievement scale in each policy domain (vertical inequalities)
- c) Gaps between regional and urban areas
- d) Deprivations (those falling below particular thresholds).

³ The World Bank, for example, has [argued](#) for the need to: “approach the relations between sustainability, resilience, and inclusiveness simultaneously and systematically... Integrated approaches are often more effective as they build on synergies and acknowledge the linkages between people, the economy, and the planet”

⁴ OECD, 2015. *Policy Shaping and Policy Making: The Governance of Inclusive Growth*, s.l.: OECD.

Recommendation 2: Give greater weight to the needs of the future generations by incorporating the “future wellbeing” component of the OECD framework. Use the Intergenerational Reports as an accountability mechanism for future generations.

The principles outlined in the consultation pack acknowledge the importance of future generations, but it is essential to clarify how the framework distinguishes the wellbeing of present generations from the foundations for future wellbeing. We appreciate that the Treasury has posed questions on what are seen as the most important issues for future wellbeing and whether these are captured by the emerging policy themes. However, the current framework lacks the ability to differentiate between the present and the future, hindering the analysis of synergies and trade-offs among policies and actions that will shape the future. A clearer distinction and consideration of long-term impacts are necessary to ensure a comprehensive and forward-looking approach to wellbeing.

Importantly, the OECD argues that separate reporting of current and future well-being helps to assess whether maximising the former compromises the latter, informing intertemporal trade-offs in policy and revealing the intergenerational outlook of a country's wellbeing.⁵

The wellbeing of a generation is determined by the ‘stock’ it inherits from previous generations and the choices it makes. This stock encompasses economic, social, human, and environmental resources. The choices made by a generation determine the quantity and quality of resources passed onto future generations (see *Figure 2: Wellbeing and Sustainability*). Some choices that enhance wellbeing today may deplete certain resources, like non-renewable resources, while others, such as investments in human capital like education, can increase the resource endowment. However, a reduction in one resource component does not necessarily diminish the wellbeing of future generations if technological advancements and alternative resources are considered. Each generation faces the challenge of making informed choices about resource use, recognising that future knowledge and technology may shape the outcomes.⁶

In the OECD framework, the “systemic resources” that underpin future well-being over time are shown as four types of capital: Economic, Natural, Human and Social. Each capital represents a critical aspect of the resources that future generations will rely on to meet their needs and wellbeing. We propose the integration of the ‘stocks’ or capitals into the framework to serve as the foundational pillars supporting the wellbeing of future generations. New Zealand's Living Standards Framework also highlights this distinction. The foundations for the future generation are framed as “the wealth” of the nation and incorporate a broader view beyond the economic value of the resources. We suggest Treasury consider this approach too.

In the OECD framework the capitals are analysed across four dimensions: stocks, flows, risks and resilience. In our recommendation to integrate sustainability across the domains, we incorporated the drivers, risks and resilience elements into the five domains of “present wellbeing” in order to ensure that synergies and tradeoffs are recognised and acted upon upfront. For example, including carbon emissions within the prosperous domain will ensure that we look at economic growth without further weakening the health of the planet, which in turn ensures intergenerational wellbeing. However, we suggest that for analytical and reporting purposes, Treasury groups back these indicators (flows, risks and stocks) to assess the prospects of future wellbeing.

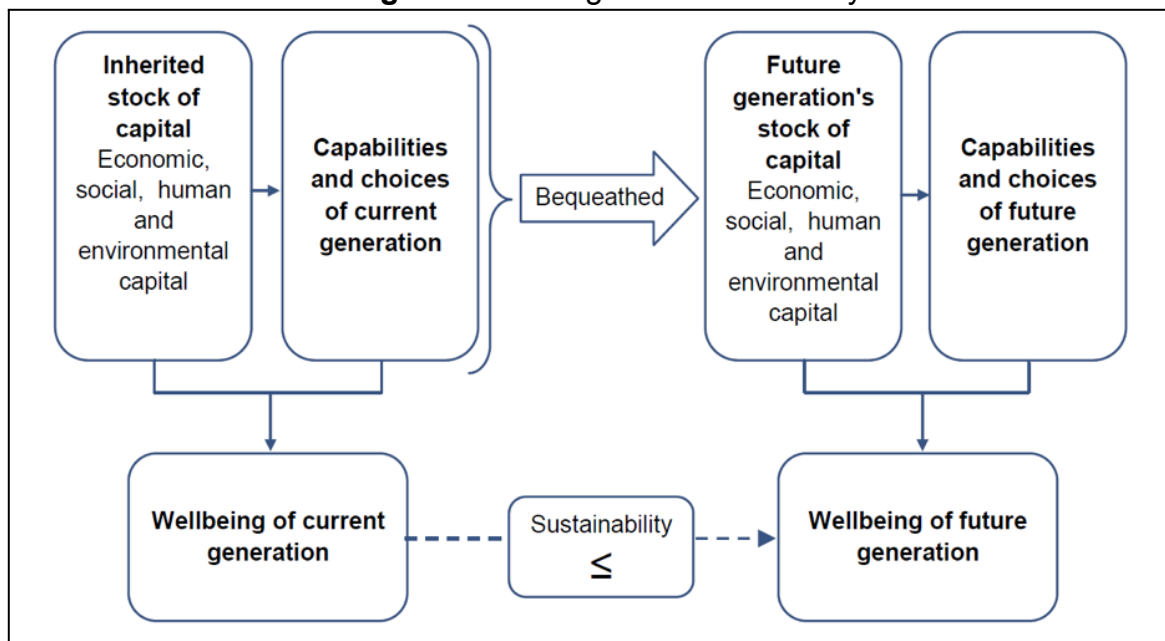
We recommend that Treasury integrates the Intergenerational Report (IGR), which the Treasurer has indicated will be conducted once in each term of government, with the MWM framework. This integration can be achieved by incorporating modelling and projections across the four capitals, enabling long term assessments of future wellbeing and the development of scenarios that inform

⁵ OECD, 2020. *How's Life? 2020: Measuring Well-being*, Paris: OECD Publishing.

⁶ Australian Government, Treasury Department, 2010. *Intergenerational Report 2010 Australia to 2050: Future Challenges*, Canberra : Commonwealth of Australia .

policy adjustments beyond ‘business as usual’.⁷ Currently the IGR projects an outlook for the economy and the budget over the next 40 years, however the focus could be broadened as stated in the 2010 IGR report building on the framework depicted below:

Image 2: Wellbeing and Sustainability



Source: Chart 6.1, Australian Government, Treasury Department. Intergenerational Report, 2010

Note that the IGRs are only one of the established tools that could be used to strengthen the voices of future generations within MWM. The [Long-Term Insights Briefings](#) that NZ uses to identify big future policy challenges provide one such model. The whole-of-government scenario planning exercises suggested in Recommendation 28 of the [Our Public Service, Our Future](#) (aka ‘The Thodey Review’) provide another.

Recommendation 3: Link Measuring What Matters with the Sustainable Development Goals Agenda.

We recommend that Treasury links the ‘Measuring What Matters’ framework to the Sustainable Development Agenda by integrating SDG indicators and targets across the framework. The SDGs are the most comprehensive and legitimate global framework for measuring a country’s progress. The SDG framework integrates economic, social and environmental factors, providing a comprehensive understanding of the interconnections and trade-offs between different goals.

In our recommendations we have highlighted corresponding SDG indicators as a reference. The Treasury can use this as an example for prioritising indicators for the rest of the framework. Moreover, the integration of targets into the framework is a critical element to understand the magnitude of change that is needed and outline the strategies and policies that will help us achieve those targets. For example, [MSDI’s Transforming Australia](#) report not only facilitates the evaluation

⁷ The Australia’s National Outlook series led by CSIRO provides an ideal tool for integrating broader sustainable futures and scenario modelling into the IGR. MSDI also has capabilities that can assist decision makers to take an evidence-based, long-term, integrated and systemic approach to policy making. This includes our influential applied research on decarbonisation futures led by ClimateWorks as well as research exploring integrated pathways to achieve the SDGs and to evaluate potential trade-offs and co-benefits associated with different policy and public investment choices. For example, this could provide insights into the future implications and benefits of adopting a wellbeing budget in Australia across a range of domains and targets.

of sustainability at one point in time but also enables us to gauge our progress towards achieving our goals and targets for the future.

This integration enables the simultaneous reporting of both frameworks, ensuring that our efforts towards sustainable development are captured comprehensively and efficiently.⁸ As Australia prepares to submit a second [Voluntary National Review](#) to the United Nations, integrating the MWF with the SDGs would enhance global reporting and communication whilst influencing future regional and global negotiations on sustainable development goals and agendas. This includes global negotiations on a post-2030 agenda which will likely commence in coming years.

Moreover, to effectively achieve wellbeing in Australia, it is crucial to foster collaboration between public and private sectors, civil society, research institutions, and other stakeholders. The business community, both in Australia and globally, has increasingly embraced the Sustainable Development Goals (SDGs) as a framework for guiding investments and reporting on their sustainability efforts. For example, in the last five years, the share of ASX200 companies reporting against the SDGs increased from just [10% to 64% in 2022](#).⁹ Aligning the "Measuring What Matters" framework with Australia's implementation of the SDGs would strategically leverage private sector investments and regional partnerships in support of wellbeing. Many of Australia's key trading partners, such as those in the OECD and Asia-Pacific region, have firmly committed to delivering the SDGs. By linking Australia's domestic wellbeing agenda to sustainable development, we can demonstrate our commitment and capitalise on opportunities for trade agreements and collaborations with these partners.

Recommendation 4: Reframe the description of the "prosperous" domain to "A productive, innovative, and sustainable economy that enables opportunities for all."

The overarching definition of the 'Prosperity' domain is "A growing, productive and resilient economy". Economic growth is an important driver of wealth and opportunity, but for too long issues of equality and sustainability have only been given lip-service in the economic policy debate. To foster a sustainable economy that enables Australians to thrive, we must expand our perspective on economic growth and pursue a development model that aligns with Australia's broader challenges.

Internationally, there is a growing recognition among economic agencies that economic growth should be referred to with some qualification, acknowledging that growth that disregards ecological constraints or perpetuates inequality is unsustainable. The [Dasgupta report](#), commissioned by the British Government, highlights that "sustainable economic growth and development means recognising that our long-term prosperity relies on rebalancing our demand of nature's goods and services with its capacity to supply them".¹⁰

The current definitions under this domain fail to address four critical challenges that directly undermine the economic prosperity and overall wellbeing of people and the planet: climate change and the biodiversity crisis, unsustainable consumption and production patterns, and economic inequality. As such, it is imperative to foster innovation and sustainable approaches to growth.

Australia's economic growth has long been dependent on exports of raw materials, leaving the country vulnerable to global commodity price fluctuations and limiting opportunities for innovation and development in other critical sectors. In 2020, Australia ranked 91th in the world for economic

⁸ The Netherlands, for example, publishes the "[Monitor of Well-being & the Sustainable Development Goals](#)" where they integrate in a single publication the measurement of wellbeing and the SDGs.

⁹ ACSI, 2022. *ESG reporting trends*, Melbourne: ACSI.

¹⁰ Dasgupta, P., 2021. *The Economics of Biodiversity: The Dasgupta Review*, London: HM Treasury.

complexity.¹¹ The ranking places Australia, just ahead of Tajikistan, Bangladesh and Namibia. To ensure long-term economic prosperity, Australia must prioritise innovation to seize the opportunity of the major structural shifts shaping Australia's economy¹² and **positioning itself as an innovative economy that supports the global wellbeing of people and planet.**

A framework better aligned to these challenges would include key elements such as equitable distribution of resources, achieving a net-zero economy and sustainable use of natural resources, and would highlight the role of innovation in achieving this. By incorporating these objectives, we can reflect the sustainability and resilience of our economic system.

We recommend modifying the overarching description of the domain 'prosperous' to – for example – **“A productive, innovative, and sustainable economy that enables opportunities for all.”**—and to add the following definitions to this domain:

New or modified definitions	Indicators (SDG correlation indicated in brackets)
Replacing an “economy that seizes the opportunities from the net zero transition”: a) A net-zero economy in alignment with the Paris Agreement, promoting sustainable patterns of production and consumption.	<ul style="list-style-type: none"> • Annual atmospheric emissions of greenhouse gases (13.2.2) • Material footprint per unit of GDP (12.2.1) • Resource productivity (GDP/DMC) (8.2.1) • Circular material use rate (%)¹³ • National recycling rate (12.5.1) • Total waste generation per capita • Renewable energy as a share of total final energy consumption (7.2.1). • Energy (7.3.1), water (6.4.1) and land efficiency(11.3.1)
c) A dynamic economy, which encourages and offers opportunities for socially and environmentally responsible (SER) innovations and entrepreneurship.	<ul style="list-style-type: none"> • Number of patents related to social or environmental innovations. • Research and development expenditure as a share of GDP (9.5.1) • Venture capital investment in SER ventures • New firms created as a share of working age population • Survival rate of SER new firms against a survival benchmark • Proportion of medium and high-tech industry value added in total value added (9.b.1)
d) An economy that is globally responsible ¹⁴	<ul style="list-style-type: none"> • Spillover index • Net trade in social and environmental goods and services
e) An economy which distributes economic rewards fairly, ensuring no-one is left behind	<ul style="list-style-type: none"> • Gini index (10.4.2) • Poverty rate (1.2.1)

¹¹ Atlas of Economic Complexity 2020 <https://atlas.cid.harvard.edu/rankings>

¹² As noted by the Treasury in Statement 4 - Budget Paper no. 1, there are three structural shifts that will have a major bearing in our economic performance: the growing care and support economy, our expanding use of data and technology and decarbonisation.

¹³ Indicator from Eurostat. Eurostat, 2023. *Circular material use rate (cej_srm030)*. [Online] Available at: https://ec.europa.eu/eurostat/cache/metadata/en/cej_srm030_esmsip2.htm

¹⁴ MSDI will undertake research to assess how to better measure Australia's contribution to global wellbeing.

f) An economy that enables all people to afford life's essentials	<ul style="list-style-type: none"> Move these definitions to the inclusive domain as these are directly related to economic performance and distribution of resources.
g) An economy that provides access to secure, well-paying jobs	

In addition, we suggest including the indicator *Direct economic loss attributed to climate-related disasters (i.e. floods, bushfires, heatwaves, drought) as a share of GDP*¹⁵ in correspondence with the definition: “An economy that is more resilient and less vulnerable to shocks”

The above recommendations underscore the key importance of recognising and prioritising the interconnections between economic performance and sustainability. Neglecting to acknowledge the dependence of our economy on the health of the environment poses a substantial risk to the long-term economic prosperity of both present and future generations.

Here are a few examples that highlight the economic imperative for considering these elements in an interconnected manner within the framework:

- The economic costs of climate change are estimated to be significant, with a report by Deloitte Access Economics estimating that the cost of inaction on climate change could reach \$3.4 trillion by 2070.¹⁶
- The Great Barrier Reef alone contributes \$6.4 billion to the Australian economy each year and around 64,000 full-time jobs through tourism and fisheries.¹⁷ Climate change is putting the health of the reef at risk, with coral bleaching events becoming more frequent and severe.
- The Reserve Bank of Australia warned that climate change is a significant risk to financial stability and that financial institutions need to take action to address these risks.¹⁸
- A transition to a circular economy presents Australia with opportunities to harness economic benefits from emerging global trends. For example, KPMG reported a transition to a circular economy could provide an economic benefit of \$23 billion by 2025. By 2047-48, they estimate that this benefit would rise to \$210 billion and an additional 17,000 jobs for Australia.¹⁹
- Income inequality has been increasing since the 1980s, with the top 10% of households now holding almost 50% of total household wealth.²⁰ A report by the International Monetary Fund found that countries with higher levels of income inequality experience lower and less sustained economic growth over time.²¹ According to the Grattan Institute, reducing income inequality could boost economic growth by up to 0.5% per year, as it would increase

¹⁵ These could include: Physical damage to buildings and infrastructure including cultural heritage, Loss of productivity and income, Emergency response and recovery costs, Damage to natural assets, Economic losses in sectors such as agriculture, tourism, etc.

¹⁶ Deloitte Access Economics, 2020. *A new choice: Australia's climate for growth*, Brisbane: Deloitte

¹⁷ Australian Government, 2021. *About the Great Barrier Reef*, Canberra: Australian Government.

¹⁸ Reserve Bank of Australia, 2019. *Financial Stability Review*. [Online]

Available at: <https://www.rba.gov.au/publications/fsr/2019/oct/box-c-financial-stability-risks-from-climate-change.html> [Accessed 24 May 2023]

¹⁹ KPMG Australia, 2020. *Economic pay-off of a Circular Economy*, s.l.: KPMG Australia, CSIRO.

²⁰ Davidson, P. & Bradbury, B., 2022. *The wealth inequality pandemic: COVID and wealth inequality*, Sydney: Australian Council of Social Service, UNSW.

²¹ Dabla-Norris, E. et al., 2015. *Causes and Consequences of Income Inequality: A Global Perspective*, s.l.: International Monetary Fund.

consumer spending and boost productivity by improving access to education and training.²²

Recommendation 5: Strengthen the Inclusive domain by incorporating access to liveable communities.

Liveable and well-connected communities serve as catalysts for social equity and equal opportunities, while also embracing sustainability principles. However, there are significant spatial inequalities in Australia in the distribution of, and access to, the social, environmental and economic features of communities that enable people and families to thrive. Liveable communities are characterised by traits such as affordable housing, access to essential services, green spaces, public transport, and community amenities. Moreover, liveable communities play a critical role in fostering social capital and community resilience. By incorporating liveable communities in the framework, Treasury could acknowledge the significance of environments that support well-being, good health outcomes, social cohesion, and opportunities for all, irrespective of socioeconomic status.

New or modified definitions	Indicators (SDG correlation indicated in brackets)
Equitable access to liveable communities ²³	<ul style="list-style-type: none">• Proportion of the population with access to affordable and safe public transportation (11.2)• Proportion of the population with access to public green and/or blue space within 10 minutes walking (11.7)• Exposure to outdoor air pollution (including NO₂) (11.6.2)• Access to community amenities (e.g.health services, community services) by walking, cycling or using public transport• Walkability• Sense of belonging (subjective indicator)• Affordable housing indicators
People have access to education, knowledge and training so they have the skills to fully participate in society and the economy throughout their life.	Move from prosperous domain

Recommendation 6: Tighten the focus of the ‘Sustainable’ domain and rename accordingly.

This recommendation is a corollary to ‘Recommendation 1’ because we are recommending “sustainable” be treated as an underpinning principle of the framework; the name of this domain must be adapted to avoid confusion. Moreover, the focus of this domain should be the health, function and resilience of the natural environment.

²² Daley , J., McGannon , C. & Ginnivan , L., 2012. Game-changers: Economic reform priorities for Australia, Melbourne: Grattan Institute.

²³ See for example indicators used in Arundel, J., Lowe, M., Hooper, P., Roberts, R., Rozek, J., Higgs, C., & Giles-Corti, B. (2017). *Creating liveable cities in Australia*. to measure the liveability of cities.

While Treasury's definition acknowledges the importance of “managing the natural environment in the face of a changing climate”, this does not fully capture the challenge of sustaining – and improving – the health, functioning and resilience of our environment. Our suggestions below focus on addressing this issue.

We recommend to rewrite the domain as follows:

Vital: A healthy, functioning and resilient natural environment with the following definitions:

- A natural environment characterised by the integrity and functioning of ecosystems, where biodiversity thrives, habitats are preserved, and ecological processes are maintained.
- A culture of caring for Country encompassing a deep respect, stewardship, and interconnectedness with the natural environment

The indicators suggested below are based on the key challenges reported in the State of the Environment Report 2022. We note that Treasury has indicated that MWM is “...intended to complement, rather than replace, more detailed progress reports such as Closing the Gap and the State of the Environment Report.” and that some of the indicators that we are proposing may duplicate those on SoE reporting. However, we believe that it is important that these indicators also be covered off in this reporting both for coherency and for transparency reasons: by integrating key environmental metrics directly into this framework we will be better able to see and understand the relationship and interconnections between the state of our ecosystems and human wellbeing, thereby facilitating an analysis of the interconnections between the environment and the other domains, particularly “prosperous.”

Under description 2, we believe that a concerted effort needs to be placed on fostering a relationship with the land - that the health and wellbeing of Country and people are connected. The oldest continuing cultures in the world, Australian Aboriginal and Torres Strait Islander cultures, have held that truth for tens of thousands of years: if you take care of Country, Country will take care of you.²⁴

In this respect, the development of indicators that capture the value of nature for Culture should be a priority along with valuing nature for nature's sake. We advise that a specific process led by Indigenous peoples and experts in the field of deep ecology take place. In particular, we note that Indigenous knowledge keepers are best positioned to advise on ways to measure the health and wellbeing of Country.²⁵

New or modified definitions	Indicators (SDG correlation indicated in brackets)
a) A natural environment characterised by the integrity and functioning of ecosystems, where biodiversity thrives, habitats are preserved, and ecological processes are maintained.	Biodiversity <ul style="list-style-type: none"> • Red list index (or appropriate index for Australia) (15.5.1) • Recovery plans • Invasive species
	Land <ul style="list-style-type: none"> • Changes in land use

²⁴ Cresswell, I et al., 2021. *Australia, State of the Environment*. [Online] Available at: <https://soe.dcceew.gov.au/>

²⁵ Boulton, J., Eadie, M., Flies, E., Fuller, C., Graymore, M., Lawrence, A. and Nias, J. (2022) Measuring what matters for Australia: A scoping study and proposed framework for selecting environmental indicators of wellbeing and productivity. Sustainable Communities and Waste, National Environmental Science Program, Sydney.

	<ul style="list-style-type: none"> • Proportion of land that is degraded over total land area (15.3.1) • Soil nutrient balance (Nutrient surplus (nitrogen) kg per hectare of agricultural land) • Area of forest under sustainable management: total FSC and PEFC forest management certification (million ha) (15.2.1) • Forest area as a proportion of total land area (15.1.1)
	Marine <ul style="list-style-type: none"> • Changes in coastal use • Index of coastal eutrophication; and plastic debris density (14.1.1) • Average marine acidity (pH) measured at agreed suite of representative sampling stations (14.3.1) • Proportion of fish stocks within sustainable biological levels (14.4.1)
	Water <ul style="list-style-type: none"> • Proportion of bodies of water with good ambient water quality (6.3.2) • Water stress internal (Gross abstractions, percentage of internal resources) (6.4.2) • Water stress, total
	Climate <ul style="list-style-type: none"> • Number of extreme weather events (floods, droughts, heatwaves, storms and wildfires).
b) A culture of caring for Country encompassing a deep respect, stewardship, and interconnectedness with the natural environment	<ul style="list-style-type: none"> • Traditional ecological knowledge sharing • Proportion of land/coastal areas that are managed (or co-managed) by Indigenous people. • Percentage of people that participate in community engagement in conservation (volunteering, decision-making)²⁶ • Level of environmental awareness • Level of connection to nature (subjective) • Level of connection to heritage (natural, cultural, Indigenous) (subjective)

Recommendation 7: Include impacts of climate change on health and the impact of food choices on health and the environment.

The impacts of climate change, such as extreme weather events, rising temperatures, water security and environmental degradation, have far-reaching consequences for both the physical and mental health of individuals.²⁷ It is imperative that the MWF recognises the links between the health of the planet and its impact on people's health and wellbeing. For example, a recent survey found

²⁶ See for example 'The wellbeing benefits of participating in Landcare' Landcare Australia, n.d. *The wellbeing benefits of participating in Landcare*. [Online]. Available at: <https://landcareaustralia.org.au/wellbeing-report/>

²⁷ Capon, A. G., et al., 2018. The MJA–Lancet Countdown on health and climate change: Australian policy inaction threatens lives. *The Medical Journal of Australia*, 209(11), p. 474.

that 80 per cent of Australians reported experiencing some form of natural disaster since 2019, with 51 percent of respondents reporting their mental health had been impacted as a result.²⁸

Prevalence of obesity has been increasing in the last 10 years in Australia and the prospects are not good.²⁹ One in two young people in Australia live with overweight or obesity. In 2018, the economic burden of obesity in Australia was estimated at a staggering 11.8 billion dollars, with a significant portion (54%) comprising indirect costs borne by communities.³⁰ These indirect costs stem from various factors, including lost quality of life, diminished wellbeing, premature mortality, and productivity losses. This highlights the far-reaching impact of obesity on both individuals and society, emphasising the need for comprehensive measures to enable access to healthy and sustainable food choices for all. Linked to this problem, we highlight the need for sustainable food choices as more than one-third of global greenhouse gas emissions and 70% of freshwater use can be attributed to the way we produce and consume food.³¹

We suggest including the following indicators that track these impacts.

New or modified definitions	Indicators (SDG correlation indicated in brackets)
A society that is safe from the health impacts of climate change	<ul style="list-style-type: none"> • Proportion of the population affected by extreme weather events. (13.1.1) • Population displaced by extreme weather events as a share of population affected
A society that has access to nutritious and safe food for all, supporting sustainable and resilient food systems. ³²	<ul style="list-style-type: none"> • Indicators to assess access to a healthy food environment. • Proportion of the population with access to safe drinking water (6.1) • Proportion of population that can afford nutrient-dense foods • Prevalence of obesity, proportion of obese persons (2.2.2) • Degree of alignment of Australian population diet with EAT-Lancet planetary health diet • Diet's carbon, water and nitrogen footprint • Food waste index (12.3.1) • Proportion of agricultural area under productive and sustainable agriculture (2.4.1)

²⁸ Climate Council, Beyond Blue, 2023. *Summary of Results from National Study of the impact of Climate-fuelled Disasters on the Mental Health of Australians*, s.l.: Climate Council .

²⁹ Transforming Australia, Target 2.2.2 <https://www.sdgtransformingaustralia.com/explore-by-goal/#/1250/1290//>

³⁰ Health Minister's Meeting. *National Obesity Strategy 2022-2032*

https://www.health.gov.au/sites/default/files/documents/2022/03/national-obesity-strategy-2022-2032_0.pdf

³¹ For more detailed information on the impacts of food on the environment, please refer to the Climateworks Australia website at <https://www.climateworkscentre.org/our-work/land-use/>

³² [The EAT Lancet Commission on Food, Planet, Health](#) defines a sustainable food system target by 2050 as: "sufficiently healthy food for all with no additional land use conversion for food, protection of biodiversity, reduced water use, decreased nitrogen and phosphorus loss to waterways, net zero carbon dioxide emissions, and significantly lower levels of methane and nitrous oxide emissions."

ANNEX 1: References

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