
From: Aiden Parisi [REDACTED]
Sent: Friday, 20 January 2023 2:08 PM
To: Measuring What Matters
Subject: Feedback on wellbeing Statement

Good Afternoon

Congratulations on attempting to introduce a new measure of progress in material and non-material living standards in the Federal Budget. I agree that GDP growth is far too narrow an indicator to measure the performance of a government that spans so many areas of our lives.

I would like to submit my support for two concepts to be included in the wellbeing framework.

1- I believe one of the many shortcomings of GDP is that it is a "flow" measure, of annual production, of income, of expenditure. This incremental approach misses the big picture of living standards, which have accumulated throughout history to be where they are. As such, the new measure of wellbeing should be a change-in-stock measure, kind of like a balance sheet, which values the total "stock" of the nation's economic, social and environmental capital each year and measures the change in it. The following example demonstrates why I think this is important. Say I decide to clear some forest and burn the timber to produce electricity. Under a GDP framework, or any flow-based framework, the value of my electricity would be included, as well as any capital or labour I expended in extracting the timber, at the prices paid for it. However, the loss of the forest, and all of its environmental values and subsequent non-material living standards, would not be included. Under a Change-in-stock, the value of the forest would be adjusted to account for the cleared section, and accurately reflect the change in living standards. It may be that the value of the electricity was worth more than the forest that was cleared, but without measuring it there is no way to even make that kind of comparison.

2- This is a simple one- all of the measures, where possible and practicable, need to be expressed per capita, because in too many cases, population growth can and has been used to mask poor outcomes in material living standards such as wealth, income and employment. Population growth benefits the few at the expense of the many, has negligible per capita economic benefits and results in significant negative environmental externalities from increased land clearing, resource extraction for construction and production.

Thank you for considering my feedback and good luck on the new framework

Kind Regards

Aiden Parisi