

## Submission to Measuring What Matters

The Australian government is to be congratulated on its initiative to expand budgetary reporting measures. Focusing traditional reporting on macroeconomic measures such as GDP has been premised on the understanding that a dynamic economy will necessarily lead to high levels of community and individual wellbeing. Researchers such as Pickett and Wilkinson, for example, have challenged this view, emphasising the importance to wellbeing of limiting social inequalities in wealth and income.

I therefore strongly support the following statement in Budget Paper 1 Statement 4 at page 123:

...the central challenge of progress reporting is bringing attention to the broader factors that underpin community well-being and longer-term economic prosperity...

Indeed, the very notion of 'progress' needs to be considered anew. Our society is facing significant challenges this century due to multiple environmental threats, of which climate change is just one. The 2021 State of the Environment report conveyed the growing consensus amongst scientists that:

Environmental degradation is now considered a threat to humanity, which could bring about societal collapses with long-lasting and severe consequences.

Environmental degradation is largely driven by consumption. Over the last century, resource and energy consumption have closely tracked GDP, so GDP can also be considered a rough indicator of environmental damage. Ecological footprint analysis suggests that humanity is already consuming and polluting annually at about 1.7 times the rate that natural systems can regenerate and remediate. Ecological economists such as Professor Robert Costanza argue that much economic growth over recent decades has been 'uneconomic', in that it has been achieved through the liquidation of natural capital that has been inadequately accounted. In the longer-term, community wellbeing will not be improved or even maintained by simply optimising traditional macroeconomic indicators. We must also track environmental health.

I therefore recommend that the choice of measures sit within a coherent conceptual framework with strong program logic. In particular, the indicators should reflect that a healthy natural environment is not merely of aesthetic and recreational importance, nor even just of fundamental importance to industries such as agriculture and tourism. Rather, as has long been understood by First Nations peoples, a healthy environment is critical to broader human wellbeing and the sustainability of our societies. As we enter the sixth great global extinction event, it also behoves us to accord nature an ongoing right to exist, independent of its values to humanity.

The most significant challenge in the choice of environmental indicators is reflecting the extraordinary complexity of natural systems. The measures must go beyond simple accounts

of natural resources. Taking an ecosystem services approach would provide one useful framework.

Similarly, the Planetary Boundaries framework developed by the Stockholm Resilience Centre could summarise the levels of some significant environmental threats. Researchers have recently used the framework to determine how Australia is placed relative to these 'boundaries'.

The health of the natural environment and its capacity to support human society goes beyond the presence or absence of discrete material entities, such as individual species. The environment is best considered as highly complex systems and processes. Treasury would do well to seek the advice of expert natural environment scientists as how best to measure the health of these aspects.

Unfortunately, Australia's has poorly resourced environmental data collection; we currently do not have a comprehensive system for monitoring of environmental health. This contrasts with the situation for national collection of data for weather and climate, earth science, and demographic and economic measures. This need has been identified in Australian government reports over the years, including the 2021 National Research Infrastructure Roadmap. This gap will need to be addressed if Australia is to adequately monitor our environmental health, including its capacity to sustainably support high levels of community wellbeing.

I would be pleased to expand further on the matters raised in this submission. [REDACTED]

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Yours sincerely

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Director

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#### **About the author**

I am a trained ecologist and have worked for the Australian and ACT governments on environmental and economic policy, as well as a parliamentary advisor. I now work independently to promote the need for the development of environmentally-sustainable and socially-just. I have established Steady State ACT as a vehicle for this work.