



Measuring What Matters

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About UnitingCare Australia

UnitingCare Australia is the national body for the Uniting Church's community services network and is an agency of the Assembly of the Uniting Church in Australia.

We give voice to the Uniting Church's commitment to social justice through advocacy and by strengthening community service provision.

We are the largest network of social service providers in Australia, supporting 1.4 million people every year across urban, rural, and remote communities.

We focus on articulating and meeting the needs of people at all stages of life and those that are most vulnerable.

Introduction

UnitingCare Australia commends the Government on measuring what matters through a national wellbeing framework and we welcome the opportunity to respond to this consultation process.

As an agency of the Uniting Church in Australia, UnitingCare Australia seeks "... to identify and challenge all social and political structures and all human attitudes which perpetuate and compound poverty" as articulated in the Church's Statement to the Nation in 1988. UnitingCare Australia supports Treasury's statement that the OECD Framework for Measuring Wellbeing and Program is a good starting point for Australia, but has limitations in data and coverage, and adding further detail will be important to reflect our unique Australian conditions.¹

As the largest national network of social service providers, the UnitingCare network is on the front line in metropolitan, rural, regional, and remote Australia supporting millions of Australians every year. We are well placed to identify measures that can track wellbeing. We acknowledge Treasury's requirement that measures should be relevant, complete, measurable, comparable, reliable and understandable and have factored that in when crafting the recommendations in this submission.

We also acknowledge and support the measures already proposed in Statement 4 of the 2022/23 Budget such as employment rates, housing affordability, student achievement, climate, and life outcomes of First Nations Peoples.

However, we believe that an effective framework for measuring wellbeing in Australia should include a robust and detailed measurement of poverty and economic inclusion. Location and geography also need to be taken into account given the significant impact on economic and social wellbeing of living in rural, regional and remote Australia.

Millions of Australians are unable able to pay for essentials like food, rent, medicine, power, and education. Australians who cannot afford essentials cannot afford to live lives of dignity, much less aspire to wellbeing. Poverty and inequality cause harm to those that endure it and chronic harm to the broader community.

We should go beyond simple poverty concepts to measure the causes, prevalence and impacts of economic exclusion. This should be undertaken like measurements in public health. Good public health analysis draws on rates of mortality, morbidity, physical functioning, economic cost, duration, mental and emotional wellbeing, social functioning, general health perceptions, pain, energy, disability- or quality-adjusted life years, and vitality. These measures, and others, are subcategorised by wide sets of demographic cohorts.

Attending to the wellbeing of Australians means extending our engagement with detailed metrics beyond just physical health to include all aspects of the person. Measuring economic wellbeing is a vital area in need of extensive development and we welcome the Government's focus on measuring what matters.

¹ Measuring what matters 2022, Treasury.gov.au

The National Wellbeing Framework should also include:

1. a robust and detailed measurement of poverty and economic inclusion equalised and distribution analysis of income and wealth,
2. the impact of location and geography
3. a measure of household financial stress
4. a measure of stress on community services, and
5. a measure of social mobility.

Poverty and Economic Exclusion are essential to understanding Wellbeing

Clarity around the definition of Poverty

To Measure what Matters we need to consider the diverse issues and intersectionality of economic, social and environmental outcomes. Based on international best practice there are two aspects of most wellbeing frameworks – current wellbeing and future wellbeing. UnitingCare Australia believes that poverty is a crucial part of the core policy area of Income and Wealth, and therefore should be explicitly called out in our uniquely Australian national framework.

The Senate Standing Committee on Community Affairs is currently inquiring into the extent and nature of poverty in Australia. The report and recommendations from this Inquiry should be considered in forming this framework.

Poverty and Economic Exclusion are Rampant

UnitingCare Australia and the Australian National University Centre for Social Research and Methods have released new research that provides a more comprehensive measure of financial wellbeing in Australian households.² The measure includes data on a household's income, wealth, age, housing costs, family type, disability status, gender, education level and region. These factors are combined into one index based on how they impact household financial stress with select findings outlined below in *Who is financially stressed*. 3.1 million, or one in three, Australian households are under financial stress.³

Who is financially stressed?

- 40% of those under 35 years old.
- 50% of renters.
- 80% of people relying on working age government allowances or payments.
- 45% of households living with a disability or long-term health condition.

Joint research from ACOSS and UNSW shows 2,558,000 adults and 761,000 children are living in poverty in Australia. The same research showed the poverty gap increased steadily from \$168 a week in 1999 to \$323 in March 2020.⁴

The Curtin Economics Centre has identified a million Australians living in severe poverty. The same research shows that poverty is not exclusively the experience of the unemployed, noting nearly 1 in 5 Australians living in poverty are working. Almost 1 in 10 Australians living in poverty are working full time.⁵

“We are increasingly supporting people that have no experience of needing to reach out to services like ours. Parents who are struggling to feed their family because of food costs. Unwell people who can't meet the costs of their own care. Homeowners who are couch surfing between friends so they can Air B&B their homes to stay afloat.”

Financial Counsellor

² UnitingCare Australia and ANU, 2022. *Household Financial Stress and Financial Wellbeing in Australia*.

³ UnitingCare Australia and ANU, 2022. *Household Financial Stress and Financial Wellbeing in Australia*

⁴ ACOSS and UNSW, 2020. *Poverty in Australia*

⁵ Curtin Economics Centre, 2022. *Behind the Line: Poverty and Disadvantage in Australia*

Living in Poverty is Harmful

The impacts of poverty cut across all aspects of the person. Poverty undermines education, diminishes health, destroys development, and creates suffering.

An enormous body of research shows children raised in poverty suffer mental, physical, emotional, and spiritual detriment.⁶ Young people in low wealth families report significantly lower levels of teacher support and life satisfaction. Bullying also increases with child deprivation, while teacher support, school satisfaction and life satisfaction all decrease.⁷

Australians living in the lowest socioeconomic areas were 2.2 times as likely to die from potentially avoidable causes in 2020.⁸ 6 in 10 Australian adults surveyed in Foodbank's Hunger Report stated they go a day without eating at least once a week.⁹

“There are some days that I can't go out in the car due to the cost. We can't afford to have the heater on at night. We use blankets and our house has damp. We can't afford to use the electricity at night. We use torches instead of turning the lights on. The kids can't have baths anymore.”

Emergency Relief Recipient

Partnering with Swinburne University of Technology, Uniting Vic.Tas surveyed consumers on financial stresses across fifteen emergency relief sites in August 2022. Surveys were also distributed at two housing and tenancy programs, one alcohol and other drugs program, and two meals programs. The responses present a clear image of human suffering and indefensible trade-offs outlined in *How is poverty impacting lives*.¹⁰

How is poverty impacting lives?

- 92% of respondents were cutting back on food and groceries due to costs.
- 70% were unable to eat well.
- Parents, carers, and people with a disability were skipping meals even if cooking for others.
- Two thirds reported pressure from the rising cost of energy bills.
- Half of respondents were cutting back on heating.
- One in two were experiencing mental health impacts resulting from cost-of-living increases.
- Half of respondents reported impacts on their housing situation.
- Women were more frequently experiencing cost pressures and were more negatively impacted across life areas than men.
- 11% felt more at risk of family violence because of rising costs of living.

Poverty and Economic Exclusion are Harmful to Everyone

A key lesson of macroeconomic analysis over the past two decades is that economies with greater inequality and poverty perform more poorly and grow more slowly.¹¹ More specifically, a bigger gap between low-income households and the rest of the population has a bigger negative impact on economic growth.¹²

⁶ Cf. Ryan, Fauth & Brooks-Gunn, 2006. *Childhood Poverty: Implications for School Readiness and Early Childhood Education*; and Duncan and Brooks-Gunn, 2000. *Family poverty, welfare reform, and child development*

⁷ Gerry Redmond et al, 2022. *Who excludes? Young People's Experience of Social Exclusion*

⁸ Australia Institute of Health and Wellbeing, 2022. *Health Across Socioeconomic Groups*

⁹ Foodbank Australia, 2022. *Foodbank Hunger Report*

¹⁰ Uniting Vic.Tas and Swinburne University, 2022. *Can't Afford to Live*

¹¹ Cf. Federico Cingano, 2014. *Trends in Income Inequality and its Impact on Economic Growth*

¹² Cf. Jonathan Ostry et al, 2014. *Redistribution, Inequality, and Growth. IMF Staff Discussion Note*

Negative impacts on youth development, as discussed above, should be of enormous concern to anyone reliant on Australia’s productive capacity in the future. Harsh limits on spending for low-income households reduces demand for business and stop people from making worthwhile investments in their own future, like education. The economy is not a zero-sum game. Even those in the top 10 per cent are being hurt because the countries overall growth is being hurt.

Income is Important but so is Wealth

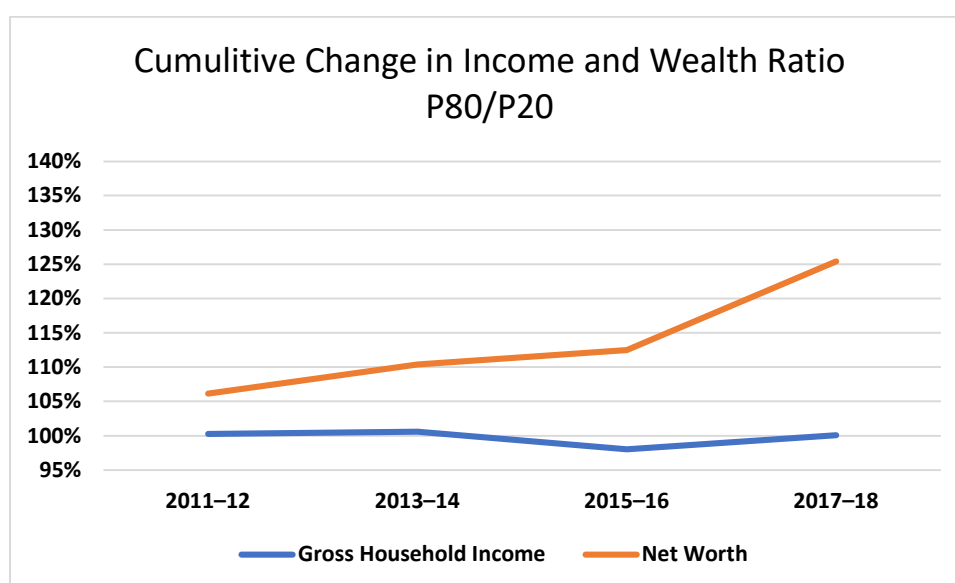
Economic inclusion is complex. There should be more widespread recognition that income measures alone are insufficient to understand economic well-being. For example, it is important to the community and decision makers that about half of households living in poverty are financially stressed and of those in financial stress only a quarter are living in poverty.¹³

Measures that exclusively focus on income can be arbitrary. There may be little different between living slightly above or slightly below a poverty line. An enormous range of other factors are essential in determining economic wellbeing. A young person searching for work is likely to have greater costs that a retired person. It is also regularly the case that an older person is less dependent on income because they have a greater store of wealth. How we measure economic inclusion should include the financial pressures on the individual and household.

Households use wealth to consume more than their income or may consume less than their income and add to their wealth. Wealth permits consumption smoothing and protection from unforeseen challenges. Wealth can generate streams of capital income that support greater wellbeing. Even wealth that is difficult to convert to cash can be borrowed against to enhance wellbeing through things like extending the family home and purchasing significant assets like cars. More simply, wealth drives wellbeing outcomes.

Our measures of economic wellbeing should draw more readily on wealth status alongside income. Recent comparison of inequality trends in Australia tells a much more concerning story of growing wealth inequality than growing income inequality, as shown in Figure 1.

Figure 1: Wealth Inequality is Growing Rapidly



Source: ABS, 2022. *Household and Income Wealth, Australia*

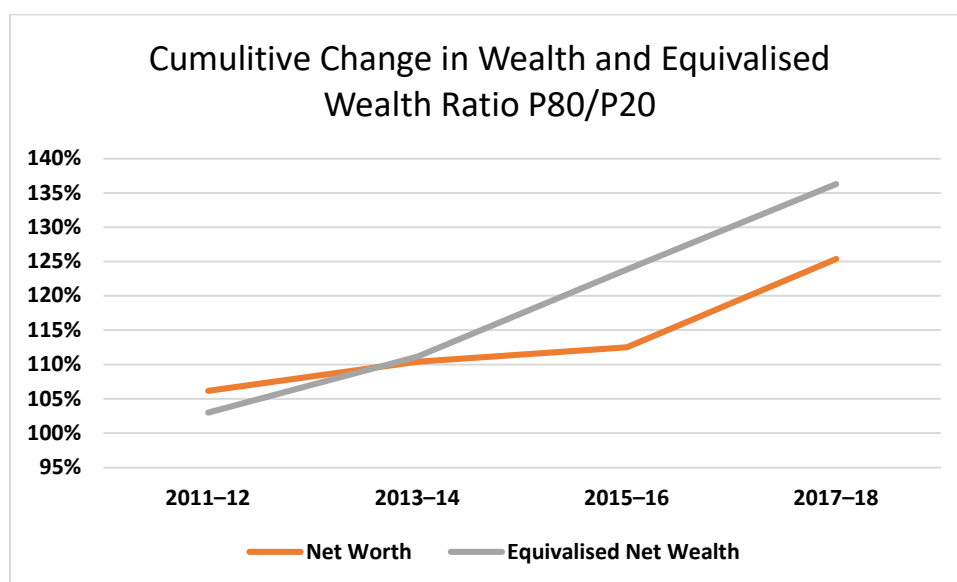
¹³ UnitingCare Australia and ANU, 2022. *Household Financial Stress and Financial Wellbeing in Australia*

Equivalisation is an Important Tool

Conceptualising financial wellbeing at the household level can hide a great deal. \$500,000 for a household with five members is an entirely different life circumstance to \$500,000 for a single person household. Equivalised wealth measures help to clarify the lived reality. For a single person household, equivalised household wealth is equal to total household wealth. For a household with more than one person, equivalised wealth is an indicator of the household wealth that would be needed by a lone person household to enjoy the same level of economic wellbeing.¹⁴

As shown in Figure 2, equivalised net wealth inequality has grown faster than net wealth inequality over the past decade. The wellbeing framework should make use of equivalisation to reflect the wellbeing it seeks to measure.

Figure 2: Equivalised Wealth Inequality is Growing Even Faster



Source: ABS, 2022. *Household and Income Wealth, Australia*

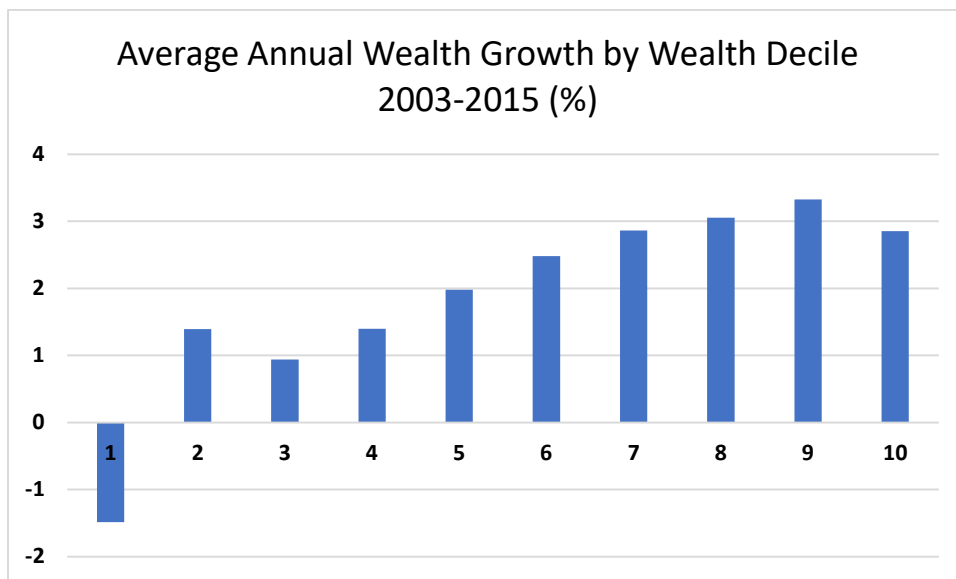
Averages are Important but Distribution Matters

Over the period from 2003-04 to 2015-16, the average annual increase in wealth was 3 per cent. But like taking households as single entities, averages can hide a lot. Average growth for those in the top half of wealth was almost 3 per cent, but average growth for those in the bottom half was less than 1 per cent. People in the bottom 10 per cent went backwards every year by 1.5 per cent.¹⁵

¹⁴ UnitingCare Australia and ANU, 2022. *Household Financial Stress and Financial Wellbeing in Australia*

¹⁵ Productivity Commission, 2018. *Rising inequality? A stocktake of the evidence*

Figure 3: Wealth is Growing, But Not for Everyone



Source: Productivity Commission, 2018. *Rising inequality? A stocktake of the evidence*

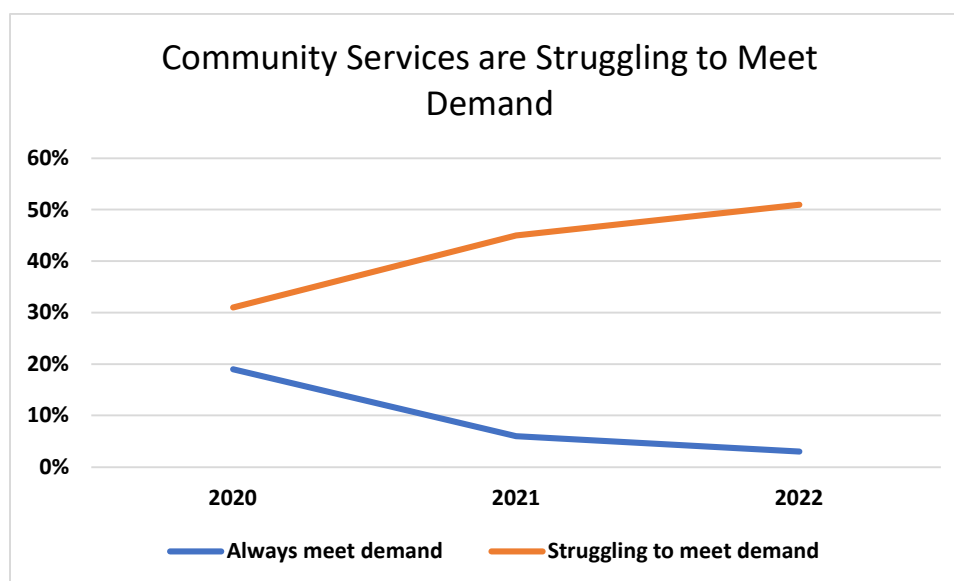
Headline figures are simply inadequate to meaningfully explicate the range of financial experience in a complex society. Distributional analysis should be included in the framework to provide greater information to decision makers about cohort movement. At a minimum this analysis should segment wealth and income deciles.

Measuring the Safety Net

The available data relating to demand for poverty and economic inclusion services is woefully inadequate. Because most poverty relief programs are supply capped, we only generate administrative data on utilisation rates. Many programs deliver at capacity, see Figure 4. As a result, we have an exceptionally poor understanding of the real and unmet demand for these services.

We are acutely aware that community service providers are struggling to meet demand, again see Figure 4. It is the responsibility of any national framework for wellbeing to accurately measure those that are going without the urgent and essential support their wellbeing requires. This could be included through survey, like the indicator of social connections tracked by the OECD.¹⁶

¹⁶ OECD, 2023. *Social support (indicator)*

Figure 4: Services Designed to Fight Poverty are Struggling

Source: ACOSS, 2022. *Helping people in need during a cost-of-living crisis*

Measuring Social Mobility Helps Measure Unfairness

Social mobility refers to change in a person's socio-economic situation, either in relation to their parents or throughout their lifetime. Limited social mobility generates significant costs on society. The absence of upward social mobility from low socio-economic cohorts represents the lost opportunity of millions of individuals talents and skills, dragging down economic growth.¹⁷ Inversely, the absence of social mobility from high socio-economic cohorts "may translate into persistent rents for a few at the expense of many, due to unequal access to educational, economic or financial opportunities".¹⁸ This also generates significant inefficiencies.

Australians take great pride in, and place great importance on, providing opportunities for success to our youth. Any reasonable definition of that provision would be readily visible in economic mobility. The national framework for wellbeing should include this important factor of wellbeing.

Conclusion

UnitingCare Australia believes that the inclusion of poverty and economic inclusion are fundamental to wellbeing. Any wellbeing framework must include robust measurement of these. The national framework should reference and promote existing frameworks when drawing on relevant measures and hold itself against the Sustainable Development Goals to which Australia is a signatory.

We are very keen to work with the Government to develop this uniquely Australian framework given the depth and experience of our network in supporting people in every different type of setting and community across the country, particularly those who are marginalised and disadvantaged.

¹⁷ OECD, 2017. *The productivity inclusiveness nexus*

¹⁸ OECD, 2018. *A broken social elevator? How to promote social mobility*