

Senate Select Committee on Australia's Food Processing Sector

ANSWERS TO QUESTIONS ON NOTICE

Treasury Portfolio

Public Hearing

13 December 2011

Question 2

Topic: Treasury's Wellbeing Framework

Hansard Page: 34 (13/12/2011)

CHAIR: Do you have a national interest test that you could avail this committee of? You talk of national interest. I sit on another committee which is talking about foreign ownership of lands and things like that, and that foreign interest test is quite nebulous. So you talk of it, and you referred to it three times here. Where is the national interest test? I would like to look at the boxes.

Mr Paine: Perhaps I was being a little loose with my language there; I was not meaning to talk about a national interest test per se, but I can point you very clearly to the sort of framework that the Treasury uses to try to judge whether something is in Australia's interest. That is in our so-called wellbeing framework. I think it is in our annual report but if it is not there I can certainly provide it to you.

Mr Paine: It is not a prescription, but it is essentially a set of factors or questions that we ask ourselves before we provide policy advice.

Senator EDWARDS: Perhaps we could have it in this evidence.

Mr Paine: We will provide it for the committee's information.

Answer:

Treasury's mission statement and wellbeing framework can be found on Treasury's website (see www.treasury.gov.au).

Treasury's mission is to improve the wellbeing of the Australian people by providing sound and timely advice to the Government, based on objective and thorough analysis of options, and by assisting Treasury Ministers in the administration of their responsibilities and the implementation of Government decisions.

In undertaking its mission Treasury takes a broad view of wellbeing as primarily reflecting a person's substantive freedom to lead a life they have reason to value.

This view encompasses more than is directly captured by commonly used measures of economic activity. It gives prominence to respecting the informed preferences of individuals, while allowing scope for broader social actions and choices. It is open to both subjective and objective notions of wellbeing, and to concerns for outcomes and consequences as well as for rights and liberties.

Treasury brings a whole-of-economy approach to providing advice to government based on an objective and thorough analysis of options. To facilitate that analysis, we have identified five dimensions that directly or indirectly have important implications for wellbeing and are particularly relevant to Treasury. These dimensions are:

The set of opportunities available to people. This includes not only the level of goods and services that can be consumed, but good health and environmental amenity, leisure and intangibles such as personal and social activities, community participation and political rights and freedoms.

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The distribution of those opportunities across the Australian people. In particular, that all Australians have the opportunity to lead a fulfilling life and participate meaningfully in society.

The sustainability of those opportunities available over time. In particular, consideration of whether the productive base needed to generate opportunities (the total stock of capital, including human, physical, social and natural assets) is maintained or enhanced for current and future generations.

The overall level and allocation of risk borne by individuals and the community. This includes a concern for the ability, and inability, of individuals to manage the level and nature of the risks they face.

The complexity of the choices facing individuals and the community. Our concerns include the costs of dealing with unwanted complexity, the transparency of government and the ability of individuals and the community to make choices and trade-offs that better match their preferences.

These dimensions reinforce our conviction that trade-offs matter deeply, both between and within dimensions. The dimensions do not provide a simple checklist: rather their consideration provides the broad context for the use of the best available economic and other analytical frameworks, evidence and measures.