

**Senate Standing Committee on Economics**

**ANSWERS TO QUESTIONS ON NOTICE**

**Treasury Portfolio**

Additional Estimates 2012

15 – 17 February 2012

**Question: AET 125 - 126**

**Topic: Measures of Economic Welfare**

**Hansard Page: Written**

**Senator WATERS asked:**

125. Can you tell us about any work the ABS has done on broader measures of economic welfare than GDP, such as a 'genuine progress indicator'?
126. Do you have measures like GDP but which subtract environmental damage and reductions in the value of natural resources or which place a value on unpaid work?

**Answer:**

125. The ABS has avoided developing an overall or composite indicator of progress or wellbeing for a range of methodological reasons, and because such a measure would mask important information and so could be misleading. The preferred approach is to produce a range of indicators which allow analysis of 'progress' or 'wellbeing'.

In addition to GDP the ABS publishes in the quarterly and annual National Accounts releases a number of series which may be used as board measures of economic welfare. These include 'net' estimates which adjust GDP for depreciation of fixed capital, and income measures which take into account the terms of trade and flows to/from residents of other nations.

The ABS also produces Measures of Australia's Progress (MAP) which provides a broader perspective on national progress than is available from considering economic measures in isolation. MAP presents a suite of selected indicators, grouped into three broad domains: society, economy, and environment. This presentation encourages these domains to be considered together.

Below the high level MAP indicators, the ABS releases a wide range of measures reporting on the economic welfare of Australians at the individual and household level. These measures look at the distributions of household income, consumption and wealth separately, as well as joint measures that describe the differences across society in economic welfare.

126. While the ABS does not currently have an economic measure which subtracts environmental damage, a program to produce Environmental-Economic Accounts is being established. These accounts are based on the System of Environmental-Economic Accounting (SEEA) and integrate environmental and economic information in an accounting framework.

The ABS last produced estimates of the value of unpaid work in 2001. More recently the ABS cooperated with an OECD study which calculated estimates of the value of unpaid work for 26 countries including Australia. This study was released in 2011 and the results are available on the OECD website.