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Treasury  
Langton Cres  
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By email: [MeasuringWhatMatters@Treasury.gov.au](mailto:MeasuringWhatMatters@Treasury.gov.au)

Dear Treasury

## **Measuring What Matters—second phase submission by Australian Unity**

Thank you for the opportunity to provide further comment as part of Treasury's 'Measuring What Matters – second consultation process'.

Noting the intent of the second consultation (that is, to hear from more Australians about what wellbeing is and means to them), we wished to complement our [first submission](#)—which introduced Australian Unity's wellbeing-related initiatives—by:

- providing the latest findings of our long-term study of wellbeing, and
- explaining how we apply these findings to inform key decisions and activities at Australian Unity to positively impact wellbeing.

We also wished to introduce, and invite Treasury to participate in, a cross-sector collaborative program of work under development into understanding financial wellbeing and the role we all have to play in supporting this.

This supplementary submission is presented in four sections: Understanding what matters; Targeting what matters; Solving what matters; and Measuring what matters.

### ***Understanding what matters—Australian Unity Wellbeing Index***

As introduced in our first submission, since 2000, Australian Unity has partnered with Deakin University to monitor the subjective wellbeing of Australians aged between 18 and 90 years via the [Australian Unity Wellbeing Index](#) (Wellbeing Index). To date, this monitoring has been achieved through 39 national surveys and data collected from over 70,000 Australians. Importantly, this long-term research measures wellbeing both from a national and personal perspective.

Nationally, the Wellbeing Index measures the average satisfaction of Australians across six aspects of national life—the economy, the environment, social conditions, governance, business and national security.

From a personal perspective, the Wellbeing Index measures the average level of satisfaction across seven key aspects of personal life—standard of living, health, achieving in life, personal relationships, safety, community connectedness and future security.

We note the alignment of Treasury's emerging key policy themes (prosperous, inclusive, sustainable, cohesive and healthy) with the Wellbeing Index—particularly the seven domains of personal wellbeing.

On 11 May 2023, the latest Wellbeing Index survey report was released and highlighted the following key points:

- The overall life satisfaction of Australians has fallen to the lowest score on record in the research's 23-year history.
- The wellbeing of 18- to 25-year-olds has hit an all-time low, recording the highest level of mental distress.
- More Australians on average scored below the normal range for personal wellbeing—particularly those under 56 years of age, on a household income below \$60,000, and those in casual work or unemployed.
- Australians aged 66 years and older, had notably higher personal subjective wellbeing scores compared to all younger age groups.

Other key themes included concerns regarding the cost of living, the housing crisis and the ongoing financial and health implications of the COVID-19 pandemic.

### **Targeting what matters—using our experience in wellbeing to focus on outcomes**

Over the past 20-plus years, the Wellbeing Index has guided Australian Unity's decision-making and investment in areas that improve access to key wellbeing services—for example:

- **Healthcare:** funding/development of private and public healthcare and medical research facilities (our \$3.8+ billion Healthcare Property Trust is the largest unlisted property fund in Australia), investments in health research and technology, delivery of in-home health services and preventative programs (to support hospital avoidance).
- **Aged care and retirement:** development, asset and operational management of aged care and retirement living facilities, delivery of in-home care services.
- **Mental health:** investment in our mental health support capability (Australian Unity has proudly been operating the Beyond Blue support line since March 2022).
- **Childcare:** funding/development of childcare facilities in high growth/demand catchments.
- **Specialist disability accommodation:** funding/development of specially designed accommodation to support independence for people living with disability.
- **Student accommodation:** funding/development of on-site or nearby-campus accommodation to improve student access to tertiary education as rental affordability worsens.

*We note the strong alignment of our wellbeing investments and services with Government's key Budget initiatives from this month's Federal Budget—particularly across aged care (\$11.3 billion), Medicare and the PBS (\$5.7 billion), mental health and preventative health (~\$1.3 billion), and childcare (\$9 billion).*

As introduced in our first submission, Australian Unity has developed the Community & Social Value (CSV) Framework to: (1) measure and report on our impact; (2) hold ourselves accountable to our members and investors; and (3) to *target* informed investment decisions that maximise our positive impact.

This includes using CSV to identify expansion into new areas that impact positively on our traditional activities—for example, augmenting the impact of our healthcare properties and services by investing in accessible affordable housing and childcare to support a local workforce to provide this critical care.

The CSV Framework (and Wellbeing Index) also has practical application in aligning investment and expenditure where we want to be able to demonstrate what is most needed and most effective in maximising impact and outcomes. The ability to do so via these tools is particularly useful in instances to justify value for money and/or deviation from the 'cheapest' solutions—an issue that we understand is also a priority for Government.

### **Solving what matters—our innovative approach to funding and delivering wellbeing**

The Wellbeing Index highlights that while wellbeing is realised by the individual, it is ultimately the product of the macro environment (for example, affordability of, and access to, education, childcare, health, disability and aged care), and how this is met by the infrastructure and services that have traditionally been the remit of Government.

While Government will continue to have a vital role in financing and delivering infrastructure and services, significant growth in demand and fiscal challenges mean that Government cannot do this alone—nor should this be the case.

This necessitates the need for innovative involvement by financial market participants to urgently allocate and incentivise capital (both public and private) to fund the infrastructure and services that contribute to wellbeing.

As part of the Cooperative and Mutual Enterprise (CME) sector, we believe mutuals like Australian Unity have an important role to play in delivering, funding and complementing Government's efforts in social services and care delivery, and financial wellbeing—areas where we have been intimately involved and have had a strong track record in delivering throughout our 183-year history.

#### **Case study—partnership with Queensland Government to deliver Herston Quarter**

In 2016, Australian Unity was appointed by the Queensland Government as master developer of the \$1.2 billion Herston Quarter health and education precinct in Brisbane, Queensland—the centrepiece of which is a world-class 182 bed rehabilitation and elective surgery public hospital. Central to being awarded the development was Australian Unity's Public Private Partnership (PPP) model with the Queensland Government that saw:

- an **ownership structure** whereby the public hospital asset is leased by the Queensland Government from Australian Unity (instead of the traditional Build-Own-Operate-Transfer model), with options to terminate or repurpose the site at regular intervals—ensuring the asset remains fit for purpose across its multi-decade lifespan;
- **private capital raising** using a real estate investment trust, which placed the development risk with Australian Unity and resulted in considerable pricing efficiency for the Queensland Government compared with a traditional PPP;
- a **financial partnership**, where the Queensland Government receives a percentage of any windfall gains on the site during the life of the 99-year lease; and
- a **governance structure** where there is continuous dialogue on how the site is developing to meet emerging community need (for example, expediting completion of aspects in response to COVID-19 to provide much needed capability/capacity).

To date, this PPP has delivered the public hospital, a multi-storey car park, student accommodation and attractive community spaces—and will deliver childcare, long-stay accommodation (such as affordable and key-worker housing) and medical and university research centres by 2026.

This case study demonstrates how PPPs between Government and values-aligned organisations, such as Australian Unity, can:

- deliver the necessary capital,
- manage commercial and development risk,
- design/develop according to community needs, and
- provide for the flexibility to include/change requirements in response to, and importantly to solve, community needs.

### **Measuring what matters—Australian Unity's Community & Social Value Framework**

Australian Unity's CSV Framework was developed in order to find a robust outcome measurement framework and solution in the nascent science of measuring social outcomes. The CSV Framework—developed in partnership with social impact specialists Social Ventures Australia and independently audited each year—allows us (and others) to value our unique social impact in terms of dollar value to allow for year-on-year comparison and projection.

In the 2022 financial year, we delivered **\$1.63 billion** in CSV across the wellbeing areas of lifelong wellness (e.g. access to healthcare and improved health outcomes), strong communities (supporting living and ageing in place and social innovation), and economic empowerment (building financial resilience and opportunities through employment).

#### **Case study—impact value of Herston Quarter**

Based on deliverables to-date, the Herston Quarter development delivered \$22 million in CSV for Australian Unity in the 2022 financial year—with this value to grow with the delivery of other planned infrastructure (meaning maximising such delivery is in Australian Unity's interests).

Though this is a significant contribution to Australian Unity's total CSV, it is important to note that this is the value uniquely attributable to Australian Unity, rather than the community the project serves. To capture this community value, which is particularly important for the Queensland Government to show return on investment, we engaged SGS Economics to undertake a broader study in a similar vein to CSV across the full ecosystem impacted by Herston Quarter—which reported that the precinct delivered \$600 million in impact in 2021 (with this value projected to grow to over \$2 billion in following years).

As CSV is captured and reported on a yearly basis and used for decision-making, it is necessary for Australian Unity to have a long-term mindset and interest in our investments, the partnerships we develop and services we operate. In some way (and in line with our DNA as a mutual organisation), this requires us to consider long-term impact far more imperatively than other corporates that predominantly seek to deliver yearly, shorter-term financial gains might. Our approach to identifying and funding enduring and ongoing positive social impact has strong alignment to the intent of Government—to inform policy making and funding decisions to improve the long-term wellbeing of Australians.

#### **Conclusion**

Australian Unity once again thanks Treasury for the opportunity to provide further comment, particularly on areas that we believe (through the Australian Unity Wellbeing Index) matter to Australians, and on how we, as a wellbeing company, seek to deliver positive impact in the areas that matter—including through partnerships with government, not-for-profit and academia.

We have over 180 years history in meeting the needs of the community, and through our long-term research and established model of measuring impact—see the synergies between our values and objectives to that of the current Government. While we have already engaged with specific areas of the Treasury, we welcome the opportunity to discuss with Treasury our use of the Wellbeing Index and CSV Framework, and how they can be applied by Government as part of its exciting wellbeing agenda.

As mentioned in our introduction, Australian Unity has commenced work to establish a program of work in partnership with other corporate, think-tank and research, consulting and not-for-profit organisations on 'financial wellbeing' and how this can be maximised across the Australian community. We wish to extend an invitation to Treasury and/or Government to participate in this process once it is progressed further.

Yours faithfully

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