

# Towards a wellbeing approach to consumer policy in Australia

**Part Two:** Applying wellbeing concepts to measure what matters to consumers





The Consumer Policy Research Centre (CPRC) is an independent, non-profit, consumer think-tank established by the Victorian Government in 2016.

CPRC aims to create fairer, safer and inclusive markets by undertaking research and working with leading regulators, policymakers, businesses, academics and community advocates.

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### **Statement of Recognition**

CPRC acknowledges the Traditional Custodians of the lands and waters throughout Australia. We pay our respect to Elders, past, present and emerging, acknowledging their continuing relationship to land and the ongoing living cultures of Aboriginal and Torres Strait Islander Peoples across Australia.

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# Foreword

The COVID-19 pandemic continues to impact many consumers. This has been a challenging period for us all, with impacts on employment, mental health, health and wellbeing. The effects of the COVID-19 pandemic have not been felt across our community equally – vulnerabilities have been amplified and new ones created.



While we are not out of the woods, it is important to start planning for a consumer-led recovery. Together we can emerge from this crisis a fairer, safer and more inclusive community and economy.

A truly consumer-led recovery involves us listening to the community. Understanding their frustrations, experiences and aspirations is the right place to start if we want to put consumers at the centre of change.

That's why the work of the Consumer Policy Research Centre, and its focus on consumer wellbeing in this research series, is so important. It asks us all to pause, listen and reflect on the changing needs of consumers during a period of unprecedented disruption and change.

This report also offers insights into how adopting a wellbeing approach might provide us with a more complete picture of the things impacting the lives and experiences of consumers in essential, regulated marketplaces. It provides an opportunity to make sense of complexity and target policy interventions, and for strong and influential leadership by setting aspirational but achievable goals.

Now is the right time to be sharing these ideas. With that in mind, I am pleased to present *Towards a wellbeing approach to consumer policy in Australia*. This report will form the basis of an important work program aimed at understanding how wellbeing can become incorporated into consumer policy and regulation. I am proud that this nation-leading work will not only benefit Victorian consumers, but the broader Australian public.

This research further supports the work of Consumer Affairs Victoria, which has made it a priority to consider consumer needs at the centre of its approach when delivering its services. Consumer Affairs Victoria is also committed to capturing and analysing information to inform its understanding of the markets it regulates. A critical part of this work is developing a detailed understanding and insights into consumers' lives and the challenges they face. The approach proposed by the Consumer Policy Research Centre will provide data and insights to strengthen work supporting consumers nationwide.

It's an exciting and important first step for the Centre as it enters its next four-year period, reflecting its mission to reimagine markets, putting consumers at the centre of change.

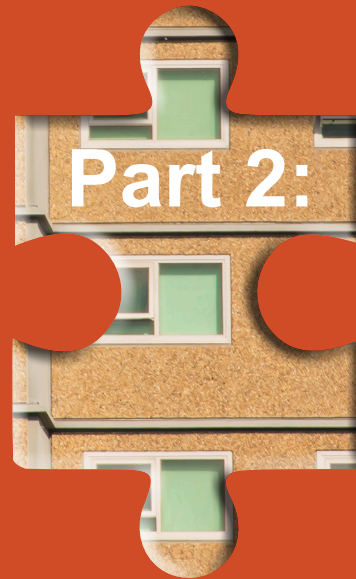
This research series benefits us all. I encourage policy makers, businesses, academics and the community to engage with this thinking, and with the research team, as they undertake this important work, which will serve the interests of consumers in Victoria and beyond.

**Hon. Minister Horne MP**



Minister for Consumer Affairs, Gaming and Liquor Regulation





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# **Applying wellbeing concepts to measure what matters to consumers**

# Executive summary

We will emerge from COVID-19 a different community and economy. Many of us are reflecting on the things that are important to us. What we value, what we can live without, and how we can connect, survive and even thrive when times get tough.

In Part One we explored how the lives of Australian consumers have been impacted by the pandemic. How vulnerabilities in the community were amplified, new ones created, and why a consumer-centric recovery that focuses on wellbeing is going to put us in the best possible position to emerge from this a stronger community and country.

We also heard from Australian consumers themselves about the things that really matter to them today. The **essentiality of connected devices** – now gateway products to jobs, groceries, families and friends. The **paradox of choice** leading to consumers feeling overwhelmed, frustrated and made to feel inadequate for not making the ‘right’ decision in complex markets. The **expectation that consumer laws keep us safe**, but a lack of faith that firms will be held to account. Being **made to feel like a number**, and a sense of loss of connection.

These niggling feelings and frustrations bubbling under the surface signpost a system that – despite delivering us more new products and services than at any time in history, often at more affordable prices – still doesn’t necessarily deliver consumers a sense of increased value or wellbeing.

The governance of our markets doesn’t capture this fuller picture of lived experiences which flow from consumers engaging with businesses today. In Part Two we draw on alternate approaches to measuring economic and social performance when considering the governance of consumer markets.

Emergent, wellbeing approaches provide a more complete picture of the outcomes that matter. They provide an opportunity to make sense of complexity and target policy interventions, and for strong and influential leadership by setting aspirational but achievable goals.

A wellbeing approach to consumer policy complements, rather than seeks to replace, traditional economic measures of living standards. It encourages competitive or market-based processes, to work more effectively by reporting consumers’ lived experiences – not relying on theory alone. By identifying the outcomes consumers want, government, regulatory and industry innovation can be more responsive in an increasingly fast-paced environment.

In Part Two, we consider what the application of a wellbeing approach to consumer policy design might look like, learning from the experience of others who have already thought deeply about wellbeing in a wider context and in some cases developed indices. To date, our own thinking explores these wellbeing approaches, the gaps in current measurements of market outcomes and previously established consumer principles.<sup>1</sup>

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<sup>1</sup> UNCTAD, n.d., *United Nations guidelines for consumer protection* <https://unctad.org/topic/competition-and-consumer-protection/un-guidelines-for-consumer-protection>

In developing a Consumer Index, we suggest a focus on four major components of consumer outcomes: fairness and respect; equity, access and inclusion; safety and sustainability; and agency, choice and transparency.

Importantly, our next step is to listen to Australian consumers themselves about their experiences, expectations, and needs, to build a more comprehensive and consumer-led understanding of what enhances wellbeing in their interactions with markets and businesses.

Drawing on what we've learnt, we'll be engaging directly with experts locally and internationally to develop a more comprehensive Index to better measure consumer outcomes in the markets that are essential to consumers today. Getting this right will need significant engagement from governments, businesses, policymakers, advocates and consumers alike.

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To find out more or flag your interest in this initiative, please email [consumerwellbeing@cprc.org.au](mailto:consumerwellbeing@cprc.org.au). We hope you join us on this journey.

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# Global work on wellbeing

As a public policy goal and tool of social and economic measurement, ‘wellbeing’ is very much an approach whose time has come. This chapter examines some definitions of wellbeing, provides a summary of the evolution and history behind its use, and gives a snapshot of where nations or institutions have adopted wellbeing concepts. Understanding the history and approaches to wellbeing provides us with an opportunity to learn from and build off a rich history as we progress our research and the development of an Index to more meaningfully measure consumer outcomes in Australia.

There have been two major waves of interest in wellbeing since the Second World War. In the post-war years, concern with quality-of-life, structural causes of inequality, led the development of social indicator measurements, driven by a recognition of the limits of GDP as a principal measure of progress. The 1990s and 2000s saw renewed interest in wellbeing due to an increasing awareness of human causes of ecological decline, and improved understanding of the preconditions for equality, individual and societal wellbeing. This interest intensified following the Global Financial Crisis as policymakers, economists and civil society examined the causes and outcomes of the crisis and suggested a need for new indicators of progress to measure the extent of recovery from recession.<sup>2</sup>

One of the major wellbeing initiatives at this time was the 2009 report by Jean-Paul Fitoussi and Nobel laureates Joseph Stiglitz and Amartya Sen, commissioned by French president Nicholas Sarkozy, which recommended the development of wellbeing and sustainability indicators to guide policy.<sup>3</sup> They made 12 recommendations for measuring economic and social performance, including the need for:



Multiple indicators or a ‘dashboard’ approach to measuring wellbeing.



Disaggregated data by age, gender, disability, income, wealth and other factors.



Regular assessments of policy for its effects on people’s economic insecurity.



Wellbeing metrics to inform all policy stages, from identifying priorities, to investigating costs and benefits, making budget decisions and evaluating policies.<sup>4</sup>

International institutions are actively promoting a wellbeing approach and the integration of wellbeing measures into policymaking. Stiglitz, Fitoussi and Durand further developed

<sup>2</sup> Bache S, 2018, ‘Wellbeing in Politics and Policy’ in Ian Bache and Karen Scott (eds), *The Politics of Wellbeing*, [https://doi.org/10.1007/978-3-319-58394-5\\_1](https://doi.org/10.1007/978-3-319-58394-5_1). As political concepts, ideas of wellbeing, happiness and the good life have much deeper legacies in Western and non-Western theories including Greek political philosophy and nineteenth century philosophy.

<sup>3</sup> Stiglitz J E, Sen A, and Fitoussi J-P, 2009, Report by the Commission on the Measurement of Economic and Social Progress OECD. [https://ec.europa.eu/environment/beyond\\_gdp/download/CMEPSP-final-report.pdf](https://ec.europa.eu/environment/beyond_gdp/download/CMEPSP-final-report.pdf).

<sup>4</sup> Stiglitz J E, Fitoussi J-P, and Durand M, 2018, *Beyond GDP: Measuring what counts for economic and social performance*, OECD Publishing, 117-118.

this work for the Organisation for Economic Co-operation and Development (OECD), leading to the OECD Better Life Index.<sup>5</sup> The OECD Better Life Index, which compares wellbeing across countries across 11 topics identified as essential to material living conditions and quality of life. These include housing conditions and spending; household income and wealth; quality of social support network; education; quality of environment; health; safety; and work/life balance.<sup>6</sup>

In November 2020, the OECD launched a centre on Wellbeing, Inclusion, Sustainability and Equal Opportunity (WISE). The WISE Centre will generate new data on wellbeing, share policy solutions and good practice from multiple disciplines, and pursue wellbeing as part of an inclusive and sustainable growth agenda. Participants in a high-level roundtable discussion for the Centre's launch included the OECD Secretary-General, international organisations, civil society, private sector and the Ford Foundation, and government ministers from New Zealand, France and Canada.

They expressed concern, the COVID-19 crisis was deepening the social divides, making it critical for governments to ensure that recovery and reconstruction strategies be sound, inclusive and sustainable. They noted the need to strengthen the links and synergies between the economy and wellbeing and ensure that the most vulnerable are being supported and have the opportunities to succeed and achieve a good quality of life.<sup>7</sup>

Similar to the OECD, the European Commission is using the 'Beyond GDP' initiative to develop complementary measures that track environmental and social aspects of progress and includes climate change, poverty, resource depletion, health and quality of life.<sup>8</sup>

Promoting wellbeing is also a key part of the World Economic Forum's agenda, particularly within the context of the huge technological, social and economic changes of the 'Fourth Industrial Revolution'. The World Economic Forum is considering whether GDP remains a relevant measure and '*what the alternatives could offer as climate change worsens and technology advances*'.<sup>9</sup>

Across Europe, examples of wellbeing approaches are proliferating.<sup>10</sup> Scotland is pursuing a wellbeing approach through its National Performance Framework; Iceland is developing and implementing Indicators for Measuring Wellbeing that were established in 2019. Italy has formal indicators for measuring 'equitable and sustainable' wellbeing that are considered in budgetary decision-making. The Netherlands has an official 'Monitor of Well-being' statistical measure integrated into policymaking and by parliament when scrutinising budget implementation.<sup>11</sup> France has been measuring wellbeing since the Stiglitz-Sen-Fitoussi Commission, including developing 'new indicators of wealth' relating to inequality, poverty, carbon emissions, employment and other areas.<sup>12</sup>

5 OECD, n.d, *OECD Better Life Index: How's life?* <http://www.oecdbetterlifeindex.org>

6 OECD, n.d, *OECD Better Life Index: How's life?* <http://www.oecdbetterlifeindex.org>

7 Boarini R, 2020, *Towards a people-centred, inclusive, and sustainable COVID-19 recovery: OECD launches the Centre on Well-being, Inclusion, Sustainability and Equal Opportunity (WISE)*, [https://www.oecd-forum.org/posts/towards-a-people-centred-inclusive-and-sustainable-covid-19-recovery-oecd-launches-the-centre-on-well-being-inclusion-sustainability-and-equal-opportunity-wise?channel\\_id=791-inclusive-growth&\\_ga=2.184589481.1251969979.1636325400-1140615753.1630566981](https://www.oecd-forum.org/posts/towards-a-people-centred-inclusive-and-sustainable-covid-19-recovery-oecd-launches-the-centre-on-well-being-inclusion-sustainability-and-equal-opportunity-wise?channel_id=791-inclusive-growth&_ga=2.184589481.1251969979.1636325400-1140615753.1630566981)

8 European Union, n.d, *What is the 'Beyond GDP' initiative* [https://ec.europa.eu/environment/beyond\\_gdp/index\\_en.html](https://ec.europa.eu/environment/beyond_gdp/index_en.html)

9 Charlton E, 2019, *New Zealand has unveiled its first 'well-being' budget*. In World Economic Forum, <https://www.weforum.org/agenda/2019/05/new-zealand-is-publishing-its-first-well-being-budget>

10 Carnegie UK Trust, 2020, *Wellbeing around the world: Perspectives on measuring social progress ten years after the Stiglitz-Sen-Fitoussi Commission*.

11 New Zealand Treasury, 2019, *The Wellbeing Budget*, <https://www.treasury.govt.nz/publications/wellbeing-budget/wellbeing-budget-2019>; Scottish Government, 2019, *Scotland's Wellbeing – Delivering the National Outcomes*, May 2019, <https://nationalperformance.gov.scot/scotlands-wellbeing-report>; Government of Iceland, 2019, *Indicators for Measuring Well-being*, Prime Minister's Office;

12 Government FR, 2015, *New indicators of wealth*, <https://www.gouvernement.fr/en/new-indicators-of-wealth>

The UK has incorporated wellbeing approaches in policymaking and evaluation, including Treasury guidance in 2018 to consider wellbeing dimensions in policy development. The UK Government established the 'What Works Centre for Wellbeing', which provides evidence and advice on how to increase wellbeing across a range of policy areas, they track change across key dimensions of wellbeing including the natural environment, personal well-being, our relationships, health, what we do, where we live, personal finance, the economy, education and skills and governance.<sup>13</sup>

The Scotland-based Carnegie UK Trust are leading international experts on wellbeing and has been actively involved in the development of wellbeing measures and policy, beginning with the Carnegie Roundtable on Measuring What Matters in Scotland in 2010. The Trust helped develop Scotland's National Performance/Wellbeing Framework and a wellbeing framework for Northern Ireland. The Centre's work shows how wellbeing can be implemented at local, regional and national levels.<sup>47</sup> In 2020 they launched a Gross Domestic Wellbeing (GDWe) index to provide an alternative to Gross Domestic Productivity (GDP) as a measure of societal progress<sup>14</sup>.

In North America, Canada has an Index of Wellbeing to complement GDP, which is informing policy measures and practices. The United States has a Human Development Index – the 'Measure of America' – which has been used for over 10 years by the Social Science Research Council to understand and track Americans' wellbeing across three key domains: a long and healthy life, access to knowledge, and a decent standard of living. The index was developed in recognition of the limitations of GDP and associated measures in tracking Americans' progress, economic security, and prosperity.<sup>15</sup>

Collaborative 'wellbeing economy' movements have also emerged through the Wellbeing Economy Alliance<sup>49</sup> and the Wellbeing Economy Governments partnership, comprising New Zealand, Iceland, Scotland, and Wales. A wellbeing economy approach provides framework for 'building back better' from COVID-19, by addressing the vulnerabilities and inequalities that have left some people more exposed than others to the health and economic effects of COVID-19 and building a fairer and more resilient society for the long-term.<sup>16</sup>

Many of these initiatives are in the early stages of implementation, for example, New Zealand handed down its first 'wellbeing budget' in 2019 and was created using data from the Living Standards Framework. The New Zealand 2021 budget was framed as a recovery and wellbeing budget including a new life satisfaction measure. Despite the pandemic, New Zealanders reported high life satisfaction across late 2020 and beginning of 2021.<sup>17</sup> By including new metrics, it demonstrates an evolution and adaption of the approach as they learn from the application of the wellbeing approach.

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13 UK House of Lords, 2020, *Wellbeing as an Indicator of National Performance*, Library Briefing, <https://lordslibrary.parliament.uk/research-briefings/lln-2020-0072/>

14 Carnegie UK, 2021, *The Brief*, <https://www.carnegieuktrust.org.uk/programmes/gdwe/>

15 Canadian Index of Wellbeing, n.d., *Wellbeing as the lens for decision-making in Canada* <https://uwaterloo.ca/canadian-index-wellbeing/>; Measure of America, n.d., *The American Human Development Index*, <https://measureofamerica.org/human-development/#human%20development%20index>

16 <https://wellbeingeconomy.org/wego>

17 What Works Wellbeing, 2021, *Towards a wellbeing budget – examples from Canada and New Zealand*, <https://whatworkswellbeing.org/practice-examples/towards-a-wellbeing-budget-examples-from-canada-and-new-zealand/>

## Australian momentum

While governments in Australia have been slower to formally adopt wellbeing measures and approaches to date, the NFP sector and private sector have been progressing wellbeing research, frameworks and debate. It is now two decades since the Australian Bureau of Statistics (ABS) published *'Measuring wellbeing: frameworks for Australian Social Statistics'*. The Australian Treasury developed a wellbeing framework in the early 2000s which informed its policymaking over the following decade.<sup>18</sup> A 2012 Treasury paper<sup>19</sup> defined wellbeing as:

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*'primarily reflecting a person's substantive freedom to lead a life they have reason to value. Such an interpretation seeks to avoid being too narrow or prescriptive in understanding wellbeing while still making some important substantive claims...in particular, that it is individuals who count and what they value in life that matters.'*

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Momentum is now building in Australia for a renewed wellbeing approach in social and economic policymaking. The New Economy Network Australia just completed their sixth annual conference bringing together diverse experts focused on transforming Australia's economic system.<sup>20</sup> One of the chief wellbeing measurement tools – the Australian National Development Index (ANDI) – is now in its 10th year of operation, led by the Melbourne Graduate School of Education. ANDI uses a set of social, health, economic and environmental indicators across 12 domains to capture a picture of Australia's progress. The Victorian Council of Social Service is strongly advocating for a wellbeing budget approach in Victoria.<sup>21</sup> The Victorian Department of Health has also commissioned work to understand how to integrate wellbeing into government policy.<sup>22</sup>

The private sector is also beginning to recognise the benefits of a wellbeing approach. Financial wellbeing is a particular focus, with the major banks developing their own measures of financial wellbeing and tools to increase customer wellbeing and resilience.<sup>23</sup> Many Australian businesses are also focusing more on the significant contributions they can make to the United Nations (UN) Sustainable Development Goals (SDGs), which are aligned with wellbeing approaches. RMIT analysis of ASX150 companies found 48% of these companies mentioned the SDGs in their corporate sustainability reports in 2019, an increase from 37% in the previous year. The SDGs are mentioned by the majority of companies in the Materials, Financials, and Consumer sectors. Across all sectors, the most commonly prioritised SDGs included climate action, decent work and economic growth, gender equality, and responsible consumption and production.<sup>24</sup>

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18 Grattan Podcast, 2010, *Wellbeing in Public Policy Practice* – Dr Ken Henry, Don Henry, Gemma Van Halderen, – Transcript

19 Gorecki S, Kelly J, 2021, *Treasury's Wellbeing Framework*, <https://treasury.gov.au/publication/economic-roundup-issue-3-2012-2/economic-roundup-issue-3-2012/treasurys-wellbeing-framework>

20 NENA, 2021, *Growing a Wellbeing Economy for Australia*, NENA annual conference 5-7 November 2021, <https://www.neweconomy.org.au/conferences/2021-conference/>

21 King E, 2019, *Victoria must make wellbeing its driving force*, VCOS, <https://vcoss.org.au/analysis/2019/12/why-wellbeing/> ; Michael L, 2020, *It's a no-brainer: Momentum grows for Victoria to deliver a wellbeing budget*, Pro Bono Australia.

22 VicHealth, 2021, *Integrating Wellbeing into the Business of Government*, <https://www.vichealth.vic.gov.au/media-and-resources/publications/integrating-wellbeing-into-the-business-of-government>

23 For example, the Commonwealth Bank has developed an innovative 'benefits finder' tool that allows people to search for the large range of benefits, rebates and concessions they may be eligible for in multiple sectors across Australia. <https://www.commbank.com.au/digital-banking/benefits-finder.html>

24 Subramaniam N, Mori Jr R, Akbar S, Ji H, Situ H, 2020, *SDG measurement and disclosure 2.0: A study of ASX150 companies*, on behalf of RMIT University and United Nations Association of Australia..



## Benefits of a wellbeing approach for policymakers

The use of a wellbeing approach in policymaking can bring the following significant benefits:

- A more complete picture of people's life circumstances and the outcomes that matter to them.
- The capacity to make sense of complexity by bringing information from across multiple systems or sectors into one place.
- An ability to identify experiences, areas of need and drivers of vulnerability to target policy interventions accordingly.
- Greater alignment and coordination of policy goals and development across government through a shared analytical framework.
- Opportunities for strong and influential leadership by setting aspirational but achievable goals and priorities.<sup>25</sup>

A wellbeing approach does not mean giving up traditional economic measures, these remain an integral part of wellbeing frameworks around the world. Policies such as the Scottish National Performance Framework and the OECD Better Life Index draw on typical economic and standard of living measures and complement these with measures of subjective life satisfaction, mental wellbeing and community wellbeing. The Resolution Foundation, a progressive UK think tank, suggests *subjective* wellbeing data in particular (such as people's self-assessed quality of life and life satisfaction) is best used as an adjunct to economic measures of income and wealth, jobs and housing security, which continue to deliver robust insights into people's standard of living.<sup>26</sup>



<sup>25</sup> Wallace J, White J, Davidson S, 2020, *Building back for the better: A perspective from Carnegie UK Trust* <https://www.carnegieuktrust.org.uk/publications/building-back-for-the-better-a-perspective-from-cukt/> ; Stiglitz J E, Fitoussi J-P, Durand M, 2018, *Beyond GDP: Measuring what counts for economic and social performance*, OECD Publishing, 104-106.  
<sup>26</sup> Bangham G, 2019, *Happy now? Lessons for economic policymakers from a focus on subjective wellbeing*, Resolution Foundation.

# The limitations of current consumer insights to guide market governance

The collection and reporting of data and insights into consumer wellbeing and welfare are fundamental to effective policy development, delivery and evaluation. As an example, CPRC's *Consumers and COVID-19* survey highlighted the value of tracking consumer outcomes, comparatively and regularly across multiple sectors. This should include how service providers are responding to and ameliorating the barriers and factors that create vulnerability, helping to build consumer wellbeing and resilience, and filling data gaps in relation to consumer needs and experiences. This chapter describes the limitations posed by current measures used by regulators and policy makers to understand and report consumer experiences.

## Current approaches to collecting and reporting consumer insights

Major current measures of consumer wellbeing dimensions, both within Australia and comparable international jurisdictions, cluster around three key topics:

- Cost of living, household spending,<sup>27</sup> and product/service affordability and inclusion.<sup>28</sup>
- Consumer experiences of specific markets/sectors and sentiment towards service providers.<sup>29</sup>
- Consumer problems, protections and dispute resolution.<sup>30</sup>

The overview is non-exhaustive, and we will continue to identify other measures of consumer wellbeing as we progress this work. We have focused on recurring surveys and indices rather than one-off analysis of consumer wellbeing issues, including analysis that uses datasets listed below (e.g. ABS or Household, Income and Labour Dynamics in Australia (HILDA) data).

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27 Australian Bureau of Statistics, 2021, *Selected Living Cost Indexes, Australia*, <https://www.abs.gov.au/statistics/economy/price-indexes-and-inflation/selected-living-cost-indexes-australia/latest-release>; Australian Bureau of Statistics, 2017, *Household Expenditure Survey, Australia*, <https://www.abs.gov.au/statistics/economy/finance/household-expenditure-survey-australia-summary-results/latest-release>; Wilkins R, Lass I, 2019, *The Household, Income and Labour Dynamics in Australia Survey: Selected Findings from Waves 1 to 17*, Melbourne Institute: Applied Economic & Social Research, University of Melbourne, 2019.

28 CHOICE, *Consumer Pulse*, <https://www.choice.com.au/money/budget/consumer-pulse>; Australian Energy Regulator, 2019, *Affordability in retail energy markets*, Commonwealth of Australia, <https://www.aer.gov.au/retail-markets/performance-reporting/affordability-in-retail-energy-markets-september-2019>; Thomas J, Barraket J, Parkinson S, Wilson C, Holcombe-James I, Kennedy J, Mannell K, Brydon A, 2021, *Australian Digital Inclusion Index: 2021*. Melbourne: RMIT, Swinburne University of Technology, and Telstra.

29 Energy Consumers Australia, 2020, *Energy Consumer Sentiment Survey*; ACMA, *Trends in online behaviour and technology usage*, Quantitative Research.

30 Treasury, 2016, *Australian Consumer Survey 2016*, on behalf of Consumer Affairs Australia and New Zealand, *Australian Consumer Survey 2016*, Commonwealth of Australia, 2016; Australian Financial Complaints Authority, 2021 *AFCA Datacube*, <https://data.afca.org.au/complaints-by-product>

We also identify some overlap between wellbeing approaches and financial wellbeing, though the two concepts are distinct. Australia has a range of financial wellbeing frameworks, indices and surveys, including the Centre for Social Impact/NAB survey of financial resilience, the Commonwealth Bank of Australia/Melbourne Institute measure of financial wellbeing, and the ANZ/Roy Morgan financial wellbeing indicator.

While there is no settled definition of financial wellbeing or how it should be measured, most definitions *‘tend to highlight a sense of control, having adequate resources and know-how, and the capacity to make choices and absorb financial shocks now and in the future, while recognising that external factors also have an impact on financial wellbeing’*.<sup>31</sup> In this vein, the Centre for Social Impact notes that financial wellbeing is often tracked through three broad measures: keeping up with day-to-day expenses, meeting future expenses, and being able to cope with unexpected financial events.<sup>32</sup> The Centre for Social Impact also outline the individual (micro), organisational (meso), and societal (macro)-level factors in that contribute to financial hardship and vulnerability, or poor financial wellbeing in recent analysis.<sup>33</sup> The Brotherhood of St Laurence also cautions against an understanding of financial wellbeing that is primarily centred on individual behaviour, and argues for equal attention to the wider structural factors, like job security, that enable or constrain financial wellbeing.<sup>34</sup>

There are commercial and private industry surveys, such as consumer sentiment surveys published by banks such as NAB,<sup>35</sup> and Westpac,<sup>36</sup> the ANZ Roy Morgan consumer confidence survey,<sup>37</sup> and the Edelman Trust Barometer,<sup>38</sup> which provide useful insights into consumer sentiment or behaviour.

However, access to private surveys can be limited, with the full results rarely being released and often little published about the methodology, and these surveys tend to be formulated from the perspective of service providers rather than consumers.

Many of the current measures provide vital insights on consumer needs and experiences and are fundamental to our understanding of Australian consumer issues. However, they have the following limitations in measuring consumer wellbeing:

- Cross-sector comparisons are lacking, some individual surveys provide detailed insights into affordability or consumer experiences within one sector, or one dimension of consumer wellbeing across sectors (cost of living/household expenses being a standout example), but Australia lacks a multi-dimensional, cross-sector measure of consumer wellbeing or how vulnerabilities overlap sectors.
- Many existing surveys focus on consumer complaints and disputes; there is less visibility over the extent to which service providers are proactively assisting consumers, avoiding, or addressing the drivers that create vulnerability through good product and service offerings, or providing early intervention in payment difficulty.

31 Bowman D, Banks M, Fela G, Russell R and de Silva A, 2017, *Understanding financial wellbeing in times of insecurity*, Brotherhood of St Laurence.

32 Brown J, Carey G, Noone J, 2020, *Financial wellbeing and COVID-19: CSI response*, July 2020

33 Brown JT, Noone J, 2021, *Amplify Insights: Financial Wellbeing*, Centre for Social Impact, UNSW Sydney.

34 Bowman D, Banks M, Fela G, Russell R and de Silva A, 2017, *Understanding financial wellbeing in times of insecurity*, Brotherhood of St Laurence.

35 NAB Behavioural and Industry Economics, 2021, *NAB Consumer Sentiment Survey q1'21 Insights into consumer stress, attitudes, Spending patterns & behaviours* <https://business.nab.com.au/wp-content/uploads/2021/05/NAB-Consumer-Sentiment-Survey-Q1-2021.pdf>

36 Westpac, 2021, *Australian Economic Reports*, <https://www.westpac.com.au/about-westpac/media/reports/australian-economic-reports/>

37 Roy Morgan, 2021, *ANZ-Roy Morgan Australian CC - Weekly Results*, <http://www.roymorgan.com/morganpoll/consumer-confidence/consumer-confidence>

38 Edelman, 2021, *Trust Barometer 2021 Australia*, <https://www.edelman.com.au/trust-barometer-2021-australia>

- Some of the measures that have developed since essential services deregulation (e.g. in energy) tend to focus on consumer engagement in complex markets, rather than consumer outcomes.
- While there are some sector-specific measures of inclusion (e.g. Digital Inclusion Index), we lack regular measures across sectors, despite customer ‘segmentation’ being a major tool of competition and having profound implications for excluded consumers.
- While there are various measures of housing costs and affordability, Australia lacks a regular measure of consumer experiences with housing service providers (landlords, property managers, and mortgage providers). Housing is often treated separately to other sectors (e.g. utilities and financial services), making it more difficult to draw comparisons in relation to consumer protections and supports.
- Existing measures do not yet appear to explore consumer sustainability issues on a regular basis.
- They adopt a relatively narrow concept of product/service safety that is focused on physical safety, rather than other dimensions such as safety from mental and economic harm.
- Surveys are conducted infrequently, for example, the Australian Consumer Survey has only been run twice since 2010-11, making it difficult to identify emerging consumer needs and vulnerability issues, the effects of policy and practice changes (both positive and negative), and areas for reform.

## Opportunities to better collect and use data in the consumer and public interest

Much has been made of the benefits of greater data use in developing policy and reforms. These benefits have been touted by a broad church of stakeholders. The Productivity Commission review into data availability and use underscored the need for greater sharing and release of public sector data where this is in the public interest and benefits Australians. This must be underpinned by a strong framework of consumer rights, safeguards, transparency and risk management.<sup>39</sup> The Victorian Government is implementing open data access throughout the Victorian public service and has begun to publish government datasets which are available to the public.<sup>40</sup>

Globally, open data movements advocate for free, open access to data that is produced using public resources. Groups such as the Open Data Institute and Carnegie UK Trust have reinforced the importance of ensuring that policy design is informed by the experiences of the people that it is intended to impact, by promoting ‘public benefit’ data sharing that is purposeful, proportionate and responsible.<sup>41</sup> The UK has developed a National Data Strategy,<sup>42</sup> which aims to:

*‘...set the correct conditions to make data usable, accessible and available across the economy, while protecting people’s data rights and private enterprises ‘intellectual property’ and also notes the ‘massive untapped potential in the way government and public services use and share data to help and protect people.’*

<sup>39</sup> Productivity Commission, 2017, *Data Availability and Use*, Productivity Commission Inquiry Report, No. 82.

<sup>40</sup> Victorian Government, 2021, *Data sharing and open data* <https://www.vic.gov.au/data-sharing-open-data>.

<sup>41</sup> Scott K., 2018, *Data for public benefit: Balancing the risks and benefits of data sharing*, Carnegie UK Trust

<sup>42</sup> GOV.UK, 2019, *National Data Strategy*, Policy Paper, <https://www.gov.uk/government/publications/uk-national-data-strategy/national-data-strategy>



In Australia, progress has been more limited. The Data Availability and Transparency Bill,<sup>43</sup> currently before the Senate, aims to improve the way governments share and use data, with Minister Stuart Robert commenting that *'Data improves service delivery by removing unnecessary friction and pain points. Data is critical to deliver public services that meet the expectations of Australians and equally essential for building a stronger, more prosperous country'*<sup>44</sup>.

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Extraordinary volumes of data are now being collected around the world to fuel our insatiable quests for knowledge, innovation and growth,<sup>45</sup> but there is a growing sense that this data is not necessarily being used to improve our lives.

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Most of the focus of data policy development has been centred on improvements to public services, improving capabilities, or in ways to facilitate sharing to promote economic growth. Less progress has been made in how data could be used to make markets work more effectively and produce better outcomes for the people they were meant to serve. While some technological shifts have resulted in significant benefits to consumers, they have also placed greater demands on policymakers and consumers themselves to keep pace with the evolution of the modern marketplace. Our ability to comprehend and make sense of the changes to economy and society driven by technological advancement is itself constrained by our ability to turn data into meaningful insights.

A greater focus on consistent, reliable and trustworthy measures of how consumers are faring in their experiences, wellbeing and welfare can offer some form of remedy. In this way, we can pay greater attention to outcomes that are being experienced in the community on a more regular basis with the rapid advancement of systems, processes and technology. The value of data in improving transparency, accountability, choice and competition in consumer markets has long been documented yet rarely implemented effectively.<sup>46</sup>

A modern evidence base to inform market governance must adequately reflect the lived experiences of consumers rather than the assumed experiences of the economic theory of yesteryear.

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43 *Data Availability and Transparency Bill 2020* Available here: <https://www.legislation.gov.au/Details/C2020B00199>

44 Australian Government, 2020, *Data Availability and Transparency Bill 2020*, Exposure Draft Consultation Paper, September 2020 [https://www.datacommissioner.gov.au/sites/default/files/2020-09/DAT%20Bill%202020%20exposure%20draft%20Consultation%20Paper%20Final\\_0.pdf](https://www.datacommissioner.gov.au/sites/default/files/2020-09/DAT%20Bill%202020%20exposure%20draft%20Consultation%20Paper%20Final_0.pdf)

45 World Economic Forum, 2019, *Why big data keeps getting bigger*, <https://www.weforum.org/agenda/2019/07/why-big-data-keeps-getting-bigger> ; Lovell J, 2018, *Big data: A big energy challenge?*, Australian Energy Council, <https://www.energycouncil.com.au/analysis/big-data-a-big-energy-challenge/> .

46 Martin Hobbs B, 2018 *"But are they any good?": The value of service quality information in complex markets*, Consumer Policy Research Centre.





# Defining and understanding consumer wellbeing

The wellbeing approach is still being defined as governments and organisations begin to adopt these concepts in policy and budget design. The concept of ‘consumer wellbeing’ has also been evolving for several decades, though quite separately to the broader wellbeing movement in public policy. Original understandings of consumer wellbeing have an economic orientation – relating to consumer welfare. From this perspective, consumer wellbeing involves people’s satisfaction of their needs from the consumption of goods and services – the idea being that as more (or more responsive) products and services are purchased by consumers that meet their preferences, individual needs are better satisfied, economic activity is improved, and overall consumer wellbeing is enhanced.

The Wellbeing Economy Alliance cites three key dimensions to wellbeing:

- Personal wellbeing – centred on life satisfaction and good quality of life.
- Community wellbeing – what we need to live well locally including social capital and a quality local environment.
- Societal wellbeing – which considers inequalities between people and places and responsibilities to future generations and the environment.<sup>47</sup>

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*The OECD has defined a wellbeing approach as the ‘capacity to create a virtuous circle in which citizens’ well-being drives economic prosperity, stability and resilience, and vice-versa, that those good macroeconomic outcomes allow [us] to sustain well-being investments over time’. It specifically highlights the need for putting people at the centre of policy and moving away from an attitude of “grow first, redistribute and clean up later”, towards a growth model that is equitable and sustainable from the outset.*<sup>48</sup>

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We may see this definition change, however, for the purposes of this paper, this one from the OECD is a good working definition.

## The evolution of wellbeing and consumer policy

The consumer rights or principles, pushed for by President John F. Kennedy in 1962 and subsequently enhanced and embraced by our fellow consumer advocates around the world also offer a solid foundation from which to explore this broader lens of consumer wellbeing.<sup>49</sup> The UN Consumer Principles, developed in the 1980s and updated in 2015, comprise 11 major principles<sup>50</sup> for consumer protection and needs:

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<sup>47</sup> Wellbeing Economy Alliance, 2020, *Understanding Wellbeing*, WEAll Briefing Papers.

<sup>48</sup> Gurría A, OECD Secretary-General, 2019, *The Economy of Well-Being speech at Inclusive Growth and Well-Being Symposium*  
<sup>49</sup> Papers of John F. Kennedy, 1962, *Special message to Congress on protecting consumer interest*, Presidential Papers.  
President’s Office Files. Speech Files.

<sup>50</sup> United Nations Conference on Trade and Development, 2015, *United Nations Guidelines on Consumer Protection General Assembly Resolution 70/186 on Consumer protection*, Adopted on 22 December 2015 (unctad.org) ; *Consumers International*, 2016, *Consumer protection: Why it matters to you – A practical guide to the United Nations Guidelines for Consumer Protection*, <https://www.consumersinternational.org/media/2049/un-consumer-protection-guidelines-english.pdf>



1. Access by consumers to essential goods and services
2. The protection of consumers experiencing vulnerability
3. The protection of consumers from hazards to their health and safety
4. The promotion and protection of the economic interests of consumers
5. Access by consumers to adequate information to enable them to make informed choices according to individual wishes and needs
6. Consumer education, including education on the environmental, social and economic consequences of consumer choice
7. Availability of effective consumer dispute resolution and redress
8. Freedom to form consumer and other relevant groups or organizations and the opportunity of such organisations to present their views in decision-making processes affecting them
9. The promotion of sustainable consumption patterns
10. A level of protection for consumers using electronic commerce that is not less than that afforded in other forms of commerce
11. The protection of consumer privacy and the global free flow of information.

The word 'wellbeing' does not appear anywhere in these 11 principles, nor even in the much longer resolution on consumer protection adopted by the UN General Assembly in December 2015. But many of the themes are highly relevant to a consideration of what consumer wellbeing might mean in Australia today and in the future. Principles such as access, informed choice, safety and effective redress have long underpinned consumer policy. The consumer principles have also evolved to also accommodate increasingly nuanced analyses of vulnerability, the use and abuse of consumer data, the application and adaptation of consumer protection approaches to eCommerce, and the evolution and broadening of what sustainability means in a consumer context.

The consumer principles offer a useful starting point, however they do not provide us with the insights or guidance for how we might go about defining and measuring these outcomes – which in turn can provide policymakers with critical information about the effectiveness of protection frameworks and the principles themselves.

Alternate approaches to exploring consumer wellbeing look at the evolution of various models through time. These include the following:

- A **cost of living model**, which captures changes in the prices of goods and services on a national basis – these changes affect wellbeing at an individual level if inflated prices make essential and important goods and services less affordable.
- A **consumption equity model**, which measures equities/inequities in the consumption of basic goods and services among different population groups and countries. This model recognises that consumption is not evenly distributed, and that wellbeing may require increases or decreases in consumption by different population groups. This is important to remember when considering sustainable consumer consumption – for example, while an affluent household may need to decrease their energy consumption for individual and environmental benefit, another household may need to increase their consumption to meet basic health and living needs.
- A **consumer complaints model**, which identifies problems relating to the goods and services supplied by individual firms or entire sectors, and the exercise and enforcement of consumer rights when problems arise.

- A **quality model**, which regards the supply of high-quality goods and services as major factors in consumer wellbeing – this can capture a range of quality dimensions such as product reliability, safety and durability, and the quality of customer service.
- A **possession satisfaction model**, which considers the link between satisfaction and emotional involvement with material possessions and overall life satisfaction.
- A **product lifecycle model**, which looks at ‘maintenance satisfaction’ (e.g. repair rights and services) and ‘disposal satisfaction’, including the ease and convenience of product disposal and the environmental sustainability of disposal – this model of consumer wellbeing is attracting much greater attention with the growth of the sustainable consumption and circular economy movements, and the accompanying need for clear, consistent consumer information about product sustainability, and regulation to preclude unsustainable products from markets.<sup>51</sup>
- A **‘need satisfaction’ model**, which considers the extent to which products and services meet human development needs relating to health, safety, economic security, family and social connections, and so on.<sup>52</sup>

The related but distinct concepts of ‘consumer welfare’ and ‘consumer surplus’ also have a key place in competition theory and welfare economics. The OECD defines consumer welfare as *‘the individual benefits derived from the consumption of goods and services’*. Consumer surplus is often used as a proxy to measuring consumer welfare. The OECD defines consumers’ surplus as *‘the excess of social valuation of product over the price actually paid’*<sup>53</sup> – that is, the difference between what consumers are willing and able to pay and what they actually pay.

Consumer choice and sovereignty are central to the consumer welfare model – the idea being that wellbeing is attained when firms compete to provide active, engaged consumers with a large range of products and services that respond to consumer needs at competitive prices, and firms in turn boost their productivity and profitability for the wider economy’s benefit.<sup>54</sup> Australia’s competition policy reforms in the 1980s and 1990s were directed towards this pursuit of competition as the primary focus rather than consumer wellbeing.<sup>55</sup> At the same time, other fields of economics were emerging that recognised the inadequacy of traditional economics to account for a range of human and environmental factors, such as the true behaviour of people in markets (behavioural economics) and the interactions between natural and economic systems (resource and environmental economics).

Through time, understanding of consumer wellbeing has expanded to capture a wider range of consumer, community and societal interests. One definition takes consumer wellbeing to be *‘a state in which consumers’ experiences with goods and services – experiences related to acquisition, preparations, consumption, ownership, maintenance and disposal of specific categories of goods and services in the context of their local environment – are judged to be beneficial to*

51 Wijayasundara M, 2020, *Opportunities for a circular economy post COVID-19*, World Economic Forum, <https://www.weforum.org/platforms/covid-action-platform/articles/opportunities-circular-economy-post-covid-19> ; The European Consumer Organisation, n.d. ‘Sustainability’, <https://www.beuc.eu/sustainability> .

52 Sirgy M J, Lee D-J, Rahtz D, 2007, *Research on Consumer Well-being (CWB): Overview of the field and introduction to the special issue* Journal of Macromarketing 27 (4), 341.

53 OECD, 2002, *Glossary of statistical terms: Consumer Welfare* <https://stats.oecd.org/glossary/detail.asp?ID=3176>

54 Sirgy M J, Lee D-J, Rahtz D, 2007, *Research on Consumer Well-being (CWB): Overview of the field and introduction to the special issue* Journal of Macromarketing 27(4), 341.

55 Martin Hobbs B and O'Neill E, 2020, *The experiences of older consumers: Towards markets that work for people*, Consumer Policy Research Centre, 14-15.

*both consumers and society.*<sup>56</sup> However, this definition still leans towards a transactional and micro-level view of consumer wellbeing.

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Taking a macro-level orientation, consumer wellbeing is a component of quality of life at an individual level, and at a societal level in terms of sustainability and social responsibility.<sup>57</sup>

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As the concept of consumer wellbeing has evolved, so too has our understanding of the real-world operation of markets. It is now clear that the narrow economic vision of consumer outcomes – informed consumer choice and active engagement in markets – are difficult to achieve in practice, as shown by recent failings in energy and financial services markets. Strategic behaviours enacted by firms to undermine and complicate consumer choice, through barriers to consumer engagement such as low literacy, a lack of culturally inclusive services, and digital exclusion, are commonplace. CPRC's 2020 report '*Towards Markets that Work for People*' examines these issues in detail.<sup>58</sup>

This is an evolving space with new models and approaches being developed such as the work of RMIT University's Consumer Wellbeing Research Group.<sup>59</sup> This group looks at the interaction of consumer and wider human needs, by researching consumption behaviours and influences that facilitate or inhibit the health, wellbeing and quality of life for consumers. RMIT's research is often conducted from a social marketing perspective and considers issues such as financial wellbeing, influences on and the effects of gambling, and social media and marketing strategies. The interaction of consumer needs with health, safety and economic security is also a focus of research and policy reforms to provide supportive and accessible services for people experiencing family violence or mental health issues, and to have energy and housing treated as critical dimensions of physical health and wellbeing.<sup>60</sup>

While a range of principles and models point towards the sorts of things that enhance the wellbeing of consumers, none yet provide adequate insight into how we could better measure these experiences and outcomes across regulated markets in a more consistent manner. This valuable data can then provide policymakers with critical information about the performance of regulatory frameworks, as well as a deeper understanding of what measures are effective at improving outcomes for consumers.

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56 Sirgy M J and Lee D-J, 'Macro measures of consumer well-being (CWB): A critical analysis and research agenda' (2006) 26(1) *Journal of Macromarketing* 27, 43; see further Michalos A (ed), *Encyclopedia of Quality of Life and Well-being Research* (2014), <https://doi.org/10.1007/978-94-007-0753-5>

57 Pancer E and Handelman J, 2012, *The evolution of consumer well-being*, *Journal of Historical Research in Marketing*, 4(1), 177.

58 Martin Hobbs B and O'Neill E, 2020, *The experiences of older consumers: Towards markets that work for people*, Consumer Policy Research Centre, Australian Securities and Investments Commission, 2019, *Disclosure: Why it shouldn't be the default*.

59 Consumer Wellbeing Research Group, 2021, *Consumer Wellbeing Research Group*, <https://www.rmit.edu.au/about/schools-colleges/economics-finance-and-marketing/research/research-groups/consumer-wellbeing-research-group>

60 Essential Services Commission, 2018, *Family violence resources review*, <https://www.esc.vic.gov.au/electricity-and-gas/electricity-and-gas-inquiries-studies-and-reviews/family-violence-resources-review-2018>; Evans K, n.d, '*Setting the Standards: Minimum standards and best practice*', Money and Mental Health Policy Institute, <https://www.moneyandmentalhealth.org/setting-the-standards-minimum-standards-and-best-practice/>; Thomson H, et al, 2017, *Health, wellbeing and energy poverty in Europe: A comparative study of 32 European countries* *International Journal of Environmental Research and Public Health* 14(6) 584; Healthy Housing, 2021, Healthy Housing, NHMRC Centre of Research Excellence, <https://www.healthyhousing-cre.org/>.







# Applying wellbeing concepts to consumer policy

Knowing what we do now about the evolution of the concept of ‘consumer wellbeing’, current gaps in approaches to its measurement, and the broader wellbeing movement in public policymaking, what could a Consumer Index look like? How can it reflect what consumers need for economic and social recovery? Following the consumer exploitation scandals and market inquiries of recent years, the lessons we have learnt about what works for consumers (and what does not), and the ongoing impact of COVID-19, we have never been better placed to reimagine consumer wellbeing and the critical ingredients for building resilience in economic recovery.

Regulators are starting the journey reconsidering regulatory approaches, with vulnerability strategies being developed by the Australian Energy Regulator, the Victorian Essential Services Commission, and the Australian Communications and Media Authority (ACMA). For the Australian Securities and Investments Commission (ASIC), protecting consumers from harm at a time of heightened vulnerability is one of its five strategic priorities. ACMA has noted the need for stronger consumer protections in telecommunications.<sup>61</sup> At the same time, some vital consumer protections are under threat, with responsible lending requirements slated for removal by government. The coming years will make or break consumer wellbeing in Australia. It is time for a new measurement tool that inspires, guides and meets the task ahead – one that measures what matters to consumers.

## A proposed framework for measuring consumer wellbeing

In considering the potential dimensions of applying wellbeing to consumer policy, we have reflected on emerging approaches internationally, gaps in the evidence base in Australia, and our research activities over the past four years that have provided us with insights into some of the diverse expectations and experiences of Australian consumers.

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**Our purpose as an organisation is to reimagine markets and to create a fair, safe and inclusive future for all Australian consumers. This means our first and primary responsibility is to the wellbeing of Australians within markets and to influence the policies and practices that can improve their lives, experiences and welfare.**

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This complements the work of other movements with similar, but importantly differentiated, objectives relating to citizenship, human rights, and social or economic justice.

We expect this project to evolve over time as we build a stronger collective understanding of consumer wellbeing in Australia. A community of change that brings together local and international insights, expertise in data collection and use in the public interest, applied knowledge of public policy frameworks, and organisations most familiar with consumer needs and experiences – including consumers themselves – will be essential to building a robust and meaningful evidence base.

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<sup>61</sup> Essential Services Commission, 2021, Regulating with consumer vulnerability in mind <https://www.esc.vic.gov.au/about-us/how-we-regulate/regulating-consumer-vulnerability-mind>; ASIC, 2021, Strategic priorities, <https://asic.gov.au/about-asic/what-we-do/our-role/strategic-priorities/>; ACMA, 2020, ACMA backs telco consumer regulatory reform <https://www.acma.gov.au/articles/2020-10/acma-backs-telco-consumer-regulatory-reform>.

Based on our research directly with consumers and our evaluation of emergent approaches to better measuring outcomes in markets, in Figure 1 we explore four potential dimensions of wellbeing in essential service markets:

- **Fairness and respect** – consistent with the UN consumer principles of protection of economic interests, redress, representation, e-commerce rights, and privacy.
- **Equity, access and inclusion** – consistent with the UN consumer principles of access and inclusivity.
- **Safety and sustainability** – consistent with the UN consumer principles of safety, sustainability, and education.
- **Agency, choice and transparency** – consistent with the UN consumer principles of protection of economic interests, information, and education.

## A wellbeing approach to measuring consumer outcomes in essential markets



### Fairness and respect

Service providers act fairly and in the consumer interest

Support is available to help consumers recover from payment difficulty and challenging life events

Consumer rights are understood, and exercised. Market stewards hold businesses to account

Human rights are respected in all marketplaces



### Equity, access and inclusion

Basic services needed for everyday living are affordable

Access to basic services is equitable

Inclusive service design benefits everyone

Consumers are heard, understood and satisfied when engaging with service providers



### Safety and sustainability

Business conduct does not cause consumers physical, mental, economic or environmental harm

Safe and sustainable products and services are broadly available



### Agency, choice & transparency

Pricing and quality measures are easy to understand


Products and services that meet consumer needs and preferences are easy to compare and acquire

Consumers can exercise agency in competitive markets

The tables below outlines some of the examples of the sorts of experiences and outcomes that could be more regularly measured and reported to build greater insight into the performance of businesses and markets and their impact on Australian consumers.

**Table 1:**

## **Fairness and Respect – Potential indicators**

Fairness and respect	Potential Indicators 
We have service providers that act fairly and in our interests	<ul style="list-style-type: none"> <li>• Consumer experience of               <ul style="list-style-type: none"> <li>◦ unfair practices, products or services</li> <li>◦ actions that work against consumer interests, e.g. offers/sales of high-cost products, pressured sales, upselling</li> <li>◦ positive actions that promote consumer interests, e.g. receiving price reductions, proactive offers of more affordable or suitable products, or proactive information on managing costs</li> </ul> </li> <li>• Consumer confidence and trust in service providers to act fairly and in consumer interests</li> </ul>
We are helped to recover from payment difficulty and cope with common life events	<ul style="list-style-type: none"> <li>• Behaviour of service provider when consumers experience vulnerability such as financial, physical, mental health, family violence or elder abuse.</li> <li>• Awareness of / access to / experience of: payment difficulty or hardship support and affordable payment arrangements</li> <li>• Awareness of / access to / experience of: family violence, elder abuse or other support offered by business.</li> </ul>
We know and can assert our consumer rights and market stewards hold businesses to account	<ul style="list-style-type: none"> <li>• Awareness and understanding of rights, protections and dispute resolution services</li> <li>• Access to and outcomes of dispute resolution</li> <li>• Confidence in regulators and government to impose regulations in consumers' interests, monitor business conduct and take enforcement action</li> </ul>
Our human rights are respected in marketplaces	<ul style="list-style-type: none"> <li>• Experience of discrimination</li> <li>• Experience of breaches of fundamental human rights</li> <li>• Access to inclusive service design (see below)</li> <li>• Compliance with standards to protect workers</li> </ul>




**Table 2:**

**Equity, Access and Inclusion – Potential indicators**

Equity, access and inclusion	Potential Indicators 
We can afford the basic services needed for everyday living	<ul style="list-style-type: none"> <li>• Costs/prices as share of household income</li> <li>• Payment concerns</li> <li>• Experience of missed or late payments</li> <li>• Use of trade-offs, credit or community assistance to afford payments</li> <li>• Awareness, use and adequacy of government income support, concessions and grants</li> <li>• Reliance on high cost/high interest products, e.g. credit/loans, internet/mobile, energy</li> <li>• Capacity for discretionary spending</li> <li>• Impact of unaffordable products/services on health, education, social connectedness, work or other areas of life</li> </ul>
We have equitable access to basic services	<ul style="list-style-type: none"> <li>• Exclusion from services due to credit history/data profile, history of payment difficulty, geographic location etc.</li> </ul>
We enjoy inclusive service design that benefits everyone	<ul style="list-style-type: none"> <li>• Navigability and readability of websites</li> <li>• Availability and timeliness of preferred communication tools such as text, chat/email, relay services, moderated speed and volume of speech, and written follow-up after phone conversations</li> <li>• Ability to identify and involve supporters at any stage, including sign-up and problem-solving</li> <li>• Access to easy English or easy read information</li> <li>• Availability of non-digital formats, e.g. paper bills and phone payments</li> <li>• Access to information in the person's main language</li> <li>• Interpreter availability</li> </ul>
We are heard, understood and satisfied when engaging with service providers	<ul style="list-style-type: none"> <li>• Availability of easy-to-find contact details</li> <li>• Experience of timely assistance</li> <li>• Experience of being heard and understood</li> <li>• Level of satisfaction with outcome and overall experience</li> </ul>


**Table 3:**

**Safety and sustainability – Potential indicators**

Safety and sustainability	Potential Indicators 
We are safe from business conduct that causes physical, mental, economic or environmental harm	<ul style="list-style-type: none"> <li>• Experience or risks of               <ul style="list-style-type: none"> <li>◦ physical harm, e.g. where a business does not properly respond to family violence risks</li> <li>◦ mental harm, e.g. arising from marketing practices, harassment, debt collection, pressure sales</li> <li>◦ economic harm, e.g. financial loss, impaired credit history, reduced life opportunities</li> <li>◦ environmental harm, e.g. lack of responsibility for lifecycle impact of product/service, use of deliberate obsolescence strategies</li> </ul> </li> </ul>
We enjoy safe and sustainable products and services	<ul style="list-style-type: none"> <li>• Experience or risks of               <ul style="list-style-type: none"> <li>◦ physical harm, e.g. from an unsafe car, toy or house</li> <li>◦ mental harm, e.g. harms arising from credit availability for gambling, or the financial stress caused by unaffordable products</li> <li>◦ economic harm, e.g. arising from no right of repair or unaffordable products</li> <li>◦ environmental harm, e.g. lack of right of repair, lack of information about environmental safety of product/service, lack of affordable environmentally safe options</li> </ul> </li> <li>• Consumer confidence in business and market stewards to exclude unsafe products and services from the market</li> </ul>

**Table 4:**

**Agency, choice and transparency – Potential indicators**

Agency, choice and transparency	Potential Indicators 
Pricing and quality measures are easy to understand	<ul style="list-style-type: none"> <li>• Availability of transparent and trusted information for consumers</li> <li>• Understandability of pricing and quality measures including terms and conditions (eg: could include privacy and data practices)</li> </ul>
Products and services that meet consumer needs and preferences are easy to compare and acquire	<ul style="list-style-type: none"> <li>• Financial and non-financial costs of choice – time spent making choices, consequences of ‘wrong’ choices (e.g. high-cost products)</li> <li>• Ease of searching, comparing and switching</li> <li>• Availability of default/safety-net products</li> </ul>
Consumers can exercise agency in competitive markets	<ul style="list-style-type: none"> <li>• Availability of choice and competitive services across key sectors (including measures of limited choice, e.g. in rural and regional markets)</li> </ul>

These domains and potential indicators are only the start of our journey to explore ways to better measure the outcomes that matter in consumer markets, and to complement traditional economic performance metrics. Further consideration, evaluation and testing of these domains and the proposed indicators, will commence in 2022. This will include selecting the most appropriate quantitative analysis required to bring the index together. To support this work, an expert advisory group will be established and will act in a peer review function to ensure the Index is robust.

# Towards a wellbeing approach and Consumer Index in Australia

There is an opportunity now to grow trust in governments, market stewards and private sector service providers, and to work towards a genuine, inclusive recovery for all Australians. This is an optimal moment to define the future state we want to see, and to track progress towards this state through a modern evidence base that reflects the true expectations and experiences of Australians.

We suggest that wellbeing approaches have a lot to offer market stewards and can provide the essential basis for tackling this complex challenge. This paper aims to stimulate a debate on how we might adopt a more meaningful, accurate and holistic approach to measuring outcomes in markets. CPRC now aims to continue this discussion, developing and implementing a model for periodic assessment and reporting on the progress made in maximising wellbeing in consumer markets across Australia.

A Consumer Index taking a wellbeing approach to better govern essential markets could be a first for Australia. This offers considerable benefits for government decision-makers, policymakers, regulators and service providers alike, as well as for consumers.

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We know that services, products and systems are more effective when they are designed with and for the people they are meant to serve. Market stewards also make better decisions when they understand the experiences and needs of Australian consumers, especially when this insight goes beyond the narrow framing of an individual market and takes a 'whole consumer' approach.

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Economic and societal outcomes improve when decision-makers appreciate and take into account the reality that consumers are not all the same but instead have diverse experiences and live in quite different situations. Adopting an inclusive approach to engagement broadly across the community is also central to designing a fairer, more resilient and sustainable policy frameworks.

We see the process of defining and measuring consumer outcomes, and the creation of a Index as an iterative, highly engaged process. Our work will have at its heart both qualitative and quantitative research, and we will draw on the insights of a senior-level advisory group. We want to learn from the experience of others who have already thought deeply about wellbeing in a wider context and in some cases developed indices, and we welcome feedback at any point from government, businesses, policymakers, consumer advocates and anyone else with an interest in this exciting, ground-breaking project.

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To find out more or flag your interest in this initiative, please email [consumerwellbeing@cprc.org.au](mailto:consumerwellbeing@cprc.org.au). We hope you join us on this journey.

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