THE FAIR GO-GOING, GONE:
THE DECLINE OF THE AUSTRALIAN WAY OF LIFE, 2000 TO 2020

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Executive summary

Key findings

- The quality of the Australian way of life is collapsing.
- The Australian Way of Life Scoreboard, which measures the quality of the Australian way of life, has declined by 28.5% since 2000.
- 23 of 25 measures relevant to the Australian way of life have declined since 2000.
- This decline can be found across every area of Australian life, spanning home, work, enterprise, governance, and lifestyle.

This report demonstrates that the quality of the Australian way of life is worse than it was 20 years ago. Across a wide range of measures, each tracking a good that is essential to the Australian way of life as traditionally understood, Australia is today performing worse than in 2000.

The Australian Way of Life Scoreboard is an index of 25 measures of different aspects of Australia’s culture and economy. These measures provide a reasonable representation of the quality of Australian life as it is really lived. The measures were selected on the basis of capturing an important feature of Australian life and on data availability. 23 of the 25 measures selected have declined across the period 2000-2020, which shows that the decline of the quality of the Australian way of life has been felt across all aspects of Australian life.

The Scoreboard provides a comparison of the Australian way of life as lived today and as lived in the recent past. This suggests that Australia can correct its current unfortunate course by reflecting on the values, customs, and institutions that made our country great in the first place. To improve the Australian way of life, we need to rediscover what the Australian way of life really means.
Introduction

Ever since the Gold Rush of the 1850s, Australia has been an extraordinarily prosperous and peaceful country and the home of a flourishing way of life. In broad terms, the Australian way of life is a set of values, customs, and institutions, not necessarily unique to Australia but existing here with unique character and in unique combination. Values like individualism, family, community, and industry, expressed in customs like tolerance, loyalty, patriotism, and competition, and established in institutions like our traditional liberties, equality before an impartial law, our democracy, and in our enterprise economy, all lived here, in this place, our home, together – this is the Australian way of life.

As such, the Australian way of life is too complex to be reduced exactly to a set of numbers. But when we consider the Australian way of life as it is really lived by Australians, it is possible to conceive of a collection of certain economic and cultural goods that Australians would traditionally expect to see realised in their own lives. In this report, that is what we have done.

The Australian Way of Life Scoreboard is an index of 25 measures of various aspects of our culture and economy. The measures have been selected because they each give an indication of the prevalence in Australia of an important good – that is, something beneficial to individual humans. The point here is not that these are the only conceivable measures of these goods, nor is it that our index provides an exhaustive list of the goods that Australians might desire or expect. Instead, the index is a representative sample of measures. Any similar exercise, indeed, any assessment of the Australian way of life at all, would have to include measures like these and account for goods like these. The 25 measures constituting the index come from five areas of Australian life: home, work, enterprise, governance, and lifestyle. These areas are given equal weight, as are the measures. Again, the point here is not to pretend to the exactness of these measures, but to clearly demonstrate a trend that is representative of the Australian way of life as a whole.

The major finding of this report is that conceived this way, the quality of the Australian way of life is in decline. This means that fewer Australians are enjoying goods like owning their own home and business, having full-time work and free time to form families and participate in their communities, and being able to trust government to sensibly manage the country’s affairs. Overall, then, we can say that Australians are not living as well as before. The quality of our way of life is simply not as good as it used to be.

The Australian Way of Life Scoreboard, the average of the 25 measures, has declined by 28.5% since 2000, with more than two thirds of this decline occurring since 2010. This decline has been experienced across all areas of Australian life: home measures are down 39.5%, work measures are down 19.7%, enterprise measures are down 16%, governance measures are down 55.6%, and lifestyle measures are down 11.7%.
Declines have been seen in all but two of the 25 measures chosen.

The main findings of this report are intuitive, and the decline captured by the Scoreboard has been sensed by Australians. For example, over the course of the past 20 years, and especially in the years since the Global Financial Crisis of 2008-9, Australian politics has become significantly more fractious, with the major parties frequently changing leaders and with minor party and donkey voting increasing. One powerful explanation for this is that Australians have been seeking representation and remediation of their dissatisfaction with an increasingly dysfunctional status quo. The same sense also likely underlies the sharp turn towards technocracy in Australian governance. As the events of 2020 demonstrate, there is a strong impetus in Australia to defer to experts – both the public and politicians have been willing to defer to the public health bureaucracy, the prescriptions of which have become nearly unimpeachable. Arguably, the rebalancing of power towards unelected experts is a reflexive, systemic response to the decline of the quality of the Australian way of life, which is widely felt but, as yet, little discussed.

More importantly, these superficial indicators of the problems identified by the Scoreboard are also signs of a related phenomenon taking place nearer the foundation of our democracy. To see this, ask why politics and policy have so far proven unable to arrest the slide of the Australian way of life. The most likely answer is also the simplest: that almost nothing our political and policymaking classes have done in the last 20 years, and especially the last 10, has really been aimed at bolstering the Australian way of life as we understand it and as captured by the Scoreboard. No concerted effort has been made to make these goods more attainable for, or more frequently attained by, Australians, much less to consider the way that these goods interact with one another to form a way of life. If, as we claim, the goods we have identified here are essential to any reasonable understanding of the Australian way of life, though without being a comprehensive description of it, and yet politics and policy have not been directed towards them, then it follows that our politicians and policymakers are working to realise a different, and somewhat alien, set of goods. The decline identified by our Scoreboard, to the extent that it is caused by the pursuit of goods not contemplated by the Scoreboard, also reveals a departure from Australian values by the political and policymaking classes.

One caveat here is important: in measuring these goods and connecting their reduced prevalence in our country in politics and policy, we do not say that government can or should arrest the decline of the Australian way of life by itself, or that the results on our measures are entirely the product of government action or inaction. The Scoreboard contemplates what Australians actually do and at what rate, whether it is buying a house or volunteering at a local charity. The reasons for any individual’s actions can be complex, and this complexity is even greater when contemplating the aggregates of individual actions. These reasons are not entirely determined by the policy environment. Yet it would be equally naïve to suppose that individual action is ever entirely independent of such factors. Moreover, the different measures interact with one another, so policy decisions have an impact that ripples across the Scoreboard.
Our analysis includes some discussion of how our measures may interact, and the implications of those interactions for returning to a stronger Australian way of life.

The purpose of this report, then, is to bring to light the decline Australians have experienced in the quality of our way of life, with a view to identifying possible causes and directions for policy development and further research.

In Part 1, we introduce the Scoreboard and our top-level findings, analysing the overall trend and the interactions of the five components of the index – home, work, enterprise, governance, and lifestyle. In Part 2, we analyse those five components separately and consider the interaction of the constituent measures, including why we have selected the measures and the goods they track. In the Appendix, we provide the non-indexed 25 measures, with a description of what each measure shows.
The Australian Way of Life Scoreboard

The Australian way of life comprises, without being entirely constituted by, a wide range of goods that Australians expect to realise in their own lives and expect to see prevalent across society. These goods are material expressions of our values – as a people, we believe that certain institutions, objects, and opportunities are good for us and we try to bring them into being. The quality of our way of life can be considered better or worse based on how prevalent these goods are.

In this part of the paper, we analyse the recent trend of the Australian way of life by introducing an index of 25 different measures, each tracking a good that is reasonably associated with how Australians traditionally have wanted to live. The Australian Way of Life Scoreboard shows the average of these 25 measures and as such represents a reasonable proxy for Australia’s recent fortunes.

We find that understood this way, the quality of the Australian way of life is in steep decline.

1-1 Overview and method

The Australian Way of Life Scoreboard combines 25 measures of different economic and cultural goods, divided into 5 categories: home, work, enterprise, governance, and lifestyle.

Table 1, below, lists the 25 measures, their index scores, and their change against the years 2000 and 2010. In this section, we explain how we compiled the table. Subsequent sections provide the key findings and analysis, as well as noting some limitations of the Scoreboard taken by itself, which are mitigated in Part 2 and the Appendix where we break down the Scoreboard into its constituent measures. Descriptions of the measures and our rationale for selecting them as representative of the Australian way of life can be found in Part 2 and the absolute measures can be found in the Appendix.
Table 1

<table>
<thead>
<tr>
<th>The Australian Way of Life Scoreboard</th>
<th>Index</th>
<th>Since 2000</th>
<th>Since 2010</th>
</tr>
</thead>
<tbody>
<tr>
<td><strong>AWL Scoreboard</strong></td>
<td>71.5</td>
<td>- 28.5</td>
<td>- 20.7</td>
</tr>
<tr>
<td><strong>Home</strong></td>
<td>60.5</td>
<td>- 39.5</td>
<td>- 13.2</td>
</tr>
<tr>
<td>Homeownership</td>
<td>93.8</td>
<td>- 6.2</td>
<td>- 3.7</td>
</tr>
<tr>
<td>Housing affordability</td>
<td>67.8</td>
<td>- 32.2</td>
<td>- 1.1</td>
</tr>
<tr>
<td>Commute time</td>
<td>40.0</td>
<td>- 60.0</td>
<td>- 26.7</td>
</tr>
<tr>
<td>Lot size</td>
<td>65.8</td>
<td>- 34.2</td>
<td>- 16.3</td>
</tr>
<tr>
<td>Household debt</td>
<td>35.3</td>
<td>- 64.7</td>
<td>- 18.3</td>
</tr>
<tr>
<td><strong>Work</strong></td>
<td>80.3</td>
<td>- 19.7</td>
<td>- 11.9</td>
</tr>
<tr>
<td>Underutilisation</td>
<td>61.6</td>
<td>- 38.4</td>
<td>- 39.2</td>
</tr>
<tr>
<td>Prime age men in full-time work</td>
<td>95.4</td>
<td>- 4.6</td>
<td>- 3.8</td>
</tr>
<tr>
<td>Transition into full-time work</td>
<td>86.5</td>
<td>- 13.5</td>
<td>- 9.4</td>
</tr>
<tr>
<td>Youth idleness</td>
<td>78.0</td>
<td>- 22.0</td>
<td>- 18.4</td>
</tr>
<tr>
<td>Jobs to immigration ratio</td>
<td>80.2</td>
<td>- 19.8</td>
<td>+ 11.4</td>
</tr>
<tr>
<td><strong>Enterprise</strong></td>
<td>84.0</td>
<td>- 16.0</td>
<td>- 15.1</td>
</tr>
<tr>
<td>Self-employed, employing</td>
<td>78.3</td>
<td>- 21.7</td>
<td>- 12.3</td>
</tr>
<tr>
<td>Self-employed, non-employing</td>
<td>88.3</td>
<td>- 11.7</td>
<td>- 8.9</td>
</tr>
<tr>
<td>Businesses per 10,000 people</td>
<td>97.7</td>
<td>- 2.3</td>
<td>- 2.9</td>
</tr>
<tr>
<td>Small business employment</td>
<td>89.7</td>
<td>- 10.3</td>
<td>- 13.2</td>
</tr>
<tr>
<td>Vocational training</td>
<td>66.0</td>
<td>- 34.0</td>
<td>- 38.3</td>
</tr>
<tr>
<td><strong>Governance</strong></td>
<td>44.4</td>
<td>- 55.6</td>
<td>- 52.3</td>
</tr>
<tr>
<td>Trust in government</td>
<td>78.1</td>
<td>- 21.9</td>
<td>- 37.5</td>
</tr>
<tr>
<td>Welfare dependence</td>
<td>106.9</td>
<td>+ 6.9</td>
<td>- 9.9</td>
</tr>
<tr>
<td>Government spending</td>
<td>80.6</td>
<td>- 19.4</td>
<td>- 7.8</td>
</tr>
<tr>
<td>Government debt</td>
<td>- 102.6</td>
<td>- 202.6</td>
<td>- 203.5</td>
</tr>
<tr>
<td>Regulation</td>
<td>58.9</td>
<td>- 41.1</td>
<td>- 2.9</td>
</tr>
<tr>
<td><strong>Lifestyle</strong></td>
<td>88.3</td>
<td>- 11.7</td>
<td>- 10.7</td>
</tr>
<tr>
<td>Volunteering</td>
<td>83.7</td>
<td>- 16.3</td>
<td>- 21.5</td>
</tr>
<tr>
<td>Incarceration rate</td>
<td>65.2</td>
<td>- 34.8</td>
<td>- 18.2</td>
</tr>
<tr>
<td>Independence</td>
<td>95.7</td>
<td>- 4.3</td>
<td>- 7.6</td>
</tr>
<tr>
<td>Marriage rate</td>
<td>76.3</td>
<td>- 23.7</td>
<td>- 15.3</td>
</tr>
<tr>
<td>Car ownership</td>
<td>120.6</td>
<td>+ 20.6</td>
<td>+ 8.8</td>
</tr>
</tbody>
</table>
Selection of Measures

Each measure constitutes a normative judgement about what a flourishing life in Australia entails. So, for example, the inclusion of the homeownership rate implies that owning a home is a good and the measure tracks its prevalence in our community. The point here is not that it is impossible to have a flourishing life without these goods, but that having them will be good for most people most of the time, and, more importantly, that a good way of life will generally provide them to the people living it. In concrete terms, our claim is not that everyone should be, for example, self-employed, but that self-employment is good for those who want to pursue it, and therefore that a good society will include the possibility of self-employment.

These specific measures have been selected based on their representativeness and on the availability of data. That is, the measures selected taken together provide a reasonable account of the Australian way of life and, while other measures for these goods are conceivable, we have included those for which reliable data is available over the period we wanted to consider. For example, we have included the incarceration rate as a proxy for the good of community safety because other conceivable measures, like the victimisation rate, are not available across the whole period.

The Scoreboard tracks the period 2000-2020. This period was chosen because of data availability and because 2000 was a symbolic year for Australia, with the Sydney Olympics taking place against a background of optimism about the future of the country. We thought it would be interesting to see what became of that optimism.

Creation of Scoreboard

Each measure has been converted from absolute figures to an index, with 2000 used as the base year and the measure tracking the percentage change from that year. That is, the Scoreboard scores each measure as 100 in 2000, and the index score for 2020 is relative to that base. So, for example, the index score for homeownership in 2020 is 93.8, meaning a 6.2% decline since 2000. The overall Scoreboard is the average of the change for each measure. Similarly, the component indices are the averages of the measures they comprise. The absolute figures are provided in the Appendix, where each measure is explained.

The categories are weighted equally, as are the measures by which they are constituted. We make no claim, for example, that home life is more or less important to the Australian way of life than work or enterprise, or that homeownership is more or less important than self-employment or other measures like the volunteering rate or commute times. Doubtless, some of these goods are more important than others, or at least some reasonable case could be made for that claim, but any attempt to quantify that difference – by weighting the measures – would be arbitrary, and so we do not attempt it. This is consistent with the purpose of the Scoreboard, which is to provide an empirical snapshot capturing the experience of Australians in recent years.
1-2 Findings

In discussing what the Scoreboard tells us, we can say that since each measure tracks a good, the Scoreboard, which is reducible to those measures, tracks the extent to which those goods are present in society. This can be taken as a measure of how well our country is doing in providing these goods to people or how strong our way of life is in relation to these goods – or, to put it another way, what the quality of that way of life is.

Over the past 20 years, the Scoreboard tells us that Australians have seen the quality of our way of life get worse, relative to historic expectations. The bundle of goods that Australians reasonably associate with our country is being diminished.

Table 1 shows that, since 2000, the Scoreboard has declined by 28.5%, with more than two thirds of that decline having occurred since 2010. Figure 1 shows the time series, revealing that the Australian way of life had stagnated in the years leading up to 2009, the tail-end of the Global Financial Crisis (GFC), after which it began a nearly continuous decline.

This line has two particularly striking features:

- The GFC was an inflection point for the Australian Way of Life. Apart from a small increase in 2019, the Scoreboard shows a long decline with little sign of a recovery. The higher quality of the Australian way of life seen before the GFC is an increasingly distant memory. There is, then, a danger that Australians become accustomed to a new, and inferior, normal.
• Even before the GFC, the Australian way of life had stagnated. The Scoreboard suggests that Australia was coasting on earlier successes. This complacency likely played a role in the country’s failure to recover post-GFC.

This picture becomes clearer when we consider, again as shown in Table 1, that this decline is present across all five components of the Scoreboard. This is captured in Figure 2.

**Figure 2: Australian Way of Life Components**

By breaking the Scoreboard down into these five categories, we can start to see some of the main drivers of the overall trend:

• The largest decline has been in the Governance component, which tracks goods like the level of government debt and regulation, along with the level of trust in government. Notably, these measures were improving up until the GFC.

• The longest decline has been in the Home component. This component began declining before the GFC – and it is the only component with a decline preceding that event.

• Only the Work component has shown any significant recovery from the GFC, but what recovery had been achieved was erased by the events of 2020.
1-3 Analysis

The Scoreboard and its five components illustrate a dramatic decline in the quality of the Australian way of life, right across every aspect of the Australian economy and culture.

For example, Figure 2 shows that the most pronounced decline in the Australian way of life has been in the Governance component, which has declined 55.6% since 2000. This accounts for 39% of the decline in the overall Scoreboard (Figure 1). The Governance measures track different aspects of good government, especially as it relates to the economy. As discussed in more detail in Part 2, the Governance component’s steep decline has been driven by a huge increase in government debt, spending, and regulation. The Governance component began to fall with the GFC and the COVID pandemic of 2020 has only sharpened its fall. This affects Australians in a number of ways, such as through higher taxes and compliance costs, and fewer new goods and services in the market. It is no surprise then that the trust in government measure has declined 37.5% since 2010.

The rapid decline seen in the Governance component is especially notable given that it had been improving until the GFC, and throughout that period other economic indicators, captured by Work and Enterprise, also improved. One observation we might make from this is that, while it might be argued that government has increased its debt and spending in order to boost, or perhaps prop up, the Australian way of life, Figure 2 shows that this intention has not been realised in the lives of Australians. All five components have declined along with Governance. However, it is impossible to know precisely what the results might have been in the counterfactual scenario where government did not expand.

Moreover, Figure 2 shows that the Score is not entirely a product of the GFC. In particular, it is worth paying attention to the Home component, which began declining in 2003, and which constitutes 28% of the Scoreboard decline (Figure 1). This component tracks the good of establishing a home, in terms of ownership, affordability, location, size, and borrowing. It shows that this good, in its fullest sense, is simply less available to Australians than it was before, notwithstanding the extreme increase in government intervention in the economy. Conversely, the decline in the Lifestyle measures lags the other declines. In part, this will be because the kinds of individual decisions tracked by these measures – getting married, volunteering time, and so on – are less sensitive to the economic environment than decisions like where to live or how much to borrow.

One possible interpretation of Figure 2 is that in the period leading up to the GFC, the nation’s relatively strong economic performance, as captured by the Governance, Enterprise, and Work components, masked the growing problem in the Home component. Aggregate-level economic trends were not feeding through into material gains for people at Home; that is, even as people were benefiting from improved Governance and greater opportunity for Work and Enterprise, they were finding
it harder to settle and make a Home. Given that making a home is one of people’s strongest preferences, this might suggest, taking Home as a proxy for people’s ability to pursue their dreams, that throughout this period people’s hard work was going only towards maintaining their quality of life, rather than improving it.

Finally, of the five time-series, only Work recovered significantly once it began to decline. The Work component peaked at 105.9 in 2007, fell to 82.9 in 2014, recovered to 91.6 in 2019 before dropping again in 2020 under the effect of the pandemic response. This is discussed further in Part 2, but it is worth noting here that this pattern is largely determined by changes in one specific measure, the jobs to immigration ratio. Recent years have seen a reduction in net immigration numbers. This might in turn be linked to the stabilisation of the Home component in recent years, as competition for housing has declined.
1-4 Additional comments

The Australian Way of Life Scoreboard is based on 25 different measures, divided into the five components seen in Figure 2. As noted, these measures were selected based on representativeness and data availability. Other measures are therefore conceivable, and, indeed, exist for parts of the time period we are interested in. It is worth noting, then, that a number of other measures that we excluded for lack of data across the full period also show trends in line with the trend identified by the Scoreboard. Some examples include:

• The obesity rate measures how many Australian adults have a Body Mass Index greater than 30kg/m². Obesity is a proxy for ill health as it is correlated with a range of negative health outcomes. The Australian Institute of Health and Welfare reports that between 1995 and 2014-15, obesity rates rose for Australians across age groups and demographics.¹

• The same report shows that the proportion of GDP spent on health also grew during the period we are interested in. This measure provides an indication of how healthy the Australian people are, though there are various confounding factors, like the ageing of the population. This measure increased from 8.7% to 10.3% of GDP between 2006-07 and 2015-16.²

• The SportAus AusPlay survey has tracked participation in sport since 2016-17. This is a good proxy for physical activity and engagement in the community, but unfortunately the time series is too short for our purposes. Between 2016-17 and 2019-20, participation rates across ages and demographics were mostly steady.³

We do not need to belabour the point. There are many different conceivable measures that might be included in an index, but we are confident that our selected measures present a reasonable representation of the reality of Australia’s situation. Other measures that we considered but had to exclude for various reasons tend to show similar trends that reinforce rather than contradict our main findings. To get a significantly different top level finding, one would need to deliberately seek out positive measures.

1-5 Limitations

It is important to understand that the Scoreboard is an average of measures that start from different bases and move in different ways. This means that some have further to rise or fall than others (for example, the percentage of 25-29-year-olds living with their parents starts at the low base of around 16.5% in 2000, whereas the vocational share of tertiary education commencements starts around 55% in 2000). But they also rise and fall differently (the decision of the Commonwealth to take on more debt is different from aggregating individuals’ decisions to purchase cars). Which is to say, a 10% change on one measure is not exactly equivalent to a 10% change in a different measure. Moreover, some measures can top out, whereas other can grow limitlessly, at least in theory (for example, the volunteering rate cannot rise beyond 100% but Australians could own 10 cars each). This is simply a function of creating an index – similar indices encounter the same issue – but it does create a limitation for reading the Scoreboard by itself, without considering the underlying measures individually.

Another natural feature of the Scoreboard is that because it is an average of the changes seen in the individual measures, there is the logical possibility of outlier scenarios where, say, 24 measures show a small increase, but one measure shows a massive decrease leading to an overall negative result, or the inverse, where one massive increase overwhelms decreases in all other measures. There are two points to make about this possibility. First, because the measures are connected in practice, these outlier scenarios are unlikely to be seen in the real world. In reality, these measures generally bear upon one another, in some obvious ways and in other less obvious ways. For example, homeownership and housing affordability are generally linked, in that more people will buy homes when they are affordable. This is not a necessary connection – we can, for example, imagine a world in which people do not buy homes under any circumstance – but given certain reasonable assumptions about human nature, and about Australia specifically, it is fair to say that this connection is generally real. Secondly, each measure selected tracks a good that is part of the Australian way of life as we understand it now, and as such a wild outlier scenario (where, say, every Australian owns 10 cars but no-one owns a home) would likely be describing an Australia that is very different in any number of aspects, such that the comparison of that hypothetical with the real world we experience is basically impossible. Therefore, while the Scoreboard might in outlier scenarios produce counterintuitive results, we can say within reason that the Scoreboard has some explanatory power across a wide enough range of possible scenarios (including even some outlier scenarios) to be a meaningful depiction of the world as we find it.
Components of the Australian way of life

2-1 Home

The home gives Australians control over their living environment, a secure basis for family formation, financial stability in retirement once the mortgage is paid off, and a sense of permanence that acts as a firm stake in the community and the country as a whole.

To capture how changes to home life have affected the Australian way of life since 2000, the Home component uses five subcomponents (NB: the non-indexed data and a description of each can be found in the Appendix):

- **Home ownership** measures the portion of households that own the home they live in. Home ownership allows for stability, a sense of community, financial security, and independence.

- **Housing affordability** compares the cost of the median house to the median full-time wage. This captures how accessible home ownership is to ordinary Australians.
• Commute time measures the median amount of time spent commuting from the home to work. Time spent commuting comes at the expense of leisure, family time, and community involvement, and longer commute times reflect a declining aspect of the quality of housing and are associated with poorer worker wellbeing and family outcomes.

• Lot sizes measure the size of blocks of land in square metres. This captures what the median homeowner is purchasing when they buy a house. The size of the block impacts how many bedrooms they can have and if there is room for a backyard.

• Household debt measures debt as a share of income at the household level. Higher levels of debt to income mean higher debt repayments, longer mortgages, higher exposure to interest rate risk, and decreased financial security for Australians aspiring to own their own home.

Each of the five subcomponents of home have declined between 2000 and 2020. Taken together, these shifts can be understood as Australians taking out higher levels of debt to buy smaller houses further away from work, with the effect that fewer Australians are able to own the home they live in.

The five subcomponents of Home are closely linked, and the downward trend has been driven by declining affordability. While real median wages have increased, house prices have increased faster, as shown in the housing affordability measure. As a result of house prices increasing faster than wages, household debt has increased to cover the higher cost, homeownership has decreased as houses have become simply unaffordable for many, and those Australians who have bought houses have purchased smaller blocks of land and/or properties that are further away from the city where they are better able to afford them.
2-2 Work

The Work component of the Scoreboard measures the degree to which Australians are engaged in employment and experiencing the dignity of work.

The five measures constituting the Work component of the Scoreboard are as follows:

- **The underutilisation rate** is the share of the labour force that is either unemployed or underemployed. Underutilisation is a robust measure of unemployment as it includes both those who are unemployed (defined as those who are without work, are actively seeking work, and immediately available to start work) and those who are employed but desire more work. Underutilised Australians are those who aspire for greater engagement in work but are currently unable to attain it.

- **Prime-aged men in full-time work** measures the share of males aged between 25 and 54 that are engaged in full-time work. The male population is used to reduce the variability caused by cultural and policy factors which impact female workforce engagement, for example leaving and re-entering the workforce to have children. This is a proxy for a broad measure of work engagement which, unlike the underutilisation rate, includes those who are outside the labour force.
• **Transition to full-time work** is a comparison between the share of 25-to-29-year-olds and the share of 35-to-39-year-old males engaged in full-time work. The male populations are again used as a proxy to remove the effect of women leaving and re-entering the workforce. The delay in obtaining full-time work by younger Australians has a significant effect on their ability to experience a range of goods that make up the Australian way of life.

• **Youth idleness** is the share of the 15-to-24-year-old population that is not engaged in full-time education which is also not engaged in work. The disengagement of young Australians means that they are not fully participating in Australian life, are missing out on the dignity of work, and are weakening their ability to achieve the Australian way of life in the future.

• **The jobs to immigration ratio** is a rolling five-year average of net job creation to net overseas migration. When the ratio moves below one, job creation is not keeping up with Australia’s high level of immigration. The ratio reflects the sustainability of immigration levels and the impact of immigration on employment outcomes.

These measures combined show a 19.7% decline since 2000. Each of these measures are responsive to economic shocks that result in job losses and restrained job creation. As a result, the aggregated work measure declines sharply following the GFC and performs weakly over the following decade before the negative economic impact of government restrictions imposed in response to COVID-19.

The underutilisation, male full-time work, transition to full-time work, and youth idleness subcomponents all measure different aspects of engagement with work across the population. As a result, there is an expected correlation across these measures while each measure reveals a different aspect of the declining engagement with work. The underutilisation and youth idleness measures are particularly responsive to the employment market, whereas the measures of males in full-time work and the transition to full-time work show a more gradual and sustained decline.

Of these measures, particularly notable is the jobs to immigration ratio. This measure is the biggest driver of the Work component. It tends to move with the work engagement measures as less work engagement means fewer net job creations in the numerator of the ratio. There is also probably some connection between this ratio and youth idleness, in that to the extent that when immigrants seek entry-level positions to establish themselves in the Australian economy, they are competing with young people. That said, there are almost certainly confounding cultural factors contributing to the youth idleness measure, which are not captured here.
Enterprise is vital for creating the wealth and employment opportunities which offer Australians a relatively high standard of living. We have selected the following five measures to capture the Enterprise component of the Australian way of life since 2000:

- The self-employed, employing measure captures the share of the workforce who work for themselves in their own business and employ other people. Business ownership provides an egalitarian path to wealth creation and upward mobility, along with giving owners a stake in their local community and how it is governed; additionally, job creation provides opportunities for others in the community.

- The self-employed, non-employing measure captures the share of the workforce who work for themselves in their own business but do not employ other people. Much like the employing self-employed, owners of non-employing businesses are given a path to wealth creation and economic prosperity which also serves as a tangible stake in their local community and the economy.

- The businesses per 10,000 people measure captures the number of businesses in existence adjusted for population. Australia’s liberal, democratic, capitalist way of life requires a high number of businesses
to ensure that asset ownership is widespread, and that capital and profits are not commanded by a small share of the population. Additionally, a higher number of businesses promotes a dynamic and innovative economy where consumers have access to a wide range of high quality and competitively priced goods and services.

- The *small business employment* measure captures the share of the workforce who either work for themselves and have no employees, or who work for a business with 19 or fewer employees. Small businesses form the heart of local communities and instil in those involved a stake in, and appreciation for, Australia’s market economy. A well-ordered society should make it possible to build and sustain small businesses.

- The *vocational training* measure captures vocational training commencements as a share of university and vocational training commencements. This measures the effect of changes in the economy, such as a move from manufacturing to services, but also the effect that schooling has on whether young Australians are encouraged to attend university rather than gaining a trade. This measure is important because we should aspire, as a country, to have many different pathways to successful, flourishing lives, rather than herding everyone onto one narrow career path.

Taken together, these measures show a deterioration in the Enterprise component of the Australian way of life. The share of the workforce that is self-employed is declining, the share of the workforce employed by small businesses is declining, and relatively fewer young Australians are gaining a vocational education.

Four of the five subcomponents of Enterprise (employing self-employed, non-employing self-employed, businesses per 10,000, and small business employment) are directly connected in that they reflect the decline of small business and the self-employed in Australia over the past two decades; vocational training can be understood in part as a reflection of structural changes in the economy and a shift in preferences towards university education, but it is linked to others in that vocational training can provide a basis for working as an independent contractor or as part of a small business.

The portion of the workforce that is self-employed has declined over the past two decades. Most self-employed people are counted as small businesses, and the decline of self-employment and small business more generally has caused a drag on the total business count, although this has picked up slightly in recent years. As a result of declining small business counts, the share of the workforce employed in small business has declined; however, this can also be understood as a process of consolidation, where a larger share of the workforce is employed by fewer, larger businesses.

The relative decline of vocational training could be understood as a result of structural changes in the economy, for example as a result of the shift away from manufacturing
and towards healthcare and education services that has occurred at an aggregate level. The measure declined sharply in 2013, which could be explained by a shift in preferences away from the trades and towards university education, but may also reflect a drop-off in demand from employers for vocational qualifications coinciding with the end of the mining boom.

The narrowing of career pathways represented by the decline of Enterprise likely feeds into the decline seen in the Work component as well, as constraints upon the creation of small businesses and self-employment contribute to how many people are making (or not making) the transition to full-time work and to how many people in the workforce are underutilised.
Australia’s liberal democratic political system is vital to ensuring the freedoms Australians are entitled to. Responsible government is essential for a well-functioning society and for ensuring future freedom and prosperity.

The impact of Governance on the Australian way of life can be understood through five subcomponents.

- **Trust in government** captures the share of voters who believe that the government can be trusted. This trust is vital as it indicates that citizens have faith in their political system, and that they believe they have a stake in, and ability to influence, the way they are governed.

- **Welfare dependence** captures the share of the working-age population who receive government income support payments. While welfare is an important safety net, there is a risk that too many people can be reliant on welfare for too long, meaning that they are deprived of the dignity of work and are not able to create a stake in their local community and the Australian way of life.

- **Size of government** captures how large the government is as a share of the economy. Government spending interferes in the private economy at the direct and indirect expense of the Australian people; it is paid for...
by current and future taxpayers and distorts the allocation of resources and the creation of wealth.

- **Government debt** captures the burden of Commonwealth government debt as a share of the national economy. Debt imposes costs on current and future taxpayers, removes political restraints on wasteful spending, crowds out private investment, reduces economic activity, and increases sovereign risk. In this way, a heavily indebted government undermines the way of life of its people.

- **Regulation** captures the burden of government regulation of economic and social activities, measured as a count of restrictions found in Commonwealth legislation. While there is a legitimate role for the parliament to create such restrictions, there is a risk that too much regulation can unnecessarily prevent individuals, families, businesses, and communities from accessing the Australian way of life by disincentivising the formation and expansion of businesses and making it more difficult to earn and save.

Three of the five subcomponents, government spending, trust in government, and regulation, can be grouped together as they have seen a moderate decline since 2000. Welfare dependence has seen an improvement, although there was a significant challenge to this in 2020 created by the COVID-19 pandemic and lockdown measures implemented to combat it. The government debt measure improved between 2000 and 2009, but has declined rapidly since then.

The subcomponents of Governance could be related to some extent, for example the decline of the spending and regulation measures makes sense as a reflection of a bigger, more interventionist government. While the welfare measure shows similar movements to the spending measure, the divergence between the two between 2000 and 2008 suggests that non-welfare components of government spending expanded during that time.

The sharp and sustained decline in the debt measure, save the brief moment of improvement between 2017 and 2019, was driven by the response to the GFC, and the inability of the government to return the budget to surplus. The COVID-19 pandemic and government response to it has driven an even more rapid deterioration in 2020. The spending measure influences the debt measure, and it is unlikely that the latter will recover until the former does.

The increase in government debt is by far the biggest contributor to the overall decline on the Scoreboard, as shown in Figures 1 and 2, representing approximately 28% of the decline. It might be objected that the inclusion of this measure is misleading because its impact dramatically outstrips the other measures. But it is important to note that this measure is not given any additional weight. Moreover, it bears upon all the others as a proxy for the economic environment in which they take place, and, as such, it goes to the sustainability of the Australian way of life. To whatever extent government
spending has mitigated the declines seen across the board – itself a debateable proposition – to that same extent the Australian way of life, even in its current anaemic state, is failing to pay for itself.

Finally, as well as being a reflection on Australia’s poor performance in these Governance measures, trust in government could be related to other subcomponents of the Scoreboard, for example less affordable housing and an inability to find a suitable job could be attributed to government policy. It is likely that some of the decline felt in other areas is attributed by Australians to government failures, reflected in a loss of trust in government.
The Lifestyle component of the Scoreboard is relatively eclectic, with subcomponents measuring participation in civil life, family formation, community safety, and independence. Each of these measures touches on a significant aspect of the Australian way of life.

The Lifestyle component of the Scoreboard is measured with five subcomponents:

- **Volunteering** is the share of the population who have engaged in unpaid work for an organisation in the past 12 months. This measure in part functions as a proxy for involvement in important Australian cultural institutions such as religious organisations, sporting clubs, and charitable community groups.

- **Independence** is the portion of 25-to-29-year-olds who live with their parents. Dependence on parents for 25-to-29-year-olds generally reflects a failure to obtain an array of goods associated with the Australian way of life such as home ownership, quality employment, and family formation.

- **Incarceration**

- **Marriage**

- **Car ownership**

The diagram shows the trend of each subcomponent from 2000 to 2020. The trends indicate changes in the levels of volunteering, independence, marriage, incarceration, and car ownership over time. The source of the data is indicated at the bottom of the page: IPA.
institution for building strong families and communities.

- The incarceration rate is the number of prisoners per 100,000 residents. The rate is a proxy for the amount of serious crime that Australians experience.

- The car ownership rate captures the number of registered cars per 1,000 people. Owning a car provides Australians with independence and fosters the responsibility that comes with maintaining an asset. For many Australians, particularly those who live outside the inner suburbs of the large capital cities, car ownership is crucial for work and involvement in community life.

The Lifestyle component of the Scoreboard remained stable between 2000 and 2012 before a decline following 2013 driven by deteriorating volunteering, marriage, and incarceration rates. Car ownership is one of only two subcomponents in the overall Scoreboard that have improved since 2000.

There are logical links between the Lifestyle subcomponents despite them being seemingly more eclectic than the other Scoreboard subcomponents. These measures are all relevant to the ability of individuals to live and thrive in the community – to give of themselves and their time, to abide by society’s norms, and to move about freely in our shared spaces.

It is not surprising that an increase in 25-to-29-year-olds living with their parents coincides with an acceleration of the decline in the marriage rate. Not only are married couples less likely to be living with parents, but it could also be argued that decreased independence in the late 20s age group represents a delay or failure to form an independent family as signified by marriage.

The decline in volunteering has many likely causes and correlations. The decline in volunteering at religious organisations, which makes up a significant part of volunteering, is in part a reflection of the cultural changes that have affected religious observance and practice by Australians. The decline in volunteering could also be associated with a decline in community belonging and involvement that is correlated with lower home ownership, and lower rates of family formation as reflected by the declining marriage rate.

The growth in car ownership may in part be caused by suburban growth spurred by declining housing affordability and reflected by the increase in commute times, as seen in the Home component. Other causes outside the Scoreboard may also contribute including an increase in dual income families making a second car more necessary for families, and an increase in wealth and real wages that have enabled the luxury of a second car.

Lower community belonging and involvement may also be contributing to higher rates of serious offending that has resulted in incarceration. When individuals are less connected to their community and broader society, they are more likely to transgress
the norms of that society. The causal relationship can also move in the other direction, where connection with serious crime in families and communities can undermine family formation and community involvement. Many other measures included in the Scoreboard are relevant to offending, including employment and education.
Conclusion

The quality of the Australian way of life has declined since 2000. This is demonstrated by our Scoreboard, which aggregates the results of 25 measures of different aspects of how Australians live. This result is intuitive, in that it is unlikely to surprise many Australians, who have felt this decline in their own lives, reflected it in their voting patterns, and seen it begin to affect how our national political and cultural conversations play out.

The snapshot provided by the Australian Way of Life Scoreboard therefore provides an important reminder to Australians and their political representatives of what ought to matter in our culture and public policy. For a generation, the Australian way of life has been neglected and taken for granted. There has been a failure across all levels of government to identify and address the central issue discussed in this paper. If we are to have any chance of arresting this decline, and passing on to our children and grandchildren a country that is worthy of the sacrifices made by our ancestors, then we need to honestly face the unpleasant truth that Australia is, in a wide range of ways, not as good as it used to be.

But all is not lost. Australia’s long record of success provides a clue to how we can secure a brighter future. In particular, Australia is blessed to have inherited a set of values known to correspond with flourishing individuals, families, and communities. These values, including freedom, fairness, self-reliance, enterprise, and good faith and charity towards others provide a sound basis for correcting our course.

To put the point another way, our Scoreboard provides a relative measure of the Australian way of life; it compares our performance against a representative set of goods in the current moment to a point in the near past. This captures the reality of the Australian way of life as it is lived by people. Alternatively, though, we might also think of the Australian way of life in ideal terms, as a set of values, customs, and institutions that we aspire to realise and pass on. In this sense, the Australian way of life does not change – what changes is how closely we are realising the way we would like to live. We have done better in the recent past, and this tells us that what is needed now is to redouble our efforts to make the way we live better by thinking about the values that made our country great in the first place.
Appendix: The 25 measures

A1: Home

A1-1 Homeownership

Figure 8: Homeownership rate

Homeownership is a central part of the Australian way of life. It affords Australians control over their living environment, a secure basis for family formation, financial stability in retirement once the mortgage is paid off, and a sense of permanence that acts as a firm stake in the community and the country as a whole. Polling by the Australian National University of 2,500 Australians in 2017 found that 75% of respondents strongly agreed that “owning your own home is part of the Australian way of life”, with a further 18% agreeing that it formed at least a part of the Australian way of life.4

The homeownership rate included in the Scoreboard is the rate of households that own their own home with or without a mortgage as measured by the Australian Bureau of Statistics.5

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Widespread homeownership depends on housing affordability. The current house price to income ratio of 8.4 means that, without non-wage income or pre-existing wealth, homeownership has become out of reach for many individuals and single income families across Australia.

Housing affordability is measured by comparing median house prices of established detached houses to median full-time wages. Median house prices for each capital city and the rest of the state are divided by each state’s full-time median wage and aggregated based on population shares.\(^7\)

In 2000, median house prices were 6.3 times median full-time incomes. The ratio reached a height of 9.3 in 2017 and has since fallen to 8.4. While the ratio varies across the country, one in two Australians live in the highly unaffordable cities of Sydney, Melbourne, and Brisbane where the median house price is 13 times, 10 times, and 8 times the state’s full-time median income, respectively.

A1-3 Commute time

Figure 10: Median commute time

Time spent travelling between home and work comes at the expense of leisure, family time, and community involvement. Longer commute times reflect a declining aspect of the quality of housing and are associated with poorer worker wellbeing and family outcomes.8

Data for the median daily commute time is taken from the Household, Income and Labour Dynamics (HILDA) Survey as published by the Melbourne Institute in the ‘Household, Income and Labour Dynamics: Selected Findings’.9 The HILDA Survey is a government-funded longitudinal survey involving 17,000 Australians. The median daily commute is reported every three years. This measure tracks employed Australians.

The median daily commute time increased by 60% between 2002 and 2014, from 30 to 48 minutes, while the average daily commute time rose from 49 minutes to 60 minutes. Commute times are widely distributed with the bottom 10% commuting six minutes per day and the top 10% commuting 120 minutes per day.

9 Ibid.
The quality of housing is an important aspect of a high standard of living. Larger block sizes are a useful proxy for higher quality housing as they indicate that homeowners have tangible ownership over a larger area of land, and that there is somewhere where their children can play and where they can host a barbeque or game of backyard cricket.

This measure uses the median lot size for new house approvals in the capital cities to provide an indication of how well new houses fit into the conception of the Australian way of life. Smaller lot sizes indicate that front and backyards are declining, leaving Australians with less opportunity to fully utilise their home.

New housing developments have become significantly smaller over the past few decades, shrinking by 34.2% between 2000 (616 square metres) and 2020 (405 square metres). This measure is based on data from the Housing Industry Association’s Residential Land Reports.\(^\text{10}\)

Household debt as a share of household income in part reflects the costs of obtaining and enjoying housing. While homeownership rates have been declining, rising levels of household debt suggests that those who do attain homeownership are doing so at a greater cost and with higher levels of debt compared to income. Higher levels of debt to income means higher debt repayments, longer mortgages, higher exposure to interest rate risk, and decreased financial security for Australians aspiring to own their own home.

This measure uses the data for household debt and household disposable income as reported by the Reserve Bank of Australia.11

Household debt as a share of household income rose sharply from 111% to 162% between 2000 and 2007 before plateauing. Between 2013 and 2018 the rate increased from 162% to 186% before falling to 182% in 2020. The growth in household debt has largely been driven by increased housing debt. Housing debt to disposable income increased from 69% to 139% between 2000 and 2020.

Source: IPA, RBA.

A2: Work

A2-1 Underutilisation

Figure 13: Underutilisation rate

![Graph showing the underutilisation rate from 2000 to 2020.](source: IPA, ABS)

Work gives Australians dignity and purpose and the means for building independence and providing for their families. Underutilisation accounts for those who are employed but desire a greater level of employment and who are therefore excluded from the official measure of unemployment.

The underutilisation rate is the sum of the unemployment and underemployment rates as measured and reported by the Australian Bureau of Statistics. The unemployment rate measures the share of the labour force that is unemployed. To be classified as unemployed, one has to be actively seeking work in the reference period and available to start work immediately. Underemployment is a measure of employed individuals who state that they wish to work more hours than they currently are.

Underemployment increased steadily from 2.6% in 1978 to 8.3% in 2019. Unemployment has tracked economic cycles. The combination of underemployment and unemployment has led to an upward trend in underutilisation. In 2000 the underutilisation rate was 12.5%. The rate declined strongly in the lead up to the GFC, during which it jumped 2.7 percentage points to 13%. The rate failed to decline following the GFC remaining at 13.5% in 2019 before jumping to an average of 17.3% in 2020.

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Measuring the share of prime age men (aged 25 to 54) who are engaged in full-time work provides a broader measure of work engagement than that given by the underutilisation rate. The measure accounts for those who are outside the definition of the labour force, including discouraged jobseekers, and those working part-time that are not underemployed. While there are a variety of reasons men may not be engaged in full-time work, a significant decline is not likely to be a healthy movement for both individual men and society at large. This measure functions as a proxy for idleness. Women are excluded from the measure to remove the effect of cultural and policy factors which impact female participation in the workforce.

In 1978, when the ABS measure began, 90% of men aged between 25 and 54 were engaged in full-time work.\(^\text{13}\) By 2000 the rate had fallen to 80%. The rate hit a 20-year high in 2008 of 81% before the GFC and fell to 78% in 2019. The recession of 2020 saw the rate fall further to 76%.

\(^{13}\) Ibid.
A2-3 Transition into full-time work

Figure 15: Transition into full-time work

There is a growing disparity between age groups in engagement in full-time work within the category of prime aged men. Young Australians are taking longer to move into full-time work, with significant ramifications for achieving the aspects of the Australian way of life that flow from work, such as home and other asset ownership.

The transition into full-time work measure is a comparison of the attainment of full-time work for males in the 25-to-29 age group and the 35-to-39 age group. The 25-to-29 age group is selected because large shares of earlier age groups are still in education. The 35-to-39 age group is used as a comparison point to adjust for the general decline in full-time work across age groups as represented in the prime age men measure.

In 2000 the rate of 25-to-29-year-olds in full-time employment was 96% of the rate for 35-to-39-year-olds. The rate declined sharply between 2012 and 2020, falling 9 percentage points to 83%.

Source: IPA, ABS.

14 Ibid.
Useful and engaged citizens are important for the creation and maintenance of vibrant communities. It is essential that young Australians are active in their community, whether that be through work, education, or training. If young people are not in work, education, or training, this suggests that they are not fully participating in the Australian way of life. A healthy way of life is attractive to young people; conversely, young people opting out of society suggests a way of life with little to offer.

This measure uses the portion of 15-to-24-year-olds who are not engaged in full-time education who are also not engaged in work. This is a proxy for ‘idleness’ as it measures the share of young people who are not in school, university, or technical education full-time and who are also not engaged in work.

The level of youth idleness has risen from 22% in 2000 to 27% in 2020. Between 2001 and 2008 the share declined relatively consistently, but there was a noticeable spike after the GFC, and the share remained persistently higher after this. In 2020, there was a sharp increase as a result of the COVID-19 pandemic and the lockdown measures which forced young people out of the labour force.15

Australia has, in recent years, accepted a very high number of immigrants relative to its population. Balancing the interests of working-age Australians with those of new migrants is an important consideration for policymakers.

This measure attempts to capture this balance by dividing ‘net jobs created’ by ‘net overseas migrants’ (NOM). The result is a ratio of jobs to migrants, where one represents a new job created for each new migrant; a ratio below one indicates that jobs may be becoming more scarce, and a ratio above one indicates that jobs are being created at a faster rate than immigrants are being accepted. The ratio is smoothed by using a rolling five-year average.

Between 2000 and 2008, the jobs-NOM ratio remained relatively stable at an average of 1.5. This means that there were 1.5 new jobs created per new immigrant. Between 2009 and 2017, however, the ratio remained at or below 1, with an average of 0.8, meaning that the number of immigrants either matched or overwhelmed the number of new jobs. Between 2018 and 2020 the ratio has increased slightly and remained stable at 1.2 new jobs per immigrant.16

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A3: Enterprise

A3-1 Self-employed, employing

Business ownership is an important and egalitarian force for wealth creation and upwards mobility. There is no wealth or education requirement to starting a small business, and a robust capitalist system is based on widespread business creation which ensures a dynamic and innovative economy.

This measure shows the share of the workforce who are self-employed (they own their own business) and who employ other people. This is one proxy for entrepreneurship, with a focus on business owners who create employment opportunities for other people in their community.

Between 2000 and 2020, the share of the workforce who are self-employed and employ others has fallen from 7.5% to 5.9%, with the rate remaining relatively consistent between 2018 and 2020.17

Source: IPA, ABS.

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As with the share of the workforce who are self-employed and who have employees, this measure is one proxy for entrepreneurship, with a focus on business owners who have not directly created any jobs beyond their own.

Between 2000 and 2020, the share of the workforce who are self-employed and do not employ others has fallen from 11.6% to 10.2%, with the rate remaining relatively consistent between 2013 and 2020.18

Source: IPA, ABS.

18 Ibid.
Australia’s democratic way of life requires a high number of businesses to ensure that asset ownership is widespread, and that capital and profits are not commanded by a small share of the population. A high number of businesses promotes a dynamic and innovative economy where consumers have access to a wide range of high quality and competitively priced goods and services.

The number of businesses per 10,000 people provides a count of the number of businesses that exist in a given year adjusted for population changes. The number of businesses in existence will generally increase every year, but this measure, by adjusting for population changes, provides a more robust count.

Between 2000 and 2020, the number of businesses per 10,000 people declined from 959 to 937. This indicates that the economy has become less dynamic, however there has been a substantial improvement since 2015 when the measure hit a low of 891.19

Australia has long enjoyed a culture of small business and entrepreneurship. Small businesses form the heart of local communities, provide employment for millions of Australians, and instil in those involved a stake in, and appreciation for, Australia’s market economy. The expansion of big business at the expense of small local businesses diminishes the character of local communities and shifts the workforce into more bureaucratic, depersonalised and hierarchical employment structures.

The small business employment measure is an estimate of the share of the workforce employed by small businesses with 0 to 19 employees based on the Australian Industry data released by the ABS. The measure is limited by the available data with 2005 being the earliest data point available. For the purposes of aggregation in the index the 2005 rate is held constant back to 2000.

There is a persistent downward trend from a height of 53% in 2007 to 41% in 2019. While the full extent of the lockdown induced crisis on small business is yet to be revealed by statistics, the weekly payroll data released throughout 2020 suggests small businesses have been disproportionately harmed by the crisis resulting in business closures and job losses.

Source: IPA, ABS.

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The decline of vocational training compared with university education represents a dramatic shift in the type of work opportunities offered to and pursued by young Australians. This shift toward undergraduate education can in part be explained by industry changes in the economy away from labour industries and towards education, health, and services. Young Australians are in part pursuing work where jobs are being offered. However, industry changes have been distorted by government regulation and energy policy that has harmed industries such as mining, agriculture, and manufacturing, while industries such as education and health are beneficiaries of large-scale government funding. There is also the likely possibility that young Australians are being encouraged into undergraduate degrees by the education system, whereas some students may be better served by pursuing vocational training.

This measure compares vocational training commencements to domestic undergraduate commencements with data from the National Centre for Vocational Education Research and the Department of Education, Skills, and Employment.21

Between 2000 and 2012 the rate was stable between 55% and 61%, meaning that for each university commencement there were between 1.2 and 1.5 vocational training commencements. Since 2012 the rate has declined dramatically from 60% to just 36%, or 0.56 vocational commencements per university commencement in 2020.

A4: Governance

A4-1 Trust in government

Figure 23: Trust in government

Source: IPA, ANU.

Australia enjoys a stable, democratic political system which enables citizens to actively participate in their own governance. A high degree of trust is necessary for the system to function properly as citizens must trust their elected officials to act as representatives capable of producing mutually beneficial laws.

This measure is based on the percentage of voters who think that the government can be trusted as measured by the Australian National University’s Australian Election Study, which surveys voters’ attitudes at each election and compares them over time.22

Trust in government fluctuated between the 1969 and 1998 elections. Between 2001 and 2007, trust in government steadily increased, but since the 2007 election it has been on a consistent downward trend.

A4-2 Welfare dependence

Figure 24: Recipients of income support

Welfare is an important safety net, designed to provide temporary security for individuals until they can return to work. While this security is an important part of Australian society, there is a risk that too many people can become reliant on welfare for too long, reducing their ability to live full lives and depleting the social capital that sustains our shared way of life.

This measure captures the share of the working-age population (those aged between 16 and 64 years) who are receiving income support payments. Payments included in this measure are mutually exclusive, meaning that an individual cannot be receiving more than one at a time. This measure should be low and stable, or declining, which would indicate that as few working-age people as possible are dependent on taxpayers for their income.

The share of the prime aged workforce receiving income support declined steadily between 2000 and 2008 from 20.2% to 15.6%. After the GFC there was a noticeable spike, and the share remained relatively consistent between 2009 and 2015 at an average of 16.9%, after which a decline again commenced. In 2020, as a result of the coronavirus pandemic and lockdown measures, the share spiked to 19%, driven by a sudden jump in unemployment and eased eligibility criteria for income support.23

Higher levels of government spending as a share of GDP represent greater interference in the private economy, which comes at the direct and indirect cost of the Australian people. While Australians benefit in different ways and to varying degrees from government expenditures, this spending is funded by current and future Australian taxpayers, which distorts the allocation of resources by the market economy and, for the most part, redistributes resources away from wealth creating ends.

This measure of the size of government uses Commonwealth government spending as a share of Australia’s GDP. While this measure does not include all spending from state and local levels of government it does include the large share of spending by different tiers of government that is funded by Commonwealth payments, such as grants and GST distributions.

The rate of government spending to GDP has increased over the past 20 years as several economic shocks have resulted in higher spending on welfare and stimulus measures, while the shocks themselves impacted GDP, which increases the rate itself by reducing the denominator. Before the sharp increase in 2020 to 28%, the rate fluctuated between 23% and 26%.

Fiscal responsibility is an important part of Australia’s system of government and is consistently a high priority among the Australian electorate. Australians have accepted very high levels of government debt as a portion of gross domestic product, notably during and shortly after the two World Wars, but paying off this debt burden was a high priority of both governments and citizens, and debt has traditionally not been incurred out of expediency. In recent years, however, Commonwealth government debt has been steadily increasing. High debt levels impose burdens on future generations, impose ongoing interest costs, remove political restraints on wasteful spending, crowd out private investment, reduce economic activity, and increase sovereign risk.

This measure captures the burden of Commonwealth government debt by measuring it as a share of GDP. The figures are taken from the annual Commonwealth Budget, which provides historical data and projections into the future.25

Government debt as a share of GDP was trending downward between 1970-71 and 2007-08 but has steadily risen since then. In 2007-08, debt reached a low of only 5% of GDP, but since then it has risen in all but one year, reaching a high of 34.5% of GDP in 2019-20. No federal government has delivered a budget surplus since the final budget of the Howard government, resulting in a growing debt burden.

Regulations impose restrictions on economic and social activities, and there is a risk that onerous levels of regulation can stifle these activities so much that they suppress the Australian way of life and the prosperity which enables it. Additionally, regulation tends to place disproportionate burdens on those who can least afford it, such as small business owners who are forced to devote time and money to compliance rather than to trying to operate a successful business and compete with their larger counterparts.

This measure uses RegData, a tool created by the Mercatus Center at George Mason University in the United States, to measure the numbers of regulations contained in legislation.26

The number of restrictive clauses in Commonwealth legislation increased rapidly between 2000 and 2005, from 98,876 to 119,566, but has remained relatively consistent ever since.

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A5 Lifestyle

A5-1 Volunteering

Volunteering is a central part of building local communities and the character of Australia. Millions of Australians are involved in community organisations such as sporting groups, religious organisations, and charities.

This measure gives the share of the population who have volunteered for an organisation in the previous 12 months, as reported by the Australian Bureau of Statistics’ General Social Survey. The measure of volunteering is used as the best available proxy for community involvement in institutions that are central to the Australian way of life.

Overall, participation in volunteer work declined from 34% to 29% of the adult population between 2000 and 2020. Volunteering in sporting organisations declined from 12.1% to 11.3%. Volunteering in religious organisations also declined, from 7.7% to 6.7%. Other volunteering includes work for welfare, community, and educational groups and charities.

Source: IPA, ABS.

The ability of young Australians to become independent and sustain a family unit is an important aspect of the Australian way of life. But other measures used in this index, such as housing affordability and homeownership, suggest that it has become more difficult for young people to become independent.

This measure uses the portion of 25-to-29-year-olds who still live with their parents as a proxy for independence. This age group have likely completed tertiary education or training and are likely to have been in the workforce for several years. The portion that still live with their parents indicates what share of young people are able to move out of their parents’ house, whether into a home they own or rent.

In 2000, approximately 16.5% of 25-to-29-year-olds still lived with their parents, compared to just over 17% in 2020. This measure is based on Census data, published every five years, with the latest data available for 2016.²⁸

A5-3 Marriage rate

Figure 30: Marriage rate

The institution of marriage is foundational for many aspects of the Australian way of life including building strong families and communities. Marriage provides a source of permanence that is fundamentally good for families and society. Marriage is strongly associated with positive material outcomes for both the couple and their children.

The marriage rate is the number of marriages registered in a year per 1,000 residential population as recorded by the Australian Bureau of Statistics. In 2000, the rate was 5.9 and remained relatively constant at approximately 5.5 from 2001 to 2012. From 2013 the rate began to decline toward the 2020 rate of 4.5.

Source: IPA, ABS.

Individual and community safety are basic requirements for pursuing the Australian way of life. Crime disrupts communities, making them less attractive places to live and work. Additionally, higher rates of crime may indicate that underlying factors, such as employment opportunities and family stability, are preventing individuals from participating in the Australian way of life.\textsuperscript{30}

The incarceration rate is a proxy for serious crime experienced in Australia that has warranted imprisonment. The rate is the number of prisoners per 100,000 adults.\textsuperscript{31}

The incarceration rate rose from 150 to 202 prisoners per 100,000 adults between 2000 and 2020. After a flat period, the rate rapidly increased between 2013 and 2018. In 2020 the rate had its largest yearly fall over the 20-year period.

\textsuperscript{30} Between 2016 and 2020, the IPA Criminal Justice Project analysed a wide range of factors that had contributed to the increase in incarceration seen across the country. This work can be found at https://ipa.org.au/research-areas/criminal-justice.

A5-5 Car ownership

Figure 32: Car ownership rate

Owning a car provides Australians with independence and fosters the responsibility that comes with maintaining an asset. For many Australians, particularly those who live outside the inner suburbs of the large capital cities, car ownership is crucial for work and involvement in community life.

The car ownership measure is the number of registered cars per 1,000 people.

Car ownership per 1,000 people steadily rose from 645 in 2000 to 752 in 2013, but since then growth has stagnated, increasing to 778 in 2020.32

Source: IPA, ABS.

References


