How to build an even better Australia

BY JOHN THWAITES - John Thwaites is chairman of the National Sustainability Council and was deputy premier in the Bracks government.

Australians need to look beyond conventional economic measures to see if life is getting better. If we are to build a more sustainable Australia, we need to measure a consistent set of sustainability indicators about our society, our economy and our environment.

The Sustainable Australia Report 2013 released this week does just that. The report, the first of its kind in Australia, has been prepared by the National Sustainability Council, which has been given the job of reporting every two years.

Overall, Australia is performing well, and we should be hopeful about the future. We've had a sustained period of economic growth with low unemployment on a world scale, improvements in life expectancy, and most of us live in safe communities.

Education levels in Australia have risen steadily since the 1980s, before which Australia had relatively poor educational attainment by international standards. In 1994, just 60 per cent of people aged 20-64 had completed year 12 or a vocational qualification. By 2012, this percentage had risen to 80 per cent. We are rated in the top-performing countries in reading, writing and mathematics for 15-year-olds.

There have been success stories in the environment as well. Australian households reduced their water consumption by 35 per cent in the decade to 2011 and irrigation farmers are using much less water while the value of agricultural production is increasing.

Despite what many people think, levels of personal crime are low by international standards and levels of community participation and volunteering are rising. We are doing all this while developing a genuinely multicultural country, with people from all over the world bringing their skills and enriching our culture.

But the report identifies some negative trends and danger signs that if ignored could see the next generation of Australians become the first in recent history to be worse off than their parents and grandparents.

Our growth in incomes in the past 20 years has depended on productivity improvements and favourable terms of trade. However, productivity has now slowed and future terms of trade are uncertain. The gap between the supply of higher-level skills and industry demand could further slow Australia's productivity.

One of the concerning themes of the report is that social inequality and disadvantage - the gap between rich
and poor - has worsened over the past two decades.

The wealthiest 20 per cent of households hold 62 per cent of total household wealth, while the poorest 20 per cent hold only 1 per cent.

Australian students in more disadvantaged or remote areas are considerably less likely to finish year 12, or perform well in reading and mathematics. The social divide in education is more marked in Australia than in other high-performing countries. With skill shortages and an ageing population, Australia can ill afford to have a cohort of young people with limited capacity to contribute to society.

Another challenge is health and increasing health costs. A lot of us might be happy to hear that we're likely to live longer, but there is strong evidence that, for many Australians, a longer life may not mean a healthy life.

Compared with the previous generation, Australians aged 53 to 62 are much more likely to have a chronic health condition. In fact, over the past 20 years, rates of obesity, asthma and high cholesterol have doubled and rates of diabetes have tripled.

We also need to talk about our environment. In many of our populated areas, less than a quarter of pre-European settlement native vegetation remains. Our biodiversity is under threat. And we have the highest per capita carbon emissions in the developed world. Australia must become more efficient in the use of resources and energy, more respectful of nature, and adapt to the consequences of climate change.

The report also discusses global trends that will have a big impact on our lives. We may not be able to change these trends but we should put ourselves in the best position to meet the challenges and seize the opportunities they provide.

Global population growth and the huge growth of the middle class in Asia will place massive pressure on energy, water and food systems. But the so-called "Asian Century" represents a significant economic opportunity for Australia if we can adopt the mindsets and develop the business models needed for our region.

Like other parts of the world, we also need to plan for growth. The infrastructure requirements of Australia's major cities are already exposing environmental, congestion and amenity costs.

What all of this shows is that Australia cannot take for granted that the future will take care of itself. Rather, our future well-being depends on the choices we make now. As the report states: "We live better than earlier generations because we stand on their shoulders, benefiting from their decisions, discoveries and achievements . . . We must do our best to make sure that those that come after us . . . have choices, options and opportunities to meet new challenges and secure their well-being."