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Dear Treasury

## **Measuring what matters—submission by Australian Unity**

Thank you for the opportunity to provide comment as part of the Treasury's Measuring what matters consultation process. We strongly welcome and support the Australian Government's efforts in measuring what matters to improve the lives of Australians. This is also a priority for us at Australian Unity, as a leading wellbeing company, and as something we have been doing publicly for a number of years.

Our submission provides an overview of our efforts to-date in creating a methodology that enables the measurement of impact, and how we use this approach and information to maximise our positive impact for our customers and the community.

We believe there is strong alignment and opportunity for our measurement approach to supporting the intent of Government to measure what matters.

### **About Australian Unity**

Established in 1840 by a group of everyday Australians to support the health and financial welfare of their families and community, Australian Unity is Australia's first member-owned wellbeing company.

For us, wellbeing is more than just physical health. Wellbeing relates to our overall quality of life, including how we feel about our personal lives and our circumstances such as education, health (both physical and mental) and income/finances.

Today, Australian Unity has built a diverse and thematically linked portfolio delivering health, wealth and care services to support wellbeing and to make a positive impact in what 'matters' to individuals and communities in Australia.

Our portfolio includes banking, health insurance, home care, aged care, allied healthcare and financial advisory services. Australian Unity also invests in significant social infrastructure activities, including healthcare properties, child care facilities, specialist disability accommodation, student accommodation and medical technologies.

### ***Our mutual advantage***

Being a member-owned mutual company allows us the flexibility to continuously evolve and invest in refining our portfolio over the long-term to ensure we remain contemporary, relevant and responsive to our members, customers and community. This varies in comparison to more common corporate forms where the maximising of profit and returns are the fundamental drivers of activity.

### **Wellbeing is what matters**

One of the key factors for our longevity and sustainability is our commitment to understanding what matters to everyday Australians and developing solutions to meet these needs—an approach with similar vein to the provision of products and services by government.

The [Australian Unity Wellbeing Index](#) was the first initiative we undertook to proactively explore what mattered to Australians. The Index, delivered in partnership with Deakin University, is one of Australia’s most enduring and credible studies of subjective wellbeing in Australia, assessing the satisfaction of Australians with their lives. The Index has groups these across seven areas, or ‘domains’—relationships, achieving in life, standard of living, health, community connectedness, personal safety and future security (refer [Appendix A](#)).

Since its introduction over 20 years ago, we’ve used the Index to help us identify, develop and tailor our service offerings and investments in areas where we can positively impact wellbeing. This includes addressing core issues and challenges of society—such as an ageing population, rising rates of chronic conditions, increasing costs of living and the cost of (and access to) healthcare.

### Measuring what matters

Guided by our vision to enable real wellbeing for Australians and the annual findings from Index, we’ve proudly made strong headway in creating a business that makes a positive difference to individuals and the community.

Some key highlights include: our work in investing in new healthcare property and facilities to help the meeting demands on the healthcare sector; leading innovation in virtual healthcare services for aged Australians and those with chronic conditions; and creating accessible and effective financial products to help everyday families (such as specially designed bonds that support families to meet the various costs of education while attracting unique tax efficiencies).

While the Index and the domains of wellbeing guide the alignment of our business activities to what matters to our customers and community, we sought to find a way to tangibly measure and track the impact of our efforts—not only to help design products but to also ensure we are ‘walking the talk’ and being held accountable as a ‘wellbeing company’ when it comes to creating this wellbeing and having a positive impact.

#### **‘Monetising’ impact**

At the crux of what we hoped to achieve was the ability to value and report our impact in terms of dollar value to allow for year-on-year comparison and performance reporting—in similar vein to financial and actuarial reporting.

By enabling the reporting of impact as a monetary value rather than subjective metrics used by other wellbeing measures (e.g. scale from 1 to 10; poor to excellent), we believed this method provided a standardised and comparable way of measuring performance that can be applied across both different sectors and industries.

Additionally, for our company, impact is a key driver of investment and expenditure decisions, and having this impact valued in dollar terms would significantly support these activities.

To develop this approach to measurement, we engaged with Social Ventures Australia (SVA), social impact specialists, who provided both expertise and independence to this task. We worked with SVA to capture and stocktake what we do as an organisation and how we do it—and to identify a robust, justifiable and scalable measurement framework that can be applied cross-sectors, including for- and non-profit.

### Framework for measuring impact

The Community & Social Value (CSV) Framework was developed from this extensive work and identifies three overarching impact areas where we have a unique social impact on our customers, employees and the broader community.

These impact areas (and further six priority outcomes) provide the foundation for measuring and annual reporting our social impact value and for informing our key business decisions.

Impact area	Priority outcome
<b>Lifelong wellness</b> We help people access better levels of health and wellness with care and services that are based on individual needs	Better access to healthcare Improved health outcomes
<b>Economic empowerment</b> We help build financial security and resilience to provide confidence about the future and to deal with life challenges	Building financial resilience Social and economic opportunities through employment

<b>Strong communities</b>	Leading social innovation
We create strong communities providing individuals with a sense of purpose and security through meaningful engagement, access to services and social connectedness	Supporting living in place

### Calculating our impact value

Due to the challenge of ensuring robustness in accuracy and that we only calculate our own unique impact (and not that contributed by others), the measurement methodology is understandably complex.

Although we have included our detailed basis for calculation at [Appendix B](#)—in most simple terms, our social impact value can be described as a combination of the value that accrues to:

- *individuals* (including caregivers), for example, being healthy—both physically and mentally—and more financially secure
- the *wider community*, for example from the creation of assets that benefit society or through avoided government spending, and
- our *employees*, particularly those in our care business, for example providing permanent roles in a largely ‘gig’ and casual industry.

### Guiding principles

To ensure rigour and robustness to measuring this value, we apply six guiding principles:

1. *Focus on social outcomes*: report our outcomes, not inputs or outputs; capturing our social value, rather than business value.
2. *Set a clear boundary*: capture value created during the reporting period, not a lifetime value.
3. *Value what matters*: using financial proxies in a manner that the value of the outcome can be recognised.
4. *Recognise adoption, not just innovation*: recognise our role as a social innovator by demonstrating the value of ideas once adopted by others.
5. *Do not overclaim*: claim value that we are uniquely responsible for creating (i.e. ‘discounting’—explained in detail below).
6. *Rely on quality data*: report on outcomes where reliable data and evidence exists.

### Discounting

Our CSV Framework acknowledges the many factors influencing the impact we have on the wellbeing of individuals and communities—and that our products and services contribute in different ways and extents to this wellbeing. To help us maximise the accuracy and rigour of calculating our impact, the framework applies specific discount factors to calculate our *unique* impact.

These discount factors take into consideration whether impact outcomes would have happened even if our interactions or interventions had not taken place and the proportion of outcomes arising from the contribution of others. Importantly, this ensures that everyone involved in the value chain to arrive at the outcome is represented and that we do not overclaim or overstate our impact value.

Refer [Appendix C](#) for an example of how we apply discounting under the CSV Framework.

### Reporting our value

With consumers, investors, regulators and general society today more attuned to seeking information about the impact of their choices and decisions, we have committed to report our community and social value performance on a yearly basis and alongside our financial performance reporting. By doing so, demonstrates that we are active and transparent about putting the wellbeing needs of our customers, members and the community at the centre of our business.

As per our first report in 2021, the [Our Impact 2022](#) report was developed in conjunction with SVA and independently reviewed by PwC—providing an additional (and ongoing) level of assurance to our report and methodology.

In the 2022 financial year, Australian Unity delivered **\$1.63 billion** in unique community and social value (refer [Appendix D](#) for breakdown across priority areas). This is compared to \$1.25 billion in the 2021 financial year.

### Some ways we've been using our impact:

In addition to releasing two impact reports to-date, we've used our community and social value and impact data to drive key activities across our organisation, including:

- as part of investment and business decisions to ensure we continue (and maximise) our ability to deliver products and services that meet individual and community needs (e.g. social infrastructure, health care services),
- securing/raising funding from like-minded investors—including \$350 million in mutual capital instruments (that allows us raise funding while maintaining our mutual status); advancing an initiative in development with a Top 4 bank to deliver Australia's first sustainability-linked loan; and our range of green investment products,
- working with others in different sectors (e.g. fellow mutuals, non-profits, government agencies etc) to scale/enhance our social value framework and to support others to also measure their impact, and
- importantly, to continue providing products and services that deliver positive impact to naturally create a sustainable portfolio and a positive employee value proposition where our people are at the core of our impact and proud to make a difference to the lives of Australians.

#### **Recognition of our framework**

Acknowledging our work in the space to value and report impact to maximise our transparency and to guide our efforts, Australian Unity was named as one of the *Australian Financial Review's* 2022 Sustainability Leaders in its inaugural list. Australian Unity was also awarded the 'ESG Metrics Innovator Award' for best innovation focused on improving how environmental, social and governance impacts are measured.

### Conclusion

We hope this submission provides Treasury insight into Australian Unity's journey in identifying ways to measure our impact on what matters to Australians. We believe the work we do and the outcomes we strive to make through this work has strong alignment and synergies with the Australian Government's wellbeing agenda.

We warmly welcome any opportunity to discuss our framework further with Treasury, and invite you to read *Our Impact 2022* at [australianunity.com.au/impact](https://australianunity.com.au/impact).

Yours sincerely

#### **Adam Vise**

Group Treasurer and General Manager—Strategy & Impact  
Finance & Strategy  
Australian Unity

### Appendices

- A—Australian Unity Wellbeing Index seven domains of wellbeing
- B—Basis for calculating Community & Social Value
- C—Discounting example: Australian Unity Healthcare Property Trust
- D—Australian Unity's community and social value for FY2022

## Appendix A—Australian Unity Wellbeing Index seven domains of wellbeing



### 7. Future security

How you feel about your future in terms of job security, health, the environment and other factors.



### 1. Relationships

The quality of your relationships with family, friends and significant others.



### 2. Achieving in life

Having a purpose, direction or meaning to your life.



### 6. Personal safety

How you feel about your safety and how this translates to your community and nation overall.

# The seven domains of wellbeing



### 3. Standard of living

Having enough money or financial control to enjoy life.



### 5. Community connectedness

A sense of belonging and connection to the people around you.



### 4. Health

Your physical and mental state.

## Appendix B—Basis for calculating Community & Social Value

Outcome	Impact measurement and reporting criteria
<b>Lifelong wellness— Better access to healthcare</b>	<p><b>Social impact value created through better access to healthcare consists of <i>four</i> components:</b></p> <ol style="list-style-type: none"> <li>1. <b>Community social impact value:</b> calculated as the number of hospital bed days capacity created within the public hospital system as a result of relevant Australian Unity activities, multiplied by the estimated cost of provision of a hospital bed day. <ul style="list-style-type: none"> <li>The number of hospital bed days capacity created within the public hospital system is estimated based on the following activities: <ol style="list-style-type: none"> <li>a) the ownership of private hospitals within the investment portfolio of the Healthcare Property Trust</li> <li>b) the number and types of healthcare products and services provided by Australian Unity outside of the public health system.</li> </ol> </li> <li>The cost of provision of a hospital bed day is estimated taking into consideration, where applicable, the type of hospital bed capacity created based on the acuity of the care to be provided.</li> <li>Publicly available research and analysis on the number of hospital bed days capacity created within the public hospital system through the provision of healthcare products and services and the cost of provision of a hospital bed day within the public hospital system is utilised for the estimation of the social impact value created.</li> </ul> </li> <li>2. <b>Community social impact value:</b> Calculated as the number of customers with better ongoing access to healthcare as a result of receiving Australian Unity care products and services, which results in reduced system costs for the management and support for disability or other health condition. The reduced system cost is estimated taking into consideration the decrease in support needs generated multiplied by the estimated cost of providing support for the disability or other health condition based on Australian Unity financial records and publicly available research and analysis.</li> <li>3. <b>Individual social impact value:</b> Calculated as the estimated number of additional patients able to receive treatment as a result of the ownership of private hospitals within the investment portfolio of the Healthcare Property Trust multiplied by the estimated social impact value of that treatment. <ul style="list-style-type: none"> <li>The estimated social impact value of a patient being able to receive treatment is determined with reference to publicly available research and analysis.</li> </ul> </li> <li>4. <b>Individual social impact value:</b> The estimated annual social impact is calculated as the number of customers with improved access to healthcare as a result of receiving Australian Unity care products and services multiplied by the value to the individual, estimated as either: <ol style="list-style-type: none"> <li>a) the avoided cost of other healthcare services, based on the standard Medicare schedule fee for a consultation with a GP or relevant other medical professional; or</li> <li>b) the estimated value of the additional or higher level of care received by the customer utilising the relevant</li> <li>c) benefits paid through private health insurance provided by Australian Unity and/or with reference to publicly available research and analysis.</li> </ol> </li> </ol>
<b>Lifelong wellness— Improved health outcomes</b>	<p><b>Social impact value created through improved health outcomes consists of <i>two</i> components:</b></p> <ol style="list-style-type: none"> <li>1. <b>Individual social impact value:</b> Calculated as the estimated number of customers that have received Australian Unity care products and services who have experienced an increased sense of dignity, purpose or improved quality of life multiplied by the estimated social impact value of their recovery, contribution to society and lifestyle improvement. <ul style="list-style-type: none"> <li>The number of customers that have received Australian Unity care products and services includes: <ol style="list-style-type: none"> <li>a) those accessing aged care, home care and disability care services or retirement living</li> <li>b) those who have lived in specialist disability accommodation owned by Australian Unity's Specialist Disability Accommodation Fund.</li> </ol> </li> <li>The proportion of customers that have received Australian Unity care products and services who have experienced an increased sense of dignity, purpose or improved quality of life is estimated based on survey results for a sample of Aboriginal Home Care customers in 2020.</li> <li>The estimated annual social impact value of a customer's recovery, contribution to society and improvement to quality of life is determined with reference to publicly available research and analysis.</li> </ul> </li> <li>2. <b>Individual social impact value:</b> Calculated as the estimated number of customers receiving Australian Unity care products and services through aged care, retirement living and home care who have, or their families have, experienced improved health and lifestyle outcomes multiplied by the estimated social impact value of their improved health and lifestyle outcomes.</li> </ol>



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The number of customers who have received Australian Unity care products and services through aged care, retirement living and home care includes those customers who have:

- a) been supported by Australian Unity products and services to maintain their medical condition and/or situation
- b) been supported by Australian Unity products and services and experienced improvement in mental and emotional health
- c) received small-household models of care through Australian Unity's aged care and retirement living services.

The proportion of customers (and their families) that have received Australian Unity care products and services through aged care, retirement living and home care who have experienced improved health and lifestyle outcomes is estimated based on survey results for a sample of Aboriginal Home Care customers in 2020.

The estimated annual social impact value of customers' improved lifestyle outcomes is determined with reference to the estimated social impact values of avoided disabilities suffered, seeing friends and family more often, assistance with physical tasks in the home, and the avoided cost of recurring mental health care consultations and membership of tailored health programs. Publicly available research and analysis relating to each of these items is utilised for the estimation of the social impact value created.

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**Economic empowerment—  
Building financial resilience**

**Social impact value created through building financial resilience consists of four components:**

1. **Individual social impact value:** Calculated as the number of customers receiving Australian Unity's financial advice, trustee or life & super products and services multiplied by the estimated social impact value of the advice given.

The estimated annual social impact value of the advice given is estimated with reference to:

- a) the estimated increased social impact value of customer savings as a result of receiving Australian Unity's financial advice and life & super products
  - b) the estimated social impact value of the financial wellbeing and peace of mind enjoyed by customers receiving Australian Unity's financial advice and trustee or life and super products and services
  - c) the relief of family members from time spent on financial administration or executor administration responsibilities and is based upon publicly available research and analysis or, the average service hours per customer serviced by Australian Unity's Trustee Services (with a 50% inefficiency uplift) multiplied by the National minimum wage per hour at the commencement of the reporting period (sourced from the Fair Work Commission).
2. **Individual social impact value:** Represents the social value created through increased availability of childcare places enabled through Australian Unity's Childcare Property Fund, enabling female parents and caregivers to participate in paid employment.

The estimated annual social impact is calculated based on the estimated number of early childhood places created multiplied by both the proportion of Australians out of work that are seeking employment that are female and the average female salary in Australia (adjusted for 50% of estimated childcare costs and average government parenting payments expected to be received if the female was not working), each of which is based on publicly available research and analysis.

3. **Community social impact value:** Calculated as Australian Unity's total Indigenous and social enterprise spend during the period multiplied by the estimated impact of this spend on society, where the estimated annual social impact is determined with reference to publicly available research and analysis.
4. **Community social impact value:** Calculated as the estimated annual social impact for customers who, as a result of Australian Unity's activities, are better insured or able to return to work in the event of a major incident or, better able to fund their own retirement who would otherwise access government payments. The proportion of customers who would otherwise access government payments and the value of the payments is based on publicly available research and analysis.

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**Economic empowerment—  
Opportunities through employment**

**Social impact value created through increasing employment opportunities consists of two components:**

1. **Individual social impact value:** Calculated as the number of employees within Australian Unity's aged care, retirement living and home care services businesses who have been provided permanent employment multiplied by the estimated social impact value of the increased security and reduced financial stress offered by this permanent employment, determined with reference to publicly available research and analysis.
  2. **Community social impact value:** Calculated as the estimated proportion of new Indigenous employees within the Aboriginal Home Care business, Remedy, or employed in property projects that would otherwise be at risk of long-term unemployment, based upon publicly available research, and the number of new Indigenous jobs created multiplied by the average saving to the government for each new employee determined with reference to publicly available research and analysis.
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**Strong communities—  
Leading social innovation**

**Social impact value created through leading social innovation consists of *two* components:**

1. **Community social impact value:** Calculated as the financial contributions made during the period by Australian Unity to social infrastructure projects including Herston Quarter, childcare centres, and specialist disability developments, assuming a dollar-for-dollar social innovation benefit from the investment.
2. **Community social impact value:** Calculated as the net value of funds invested in green bond, healthcare and healthcare related venture capital investments through Australian Unity's investment products throughout the year, assuming a dollar-for-dollar social impact benefit for the investments made.

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**Strong communities—  
Living in place**

**Social impact value created through living in place consists of *three* components:**

1. **Individual social impact value:** Calculated as the number of customers receiving Australian Unity's aged care, retirement living, home care services, supported disability accommodation, Trustees or Remedy health services that are assumed to have experienced improved relationships, community belonging or an increased sense of independence (estimated based on survey results for a sample of Aboriginal Home Care customers in 2020), multiplied by the estimated social impact value to the customer of those benefits determined with reference to publicly available research and analysis, including for some factors the avoided cost to achieve the same outcome.
2. **Individual social impact value:** Calculated as the estimated number of Aboriginal Home Care customers experiencing a strong sense of cultural connectedness multiplied by the estimated avoided cost of otherwise lost earnings by a customer reconnecting with their culture determined with reference to publicly available research and analysis.

The proportion of Aboriginal Home Care customers experiencing a strong sense of cultural connectedness is estimated based on survey results for a sample of Aboriginal Home Care customers in 2020.

3. **Community social impact value:** The additional funds available to government as a result of savings created through the provision by Australian Unity of the following alternatives to living in aged care facilities:
  - a) Retirement living services
  - b) Home Care services
  - c) Aboriginal Home Care services
  - d) Supported disability accommodation

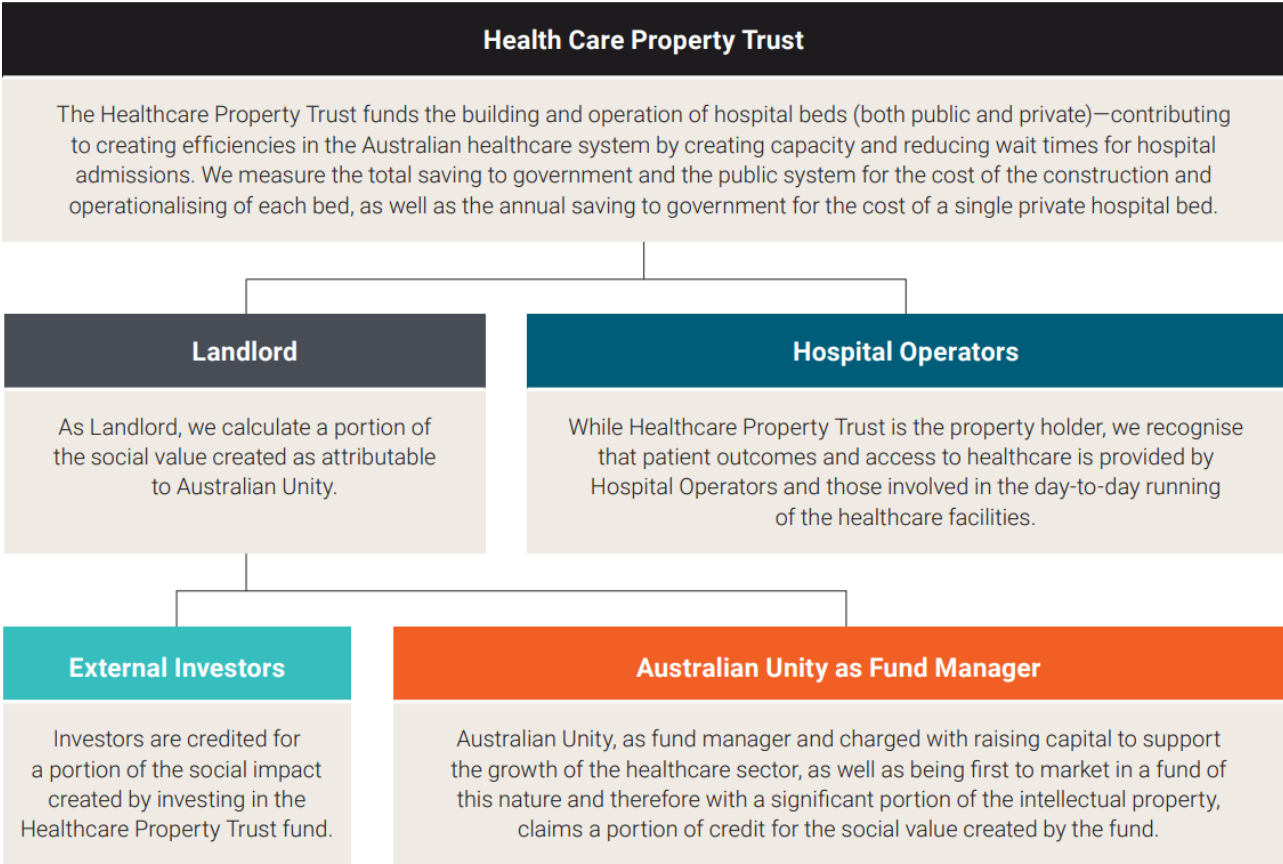
Calculated as the number of customers estimated to have avoided aged care admission by utilising other Australian Unity services multiplied by the social impact value of government savings as a result of avoided aged care admissions, determined with reference to publicly available research and analysis.

The proportion of customers that utilised Australian Unity alternatives to living in aged care facilities that have avoided aged care admission is based on service data or estimated based on survey results for a sample of Aboriginal Home Care customers in 2020.

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# Appendix C—Discounting example: Australian Unity Healthcare Property Trust



Appendix D—Australian Unity’s community and social value for FY2022

**\$1.63 billion**

in total community and social value for FY2022

