

CHAPTER 18

FUTURE DIRECTIONS

...tackling poverty is a long journey that we must take together, and we need to do it nationally as well as in our own communities. We recognise that there are no quick fixes.¹

18.1 Evidence to the Committee highlighted the inadequacies of the current approaches to poverty alleviation, especially the lack of a clear national focus.² This chapter looks at the need for a comprehensive, national whole of government approach to poverty alleviation in Australia. It also reviews the need for structural changes to reduce poverty in this country, as well as an integrated policy framework to promote social and economic sustainability.

The need for a national strategy

18.2 Submissions and other evidence emphasised during the inquiry that currently Australia has no clear national objective to reduce poverty, nor strategies to combat poverty and social exclusion. Such a framework would provide a concrete set of broadly supported goals and policy priorities in relation to poverty reduction. ACOSS stated that:

Governments have an important role to play in drawing attention to poverty and disadvantage, taking action to reduce it and monitoring progress to address it. Progress is much more likely to be made when governments make commitments that are tied to benchmarks. If Australia is serious about tackling poverty and making sustainable improvements in living standards and opportunities for all, a comprehensive national strategy is needed.³

18.3 The development of a national approach to poverty alleviation and a national commitment to reduce poverty was widely supported during the inquiry by advocacy groups and the welfare sector.⁴

18.4 State Governments also indicated their support for a national approach. The South Australian Government proposed:

1 *Committee Hansard* 30.4.03, p.36 (Catholic Social Services Victoria).

2 *Submissions* 44, p.61 (SVDP National Council); 169, pp.3-4, 29 (Mission Australia); 30, p.7 (Jesuit Social Services).

3 *Submission* 163, p.30 (ACOSS).

4 *Submissions* 44, pp.69-72 (SVDP National Council); 148, pp.3-5 (Catholic Welfare Australia); 169, p.4 (Mission Australia).

...the development of a national agenda on poverty that will inform key Commonwealth reform initiatives, facilitate collaboration between the States and Commonwealth and inform policy development in key portfolios such as housing, health, and family and community services.⁵

Likewise, the Victorian Government stated that:

...it is now time to reaffirm our national commitment to equity and our determination to match our continued high levels of growth with higher levels of equity...we need to undertake a serious analysis of the drivers of poverty, the composition of poverty in Australia in 2003, and the strategic approaches that could be adopted to develop a coordinated national response.⁶

Whole of government approach

18.5 Evidence strongly supported a whole of government approach to poverty alleviation involving all levels of government – Commonwealth, State and local. For example, UnitingCare Australia argued the need for 'developing a whole of government – and, by that, I mean across portfolios and different levels of government – framework for engaging with poverty that has indicators and benchmarks attached to it as a way forward'.⁷

18.6 Similarly, Catholic Welfare Australia argued that an anti-poverty strategy would seek to coordinate all elements of government policy initiatives and coordinate different spending and taxation elements so that it would be one coordinated and mutually consistent reinforcing strategy.⁸

18.7 Such an approach would provide for the development of a set of integrated policies covering a range of areas including employment; education and training; housing; health; early childhood education; aged care services; and services for people with disabilities.⁹

18.8 In Ireland, a system of 'poverty proofing' of government policy was introduced, which is a process by which Government departments and agencies and local authorities assess policies and programs at design and review stages in relation to the likely impact that they will have, or have had, on poverty. The Combat Poverty

5 *Submission* 187, p.33 (SA Government).

6 *Submission* 69, p.32 (Victorian Government). See also *Submission* 129, p.7 (Queensland Government).

7 *Committee Hansard* 20.6.03, p.669 (UnitingCare Australia).

8 *Committee Hansard* 20.6.03, p.707 (Catholic Welfare Australia). See also *Submission* 98, p.vii (BSL).

9 *Submissions* 44, p.69 (SVDP National Council); 133, p.2 (UnitingCare Australia).

Agency noted that 'the idea [is] that anything being done in a government department would have some impact assessment, in relation to its impact on poverty'.¹⁰

18.9 Submissions and other evidence pointed to the often bewildering array of Commonwealth, State and local government programs with a poverty-related focus which are often conceived of with only a limited local focus and very limited coordination between different levels of government. The SVDP National Council, commenting on Commonwealth-State funding arrangements, stated that:

At the moment it is absolutely crazy. You have a Commonwealth-state housing agreement here, which is totally separate from education grants over here, and they do not consider it when they are considering hospital funding over here. They are all disjointed but they are all part of the same problem.¹¹

18.10 From a State Government perspective, the South Australian Government noted that the Commonwealth Government's Strengthening Families and Communities strategy, while containing many useful elements, is not linked to any state government initiatives in the same policy area.¹²

18.11 Submissions, nevertheless, pointed to areas where there are currently attempts at a national approach to specific areas of social need illustrating that it would be possible to develop a similar approach in relation to poverty alleviation. The South Australian Government pointed to the National Agenda for Early Childhood which involves a collaborative approach between the Commonwealth and the States. It was argued that this approach would seem to be capable of engaging the broad range of stakeholders and governments in the Australian context.¹³ FaCS also commented on the Commonwealth's innovative approach in the area of early childhood development, noting that:

Departments are working around those issues [of early childhood] in ways that they have not worked together before, to find shared objectives in investing more effectively in early childhood development...that is an indication of a recognition that the issues need to be looked at in a way – and in a whole of government way – that has not been done before...The process of discussion that the government has initiated, with very wide buy-in not only across Commonwealth departments but also across state governments, will be important in...helping us move forward.¹⁴

10 *Committee Hansard* 28.7.03, p.979 (Combat Poverty Agency).

11 *Committee Hansard* 19.6.03, p.615 (SVDP National Council).

12 *Submission* 187, p.33 (SA Government).

13 *Submission* 187, p.35 (SA Government).

14 *Committee Hansard* 20.6.03, p.694 (FaCS).

18.12 A number of States/Territories are adopting a more integrated, whole of government approach to poverty alleviation. Details of the Australian Capital Territory Government's approach is illustrated below.¹⁵ While these are valuable State-based initiatives an overarching national approach is needed.

ACT: Integrated Approach to Addressing Poverty

The ACT Government has adopted a comprehensive, whole of government approach to delivering policies to people in poverty in the ACT. As a first step, it has sought to establish a baseline for disadvantage in the ACT supported by evidence rather than anecdote.

The project – Addressing Disadvantage – consisted of four parts:

- mapping ACT Government services for people experiencing disadvantage and those in poverty;
- locating and analysing poverty in the ACT;
- researching the need for and provision of human services in the ACT; and
- consulting about disadvantage with non government organisations.

The mapping has provided the Government with a clear picture of the services it funds for people experiencing disadvantage and those in poverty.

Research done for the project by the National Centre for Social and Economic Modelling showed that financially disadvantaged people live in all suburbs in the ACT. This has significant implications for service delivery, and shows that targeting resources to a few suburbs would not assist the majority of the ACT's financially disadvantaged.

Work commissioned from the Australian Institute of Health and Welfare showed that Canberra's human services are more likely to be provided through the home and community. This also has implications for service planning and provision. For the first time, a Government of the ACT has a clear picture, based on nationally consistent data, of human services and the people who access the support they provide.

ACTCOSS consulted with non-government organisations and found that people in the ACT experience multiple types of disadvantage, have complex needs and require holistic person-centred services. This points to the need for multidisciplinary services based on the needs of the individual.

The project identified a range of areas where service provision could be strengthened, including education, youth and family services, health, disability and housing.

ACT Government, *Addressing Disadvantage in the ACT*, Canberra 2003; ACT Chief Minister, Key Report to Guide Social Plan, *Media Release*, 9 June 2003.

15 See also *Submission* 199, pp.2-13 (ACT Government); *Committee Hansard* 19.6.03, pp.634-44 (ACT Government).

A national approach to poverty alleviation

18.13 As noted above, submissions and other evidence argued that a national approach to poverty needed to be developed in Australia. Evidence indicated that the elements of a comprehensive strategy for poverty alleviation required:

- the development of an agreed national benchmark measure of poverty;
- the development of a national anti-poverty strategy in consultation with key government, welfare, community and business stakeholders; and
- implementation structures to support the anti-poverty strategies adopted.

These issues are discussed below.

Agreed national poverty benchmark measure

18.14 As discussed in previous chapters, there is little agreement about how to measure relative poverty in Australia. During the inquiry it became clear that the absence of agreement about a core measure of poverty in Australia has frustrated an informed debate and contributed to a sustained policy paralysis in addressing and reducing poverty in this country.

18.15 While there is no official poverty line in Australia, the Henderson poverty line has been widely used for decades in Australian poverty studies, although as noted in chapter 2, it has been criticised by some commentators for, in particular, overstating the level of poverty due to the method used to regularly update the poverty line.

18.16 Many witnesses argued that while there is little prospect of agreement on the adoption of a poverty line in Australia a combination of measures or the construction of a new measure may be more appropriate.¹⁶ Professor Saunders argued that:

...the more ways we can come at the problem the better, because the danger with putting all your eggs in one poverty line basket, as it were, is that if the poverty line itself is subject to criticism you lose the lot. One important reason for trying to get a number of different handles on the issue allows us to say: "These things are robust at least in relation to this group. We've tried five different ways of measuring this group, and on all five measures this group is poor". That is much more convincing than saying, "We have one measure, and they are poor on that measure".¹⁷

16 See *Committee Hansard* 27.5.03, p.439 (Professor Saunders); *Committee Hansard* 27.5.03, pp.441-42 (CIS).

17 *Committee Hansard* 27.5.03, p.433 (Professor Saunders). See also *Submission* 69, p.7 (Victorian Government).

18.17 A number of different approaches are possible. For example, some submissions argued that deprivation indicators could be developed as alternatives to, or complementary measures to, income poverty measures.¹⁸ Other submissions argued that expenditure data could be used to supplement income data to measure living standards, given that reported incomes may not be a reliable indicator of a person's standard of living.¹⁹ These approaches are discussed in more detail in chapter 2.

18.18 Evidence pointed to overseas examples as providing possible models. The United States adopted an official poverty line in 1968. The poverty line was determined by a minimum food budget for a family of four (which represented a third of family expenditure). The food budget was multiplied by three to obtain the overall minimum budget, and those with incomes below this were counted as poor. Since then the US poverty line has been updated in line with prices. It is therefore an absolute measure, with a fixed real value, that has not taken account of changing consumption needs. By the mid-1990s the poverty line had fallen to an equivalent of less than one third of median household income. A recent review of the official poverty measure by the US National Research Council suggested that it should be revised to reflect not only price changes, but also changes in the consumption of basic necessities.

18.19 In contrast to adopting a single absolute poverty measure, Member States of the European Union (EU) have agreed to a multi-dimensional range of indicators. In relation to low income, Eurostat, the European statistical agency, has adopted a relative measure – based on 60 per cent of median income – as an indicator to compare Member States of the EU. Other indicators of low income, such as persistent low income have also been agreed by the EU. Agencies of the EU also have a set of commonly agreed indicators of poverty and social inclusion encompassing different measures of low income, employment, educational attainment and health outcomes.²⁰ The Irish Government has adopted a different approach to measuring poverty. The Government applies a 'consistent poverty' measure which identifies those families who have both very low *incomes* and who report *expenditure* difficulties in being able to afford essentials.²¹

National anti-poverty strategy

18.20 A variety of options were suggested during the inquiry as to how a national anti-poverty strategy could be developed. ACOSS suggested that such a strategy should be established at the national level, in collaboration with State governments, through the Council of Australian Governments (COAG). ACOSS argued that such a

18 *Submissions* 163, pp.62-63 (ACOSS); 95, pp.17-19 (Professor Saunders).

19 *Submission* 172, p.18-36 (Smith Family).

20 UK Department for Work and Pensions, *Measuring Child Poverty*, April 2002, pp.16-17.

21 See *Submission* 69, p.7 (Victorian Government).

strategy should be developed over a 12 month period of consultation, including the convening of a national anti-poverty summit.²²

18.21 A number of State Governments also suggested the COAG process could be a possible option.²³ The South Australian Government suggested that the possible processes under the COAG model would be an initial reference to COAG to set its agenda, the establishment of a Ministerial Council on Poverty and the establishment of a high profile board to engage community and business stakeholders. The South Australian Government argued, however, that the weakness of this approach is that it is driven and owned by Governments and bureaucracies with little scope for other stakeholders to participate.²⁴

Ireland's National Anti-Poverty Strategy

18.22 Ireland's National Anti-Poverty Strategy (NAPS) also provides a potential model. Following the United Nations World Summit for Social Development in 1995, the NAPS was established in 1997 as a governmental commitment to a ten year plan for the reduction of poverty in Ireland. The Government set up an interdepartmental policy committee – comprising representatives of several Departments including those dealing with welfare, community and family affairs, education and health and also undertook analysis and consultation in terms of coming up with the strategy.²⁵ NAPS focused on a number of key themes including income adequacy, unemployment, educational disadvantage, rural poverty and disadvantaged urban areas. Each of these themes was set a target for the reduction of poverty within their respective areas, and a global target was also set as an overall aim. Details of the strategy are provided below.

Ireland's National Anti-Poverty Strategy

The National Anti-Poverty Strategy comprises:

- An explicit definition of poverty: consistent poverty – where a person has less than 70 per cent of median income and does not have access to basis items (as detailed below); and income poverty – where a person has an income less than 60 per cent of the median income. Consistent poverty has declined from 14.5 per cent in 1994 to 5.2 per cent in 2001, whereas income poverty has increased from 15 per cent in 1994 to 22 per cent in 2001.

22 *Submission* 163, p.30 (ACOSS). See also *Submissions* 69, p.32 (Victorian Government); 187, p.38 (SA Government).

23 *Submissions* 69, p.32 (Victorian Government); 187, p.38 (SA Government).

24 *Submission* 187, p.38 (SA Government).

25 *Committee Hansard* 28.7.03, p.978 (Combat Poverty Agency).

- A global poverty reduction target and sub-targets in the areas of educational disadvantage, unemployment, adequacy of social transfers, disadvantaged urban areas and rural poverty.

The global target relates both to the numbers below relative income poverty lines and the experience of basic deprivation (access to necessities measured by a set of non-monetary deprivation indicators) including:

- going without a substantial meal all day
- not being able to afford adequate heating
- having to buy second hand clothes
- not being able to afford an overcoat.

In addition to the standard indicators other indicators employed relate to:

- Financial: measure of consistent poverty; decile ratio shares
- Education: numbers without basic qualifications; early school leaving; training qualifications
- Employment: youth unemployment, proportion of employees below poverty line, children in jobless households without basic qualifications, access to training, tenure of employment
- Health: concentration of premature deaths, cancer deaths, health access for different groups, low birth weight, variations in life expectancy across groups, infant mortality levels across groups, variations in cardiovascular disease, mental health levels
- Housing: homelessness, availability of affordable housing, housing standards
- Social Participation: literacy and numeracy levels, access to services, public transport, participation in community groups, integration of public services; crime levels.

Committee Hansard 28.7.03, pp.975-992 (Combat Poverty Agency); Submission 163, p.29 (ACOSS).

Consultative mechanisms to develop strategy

18.23 Evidence indicated the importance of an effective consultative mechanism with key stakeholders in the development of any anti-poverty strategy. Mission Australia called for the development of a nationally co-ordinated Poverty Reduction and Elimination Partnership comprising government, non-government, business and community representatives to develop and evaluate multidisciplinary strategies to reduce poverty.²⁶

18.24 Some groups suggested that a national summit should be convened as part of the consultative phase. Submissions argued that a summit could help raise the status of the issue of poverty in the public arena and emphasise the responsibility of the

26 *Submission 169, p.4 (Mission Australia).*

community collectively to participate in finding solutions to the problem of poverty.²⁷ The SVDP National Council indicated that there was widespread community support for a summit:

We believe that there is a fairly big consensus out there that something has to be done about it [poverty]. Certainly it exists amongst a number of welfare organisations and with most of the trade union movement...It exists with certain members of the business community. We have been taking to them too.²⁸

18.25 The Committee questioned witnesses as to whether a summit would degenerate more into a 'talkfest' where deeply held disagreements around the issue of poverty would dominate to the detriment of the development of a plan of action. The SVDP National Council suggested that it would be useful to convene a pre-summit meeting so that this did not occur. This meeting would formulate a set agenda for the main summit and act as a way to build consensus among the various stakeholders – 'it is no use calling people into a summit and then having a free-for-all...It has to be planned and carefully structured. It also has to bring in all sides of politics'.²⁹

18.26 Other groups expressed their support for a summit. Catholic Welfare Australia argued that a summit would be able to bring together stakeholders to discuss a national strategy – 'but this is not seen as leading to a gabfest, but rather simply to try to build consensus for the adoption of such a strategy'.³⁰ The Australian National Organisation of the Unemployed commented on the effectiveness of similar arrangements overseas:

I know that these things can be very effective, because I have seen some that are very effective. The National Economic and Social Forum in Ireland is a fine example of how things can be brought together and things changed....You look at Ireland, for example – when you actually pick up the people who have a real deep vested interest in this they are not interested in the talk, they are interested in the action. And when that influence is strong enough, for a start that will drive the thing to become action oriented rather than talk oriented.³¹

27 See *Submission* 148, p.12 (Catholic Welfare Australia).

28 *Committee Hansard* 19.6.03, p.615 (SVDP National Council).

29 *Committee Hansard* 19.6.03, p.615 (SVDP National Council).

30 *Committee Hansard* 20.6.03, p.707 (Catholic Welfare Australia).

31 *Committee Hansard* 4.8.03, p.1163 (ANOU).

18.27 Some doubts were expressed as to whether a summit would be effective in addressing the issues around poverty.³² FaCS commented that if a summit were to be held 'it would be very important to agree on what we meant by some of the concepts, because...there can be a lot of disagreement about what is appropriate to be focusing on'.³³

18.28 Submissions and other evidence also argued that governments needed to commit to a reduction in poverty over a fixed time frame. ACOSS argued that at a minimum, governments should commit to an overall reduction in the level of poverty by a quarter, and the level of child poverty to be halved, over a 10 year period. This would require the adoption of:

- a widely understood and accepted definition of poverty;
- a method to measure progress in the achievement of this commitment; and
- the adoption of benchmarks and targets, including national, local and group specific targets for the achievement of substantial improvements in a range of social indicators including levels of unemployment, income adequacy, educational attainment, health outcomes, housing affordability, Indigenous wellbeing and access to essential community services.³⁴

National poverty reduction targets

18.29 Other welfare groups also emphasised the importance of national poverty reduction targets. The SVDP National Council argued for the adoption of a timeframe for a poverty alleviation strategy of 5 years and progressive benchmarks to be achieved over that period.³⁵ Catholic Welfare Australia suggested a national commitment to reduce adult poverty by at least 50 per cent, and child poverty by at least 75 per cent, within a generation.³⁶ Catholic Welfare Australia noted that a targeting strategy places an important discipline on government and 'makes it measurable and accountable about its achievements in poverty reduction strategies against the national strategy'. They added that:

Targets can be under the short-term model of reducing child poverty by a certain amount within a certain period of time – two or three years – and the shorter targets have proved quite successful in Ireland. Or perhaps longer

32 *Committee Hansard*. 27.5.03, p.449 (CIS); *Committee Hansard* 19.6.03, pp.648-49 (Australia Institute).

33 *Committee Hansard* 20.6.03, pp.693-94 (FaCS).

34 *Submission* 163, p.30 (ACOSS).

35 *Submission* 44, p.69 (SVDP).

36 *Submission* 148, p.14 (Catholic Welfare Australia).

term targets, as apply particularly in the case of the UK, which has claimed to eliminate child poverty within a generation.³⁷

18.30 A number of State Governments are developing benchmarks and indicators to monitor progress in achieving their anti-poverty objectives. The Tasmanian Government, as part of its Tasmania *Together* plan, which is an integrated social, environmental and economic plan for Tasmania, has developed a cluster of six benchmarks to focus on the immediate and long term impacts of poverty in that State (see Table 18.1).

Table 18.1: Tasmania: Benchmarks for Poverty Alleviation

Benchmark	Targets	Baseline	Latest Data	Comment
The cost of food, electricity, housing, transport and health as a percentage of income for low-income earners.	2005 65% 2010 62.5% 2015 60% 2020 55%	2001 Couples 72% Families 63%	2002 Couples 71% Families 62%	This is a measure of discretionary expenditure available to families, taking into account both cost pressures on a basket of essential goods and services.
Proportion of households with income below the OECD poverty line.	2005 8% 2010 6% 2015 4% 2020 0%	1999-2000 10%	-	Uses the OECD half median poverty line (\$415/wk in 1999-2000).
Long-term unemployed people as a % of all unemployed Tasmanians.	2005 Australian Average 2010 on Best performing State	April 2001 Tas 39.7% Aust 22.4%	April 2002 Tas 40.1% Aust 23.7%	Long-term unemployment defined by ABS as those out of work for more than 52 weeks. Recent figures indicate a decline in Tasmania's long term unemployment.
Proportion of adults who report being unable to raise \$2,000 in a week for an emergency	2005 30% 2010 20% 2015 10% 2020 0%	1998 40.8%	Baseline data from Healthy Communities Survey	A measure of financial security/resilience and of control.
Proportion of Tasmanians who report that they cannot buy enough food for the household.	2005 0% 2010 0% 2015 0% 2020 0%	1998 10%	Baseline data from Healthy Communities Survey	
Index of relative socio-economic disadvantage (rural)	2005 Maintain or improve 2010 " 2015 " 2020 "	1996 Index of Relative Social Disadvantage (IRSED) 974 Rural Index of Socio-Economic Advantage (RIRSEA) 1019	New data from 2001 Census available in Sept 2003	Baseline data now using two ABS indices. On IRSED, the 974 value for the whole of Tasmania ranks below the Australian average of 1000. Under the alternative RIRSEA index Tasmania's rural areas score above the national average and are ranked second after ACT.

Source: *Submission 185*, p.27 (Tasmanian Government).

37 *Committee Hansard* 20.6.03, p.707 (Catholic Welfare Australia).

18.31 In the European Union, social indicators are seen as important tools in measuring anti-poverty objectives and are the basic building blocks of anti-poverty action plans. The EC indicator framework seeks to provide information on issues such as levels of poverty, labour market disadvantage, poor health, poor housing, deprivation, educational levels, literacy and numeracy and capacity to participate in society. In the United Kingdom, the Government is developing benchmarks to monitor progress in the achievement of its anti-poverty objectives and has established government bodies and consultative mechanisms with the aim of developing appropriate policy responses.³⁸

18.32 Ireland's NAPS contains 36 targets in areas such as income, employment, education, health and housing. The strategy is now also concentrating on particular groups at risk of poverty, such as women; children and young people; older people; ethnic minorities; and people with disabilities and sets targets to measure progress in achieving anti-poverty objectives in relation to these groups.³⁹

Establishment of an anti-poverty body

18.33 Evidence to the inquiry indicated the need for structures to be established to support any anti-poverty strategies adopted. Many overseas countries have specific structures, research programs and consultative mechanisms concerned with poverty and social exclusion.

18.34 In Ireland a number of bodies support that country's anti-poverty strategy. A statutory body, the Combat Poverty Agency was established in 1986. The Agency provides policy advice to the Government on issues pertaining to poverty; undertakes research to inform that policy advice; undertakes pilot projects in the field; and provides public education and information. A national Office for Social Inclusion has been established in the Department of Social and Family Affairs. Social inclusion units have also been established in government departments responsible for delivering the strategy, and in some local authorities. A Social Inclusion Consultative Group has been established which meets twice a year. It comprises senior public servants across government departments, business, trade unions, community and voluntary sector organisations and anti-poverty experts. A Social Inclusion Forum also meets once a year that includes a wide range of groups, such as NGOs and local authorities. The aim is to give feedback on the implementation of the strategy. A Cabinet Subcommittee on Social Inclusion, chaired by the Prime Minister, has also been established.⁴⁰

38 *Submission* 163, pp.26-30 (ACOSS).

39 *Committee Hansard* 28.7.03, p.980 (Combat Poverty Agency).

40 *Committee Hansard* 28.7.03, pp.975, 980 (Combat Poverty Agency).

18.35 The United Kingdom has a Social Exclusion Unit within the Cabinet Office, supported by research and analysis conducted through the Centre for Economic and Social Inclusion.⁴¹

18.36 Various initiatives have been undertaken at the State/Territory level in Australia. The South Australian Government has established an independent board that advises the Government on its Social Inclusion Initiative and reports to the Department of the Premier and Cabinet. The SA Government noted that this approach provides for the involvement of other stakeholders while still being closely connected to Government.⁴²

South Australia: Social Inclusion Initiative

In March 2002, the Premier established the Government's Social Inclusion Initiative and appointed the Social Inclusion Board with the objective of tackling some of the most pressing social issues facing the state and by linking social and economic policy. The Board will advise Government on new ways to achieve better outcomes for the most disadvantaged people in the community.

Initially the Premier has asked the Board to consider three specific references:

- Reduce the incidence of homelessness and reduce the number of people sleeping rough by 50% during the life of the Government;
- Support young people to stay at school and successfully complete twelve years of education reflected by a measurable increase in school retention rates; and
- Respond to the recommendations made at the June 2002 Drugs Summit.

The Board advises on collaborative action by Government and collaborative initiatives between State Government and others sectors, and reports to the Premier on the impact of these actions.

The Board comprises community leaders bringing together experience and expertise as well as established linkages across non-government organisations, the business sector and the broader community. These enable the Board to build partnerships, to work with all spheres of government and maximise the cross sectoral use of resources.

The Social Inclusion Unit supports the work of the Board in achieving these objectives and is located within the Department of the Premier and Cabinet.

Submission 187, Attachment 2 (SA Government).

18.37 Several submissions argued that an anti-poverty commission or similar body should be established in Australia to oversee the development and monitoring of a national anti-poverty strategy. ACOSS argued that an advisory council should support

41 *Submission 163*, p.31 (ACOSS); see www.cesi.org.uk.

42 *Submission 187*, p.34 & Appendix 2 (SA Government).

the work of an anti-poverty commission with membership drawn from Commonwealth, State and local governments, business and trade unions, community service agencies and key experts. The commission would report regularly to Parliament on progress against the strategy. ACOSS suggested that policy units within the Commonwealth Government and line departments, both Commonwealth and State, should also be established to coordinate government activity to address poverty, and assess the impact of programs and policies on poverty reduction.⁴³

18.38 Similar structures were also advocated by other groups. Catholic Welfare Australia proposed the establishment of a statutory authority – the Commission for Poverty Reduction. The proposed commission would:

- develop a range of indicators to measure poverty and deprivation;
- report to the Parliament on performance against poverty reduction targets;
- undertake inquiries into specific issues relevant to poverty reduction; and
- undertake research into the causes and effects of poverty in Australia.⁴⁴

18.39 Catholic Welfare Australia proposed that full and part-time representatives would be appointed to the commission with representation from policy experts in academia, social policy research bodies, social welfare agencies, and the business community. It was envisaged that the commission would have similar powers to the Productivity Commission in conducting inquiries.⁴⁵ Catholic Welfare Australia suggested that the body needed to be independent and pointed to the success of the Productivity Commission in this regard – 'its statutory independence, its capacity to conduct inquiries and to measure effects of assistance have proved a very powerful influence in building success for change in this country. We would see that their emphasis could perhaps be balanced by a similar commission whose prime focus was in considerations of poverty reduction'.⁴⁶

18.40 The Victorian Government suggested that an expansion of the responsibilities of the Productivity Commission – which could be renamed the Productivity and Equity Commission – would provide a possible means to implement an anti-poverty strategy. The Victorian Government noted that the Productivity Commission has initiated important improvements in the area of micro-economic reform – 'we believe there is potential to drive changes in equity and social justice in Australia through

43 *Submission* 163, p.31 (ACOSS); *Committee Hansard* 20.6.03, p.676 (ACOSS).

44 *Submission* 148, p.3 (Catholic Welfare Australia).

45 *Submission* 148, pp.14-15 (Catholic Welfare Australia).

46 *Committee Hansard* 20.6.03, p.707 (Catholic Welfare Australia).

comparable processes'.⁴⁷ Catholic Welfare Australia, however, while noting that the Productivity Commission has been a good example of consensus building for social change in the case of micro-economic reform argued that the Commission would not be a 'suitable advocate' for the most disadvantaged because of its primary emphasis on economic efficiency rather than equity considerations.⁴⁸

18.41 Other options suggested included the establishment of an independent board. The South Australian Government noted that an independent board that reports to the Premier and Cabinet was established as part of that State's social inclusion initiative. The Government noted that this arrangement provides greater scope for the engagement of other stakeholders while still being closely connected to Government compared with COAG arrangements.⁴⁹

Conclusion

18.42 The Committee believes that there is an urgent need for a comprehensive national approach to the alleviation of poverty in Australia. The lack of clear national objectives to reduce poverty and social exclusion limits the ability of governments to develop and implement appropriate policies in this area.

18.43 A national anti-poverty strategy needs to involve key policy areas including employment, health, education, income support, housing and other relevant areas. Targets related to poverty alleviation need to be set in these areas as part of a whole of government strategy to fight poverty. The development and use of comprehensive anti-poverty targets has assisted the Irish and United Kingdom Governments to measure their progress in addressing inequality and disadvantage.

18.44 The strategy needs to be developed in close consultation with key stakeholders including State governments, the welfare sector, unions, the business community and key experts in the field of poverty. To this end, the Committee believes that the broad parameters of an anti-poverty strategy should be developed over a 12-month period and include an anti-poverty summit. The Committee envisages that the consultative phase would enable consensus building and would establish key goals and broad priorities for an anti-poverty strategy.

18.45 The Committee further considers that a statutory authority or unit reporting directly to the Prime Minister should be established to develop in greater detail the anti-poverty framework agreed to during the consultative phase, and to provide a mechanism to implement and monitor the anti-poverty strategy adopted.

47 *Submission* 69, p.32 (Victorian Government). The Victorian Government also suggested that another option would be using the existing COAG framework.

48 *Submission* 148, p.14 (Catholic Welfare Australia).

49 *Submission* 187, p.38 (SA Government).

Recommendation 94

18.46 That a comprehensive anti-poverty strategy be developed at the national level and that this involve:

- **an initial summit of Commonwealth, State and local governments, the welfare sector, unions, the business sector, community groups, income support customers and relevant experts in the field to be held to highlight the importance of the issue and agree on a timetable for action;**
- **a commitment to achieve a whole of government approach. That is, coordinated action across policy areas such as employment, health, education, income support, community services, housing and other relevant areas to reduce poverty and poverty of opportunity;**
- **not longer than a 12-month period of consultation.**

Recommendation 95

18.47 That a statutory authority or unit reporting directly to the Prime Minister be established with responsibility for developing, implementing and monitoring a national anti-poverty strategy and that this entity:

- **establish benchmarks and targets to measure progress against a series of anti-poverty objectives;**
- **report regularly to the Parliament on progress against the strategy; and**
- **undertake or commission research into a range of poverty-reduction measures.**

Structural changes aimed at reducing poverty

18.48 Evidence to the inquiry indicated that the development and implementation of a comprehensive anti-poverty strategy will require structural changes to address the underlying causes of poverty in Australia. This will require a re-ordering of the social and economic priorities in this country.⁵⁰ Catholic Welfare Australia stated that 'we need to create a social and economic environment that proofs the nation against poverty, reducing the risk of economic disadvantage becoming socially entrenched'.⁵¹

50 *Committee Hansard* 20.6.03, p.655 (UnitingJustice Australia); 30.4.03, pp.36-37 (Catholic Social Services Victoria). See also *Submissions* 30, pp.1-8 (Jesuit Social Services); 44, pp.69-74 (SVDP National Council); SVDP, *Two Australias: Addressing Inequality and Poverty*, May 2001.

51 *Submission* 148, p.2 (Catholic Welfare Australia).

18.49 The SVDP National Council stated that over the last two decades there has been a move away from a national commitment to egalitarianism:

We have moved from our egalitarian nation based on European social values of accepting that society is designed for the common good and that government has a responsibility of ensuring that everyone contributes to, and benefits from, that common good to a nation that is increasingly focused on the pursuit of the individual and the belief in the free market to solve all our problems. The free market was never designed as a social tool. If we are to accept this move [away from egalitarianism]...Australians should be asked: do you want a nation with a health system which is affordable only to the wealthy?...Are you prepared to put up with the level of homelessness and destitution which up until now has been unacceptable in this country? Are you prepared to put up with the quality of an education system dependent upon how wealthy you are?⁵²

18.50 Catholic Welfare Australia argued that as a nation we can choose the level of poverty that exists.

We can choose to make poverty reduction a key priority for policy reform. But we have not chosen to do this. The national commitment to the fight against poverty in Australia is tepid. This is partly because current social values insufficiently reflect a sense of solidarity for those in need. But it is also a failure of policy. Only governments have the fiscal and legislative means to approach a social problem so complex, so deeply connected to the institutional structures of our society.⁵³

18.51 Significant structural changes are required to address the economic and social determinants of poverty in Australia. Submissions emphasised that the policy framework to address unemployment, for instance, needs to focus both on achieving the maximum sustainable rate of economic growth, and ensuring that economic growth benefits all sections of the community, including the most vulnerable.⁵⁴

18.52 Inadequate levels of education and skills also contribute to poverty. The people most at risk of joblessness – especially long-term joblessness – throughout their working lives are those with limited education, vocational skills and a limited history of secure employment. Submissions emphasised that people who have not had access to appropriate education and training opportunities are finding it increasingly difficult to actively shape their own social and economic futures. ACOSS noted that:

Improving education and training for people most at risk of joblessness, and those already unemployed long-term, is a critical element of any anti-

52 *Committee Hansard* 19.6.03, p.599 (SVDP National Council).

53 *Submission* 148, p.2 (Catholic Welfare Australia).

54 *Submissions* 98, pp.vi, 9-13 (BSL); 129, pp.8-9 (Queensland Government).

poverty strategy. This approach will not be effective, however, in the absence of strong growth in employment. Moreover, education, employment and training policies require a much more substantial investment, and a revamp of their design, to overcome deeply entrenched labour market disadvantage.⁵⁵

18.53 Changes in family formation especially being single and supporting dependent children contribute to the risk of poverty particularly when combined with other factors such as joblessness. Submissions emphasised that innovative initiatives across a range of policy areas are required to address this issue.⁵⁶

18.54 Evidence to the Committee indicated that, while requiring some fundamental policy changes, affluent countries like Australia have the economic capacity to abolish poverty. The SVDP National Council argued that the total amount of additional funding required to abolish poverty in Australia is about 2 per cent of GDP or \$12 billion per annum. This could be implemented over a number of years to lessen its overall impact. The Society estimated that the proposal would ultimately involve the wealthiest 20 per cent of Australians (which control over 60 per cent of the wealth) surrendering, over time, 2-3 per cent of that wealth to the community as a whole.⁵⁷

18.55 The SVDP Society argued that these changes could be funded by a combination of new revenue sources and re-ordering priorities within existing Government programs. New revenue sources suggested by the Society would include the removal of tax concessions on trusts; limitations on the tax concessions granted to wealthy individuals and companies; and higher marginal tax rates on very high income earners and companies. The Society suggesting that re-ordering of Government funding priorities could include means testing the private health insurance rebate; means testing other payments, including the baby bonus; re-ordering of education grant priorities to ensure that the poorest schools receive the bulk of the funding; and reviewing other government subsidy programs with the aim of reducing funding in certain areas and extending funding to other areas, especially where the need is greatest.⁵⁸

18.56 Professor Saunders also argued that the financial cost of abolishing poverty represents only a small fraction of Australia's national income or GDP (estimated at less than 2.4 per cent of GDP) – 'we can thus pay to remove all Australians from

55 *Submission* 163, p.101 (ACOSS).

56 *Submission* 163, p.102 (ACOSS).

57 *Submission* 44, p.73 (SVDP National Council).

58 *Submission* 44, pp.73-74 (SVDP National Council). See also SVDP, 'Greed, poverty and compassion: where to Australia?', Paper presented to ALP Round-table on Poverty, October 2002, pp.7-8.

poverty if we want to: the fact that we don't do so is a matter of choice, not affordability'.⁵⁹

18.57 Submissions noted that comprehensive policies to reduce poverty need to consider not only their fiscal costs, but also their potential longer term benefits to the nation. Catholic Welfare Australia noted that a systematic approach to reducing unemployment and moving people from welfare to work will increase participation in the labour market. This will lead to higher GDP per capita. This strategy, as well as improving the lives of those currently unemployed, will also improve the wellbeing of all Australians by improving social cohesiveness. Thus an effective national anti-poverty strategy has both direct and indirect benefits for the nation as a whole.⁶⁰

Social and economic sustainability

18.58 In addition to the need for structural changes, evidence to the inquiry indicated the need for a new integrated policy framework where a range of objectives, including issues of equity and disadvantage are incorporated into government policy rather than, as has largely occurred in the past, a concentration on strictly economic objectives. It has been argued that governments should commit to conjoint economic, social, cultural and environmental policies where economic, social, cultural and environmental objectives are *all* given equal attention.⁶¹

18.59 Evidence called for the development of a fairer and more sustainable society where there is a more equal distribution of the benefits of economic growth. One study noted that a continuing problem in Australia has been the preoccupation of public policy with the economy, with social and environmental issues relegated to secondary concerns.⁶² Another study noted that the notion of the public interest to be served by government has altered – it is now understood by many Western governments as that interest which maximises the rate of economic growth. This interpretation of the public interest does not give priority to the distribution of the benefits of such growth to those who make up the society.⁶³

18.60 Catholic Welfare Australia stated that there *can* be a reordering of priorities – 'we can choose to focus first on those in greatest need and ensure their interests

59 *Submission* 95, p.3 (Professor Saunders). See also *Submission* 148, p.33 (Catholic Welfare Australia).

60 *Submission* 148, p.2 (Catholic Welfare Australia).

61 Yencken D & Porter L, *A Just and Sustainable Australia*, The Australian Collaboration, September 2001, p.90.

62 Yencken & Porter, p.6.

63 Fincher R & Saunders P, 'The complex contexts of Australian inequality' in Fincher R and Saunders P, eds., *Creating Unequal Futures?*, Allen & Unwin, 2001, p.24.

receive the most weight in the calculus of economic and social policy. We can choose to make poverty reduction a key priority for policy reform'.⁶⁴

18.61 Evidence indicated that economic policy should not be an end in itself but a means – the basic test of the success of any economy should be the well-being of its people. One study noted that:

If growth does not provide properly for the well-being of all Australians, if it does not contribute to the solution of existing social, cultural and environmental problems, if it increases disadvantage, produces new inequities, and further despoils the environment, then it not only causes pain and hardship to those affected but also undermines the fabric of the society and the future potential of the economy.⁶⁵

18.62 Responses to poverty and inequality in Australia must recognise the interconnectedness of all aspects of government policy, including taxation, welfare, community services, and business policy.⁶⁶ Governments must recognise the role played by other social and economic policies and institutions in affecting, and in some cases, perpetuating disadvantage in society. For instance, while welfare policy that directs income support to social security recipients may have a significant positive effect of poverty levels, other public policies may increase inequalities. For instance, Governments over several decades have paid limited attention to the severe equity effects of economic policies that have allowed unemployment to rise substantially during and after recessions. Moreover, funding cuts have substantially withdrawn resources from essential human services. As one study noted:

A major challenge for policy is to change the underlying conditions that give rise to growth in poverty and inequality and the exclusion of groups...from the benefits of general improvements in community living standards. Current approaches of economic and social policy interpret the role of government and the "public interest" as purely the maximisation of economic growth. Both poverty and inequality continue to grow, despite apparent sustained economic success. These policies must be substantially rethought and new directions found to place equity and the welfare of all people at the heart of core national values.⁶⁷

18.63 A more socially and economically sustainable community requires services to be available, affordable, inclusive and timely. Services also need to be delivered within a framework of long-term strategies to address the underlying issues of disadvantage in order to build a more equitable country.

64 *Submission* 148, p.2 (Catholic Welfare Australia).

65 Yencken & Porter, p.6.

66 *Submissions* 44, pp.61-62 (SVDP National Council); 148, pp.2-5 (Catholic Welfare Australia).

67 Yencken & Porter, p.40. See also Fincher & Saunders, pp.23-24.

18.64 Short term economic-based methods of determining outcomes and measuring progress are not adequate. VCOSS argued that there is a need for integrated long-term thinking and planning, which recognises the interdependence between social, environmental and economic challenges facing the community.⁶⁸ Internationally, many governments are recognising the importance of innovation and investment in social, environmental and economic capital; linking economic growth with improving services and reducing inequities; sustainable resource use; and effectively engaging with stakeholders in promoting new initiatives.⁶⁹

18.65 Submissions argued that the key to ensuring a sustainable future for all Australians is to integrate a sustainability approach across all government functions. VCOSS noted that building such a framework will require coherent integration of policies across the economic, social and environmental spheres, significant participation of the community in policy-making and implementation, and a strong political commitment to a long-term perspective.⁷⁰

Conclusion

18.66 Evidence to the inquiry overwhelmingly indicated the need for a comprehensive, national approach to poverty alleviation in this country. Poverty and inequality are becoming entrenched in Australia – too many Australians have been left behind despite a period of sustained economic growth.

18.67 The Committee believes that a national strategy needs to be developed in close consultation with key stakeholders including the welfare sector, unions, State governments and the business community. The Committee believes that there is genuine and widespread community support to enable a consensus to be built around the key goals and broad priorities that are needed for such a strategy. The Committee believes that an anti-poverty summit should be held involving all key groups to further this consensus building process.

18.68 An anti-poverty strategy needs to involve key policy areas including employment, health, education, income support, housing and other relevant areas. Targets related to poverty alleviation need to be set in these areas as part of a whole of government strategy to fight poverty. As a nation we must be prepared to measure our progress in the policy areas that are the drivers of both opportunity and poverty. The development and use of comprehensive anti-poverty targets has assisted the Irish and United Kingdom Governments to measure their progress in tackling poverty and disadvantage.

68 *Submission* 118, p.32 (VCOSS).

69 *Submissions* 163, pp.26-30 (ACOSS); 148, pp.34-38 (Catholic Welfare Australia); 169, p.27 (Mission Australia).

70 *Submission* 118, p.32 (VCOSS).

18.69 The Committee has recommended that a statutory authority or unit reporting directly to the Prime Minister should be established to develop in greater detail the anti-poverty framework agreed to during the consultative phase, and to provide a mechanism to implement and monitor the anti-poverty strategy adopted. It would be the task of this body to establish benchmarks to measure progress against a series of anti-poverty objectives.

18.70 The Committee believes that we need to create a social and economic environment that proofs the nation against poverty, reducing the risk of economic disadvantage becoming socially entrenched. The Committee also considers that there is a need for a new integrated policy framework where a range of objectives including issues of equity are given equal weight in the formulation of government policy.

18.71 We as a nation can choose the level of poverty that exists in this country. We can structure our policies and national strategies to fight the war against poverty. To fail to do this is to fail the poor and the disadvantaged in our community and to impoverish ourselves as a nation.

Senator Steve Hutchins
Chairman