

‘It falls to our generation to make one of the biggest transformations in human history ...

Greater equality is the material foundation on which better social relations are built’

Wilkinson and Pickett\*

## AN INTRODUCTION TO THIS COLLECTION

Jo-anne Schofield

*Equality Speaks* looks at challenges for a fair society. It draws on a diverse group of researchers, writers and practitioners to highlight the nature and impact of inequality in today's Australia.

The stories and statistics in this report follow a boom decade for our economy. During this time, much of our political energy has celebrated the 'success' of the free market.

*Equality Speaks* tells the real story. It shows that a good life requires little — to start with a decent education, a secure and safe job, a stable home and access to affordable health and other services when we need them. Surprisingly these things are beyond the reach of many Australians.

The contributions in this report starkly demonstrate that inequality and disadvantage is often caused by more than one factor. Joined-up policies are vital.

As part of this report Catalyst commissioned new data on wealth equality in Australia from the National Centre for Social and Economic Modelling. This shows that those on the higher end of the income scale have reaped the benefits of Australia's economic growth, through ever increasing levels of personal wealth. This has been at the expense of those at the other end of the income scale, whose share of personal wealth has declined relative to those high-income earners.

Since late 2008 the near collapse of global financial system has exposed the fragility of the free market. This has resulted in a huge injection of taxpayer funds around the world to bail out our failing financial system. Governments have played a key role in stabilising world economies, and there is the possibility of

\*Richard Wilkinson and Kate Pickett, *The Spirit Level: Why more equal societies almost always do better*, 2009

creating a *new deal* of direct government involvement in the economy.<sup>1</sup>

### WHAT SHOULD THIS NEW DEAL LOOK LIKE?

Potentially it signals an end to the 'small Government' approach that has captivated public policy for the past decade. As this collection demonstrates, this approach has been incapable of closing gaps in life expectancy or of providing everyone with access to the basic benefits of work, transport, housing or health services when needed.

A new deal would redefine the boundaries of political and community participation from the bottom up. It is encouraging that the Rudd Labor Government has set a bold agenda for social inclusion and we hope that this publication will inform that work. However an overriding theme in this collection is that policy makers need to do more than simply broaden the reach of existing ways of doing things — they need to create new approaches to inclusion that accord more closely with people's lives. In this, equity and opportunity are our guiding principles.

Above all, the contributions in this report make clear that if Australia is to be a fair and inclusive society then we can and must do better.

### EXECUTIVE SUMMARY

#### TAX

The publication begins with a contribution by Julian Disney on Tax Reform. Tax provides the main source of money that governments use to promote economic and social opportunities for citizens. This includes opportunities to learn, work, to enjoy good health and relationships and to have affordable housing and transport — all of which are impacted by the design of the tax system.

The global financial crisis has sharply reduced government revenue and at the same time it has increased the amount that governments need to spend. The chapter argues that by addressing gaps and loopholes in the tax system, the Government can avoid losing vital revenue.

A priority for reform is to look at concessions and exemptions in the tax system that can influence particular economic types of 'inequitable' activity. For example the tax concessions for superannuation provide little to low income Australians and large concessions for people on high incomes. Another key area for reform is to close off the excessive scope for tax avoidance which increases pressures on other taxpayers, and erodes fairness and public confidence.

Disney observes that the tax system is increasingly used to provide benefits previously delivered through the social security system and this has weakened the central place of the social security system in preventing poverty.

#### INCOME SUPPORT AND POVERTY IN AUSTRALIA

The issue of poverty and social security is taken further by Gerard Thomas and Melissa Coad in *Income Support and Poverty in Australia*.

Although Australia is reported to have high levels of 'welfare dependency', the percentage of working age people who depend on income support in Australia is low compared with other countries. Australia's overall poverty rate is slightly higher than the Organisation for Economic Co-operation and Development (OECD) average. Poverty is especially high among older Australians — nearly one third of over 65-year-olds in Australia have an income below the poverty threshold, while nearly one in five people over 65 years of age are 'persistently poor'.

The Australian Government has recently responded to old age poverty and has increased the maximum rate of the age pension. The authors argue that these increases will exacerbate inequality in other parts of the system, for example between pensioners and the unemployed and single parents who are also doing it tough. They argue for a benchmark of 'sufficiency' so social security is equitably applied to all those in need.

#### EDUCATION

Education provides a path to future opportunity. Its importance in alleviating social and economic disadvantage is a strong theme across all contributions to this collection.

Lyndsay Connor begins her chapter by pointing out that while children should be valued equally, they are not all the same and the circumstances in which they are being educated vary widely. Thus, equity and fairness in education has to be applied to deal with these differences. Central to this is fair access to quality teaching so students can achieve their personal best.

Connors shows that \$30 billion is provided annually to schools by State and Commonwealth Governments, and most of this pays for the costs of teaching. Since 1974 there has been a shift of around 13 percentage points towards the private sector. But while students and teachers have shifted to the private sector *the salary bill for those teachers has been moving in the opposite direction — right back to Government and to the public purse*. This is greatly affecting equity of access to quality teaching. Connors highlights the need for policies to deal with the realities of our school system, and the fact that all but a small handful of schools share *a reliance on governments for financing the provision of their teaching staff*.

Market forces around the world are affecting the distribution of teachers and schools, with students from well-off families being best placed to attract teachers. The chapter concludes by stating that governments should not simply *yield to these forces*, and policy and funding frameworks must support equity in access and distribution of publicly funded teachers.

#### TRANSPORT

In their contribution Shannon O'Keeffe, Rod Pickette and Andrew Thomas explain that the urban sprawl of Australian cities has resulted in some of the longest commuter travel distances in the world. This has entrenched Australia as a very car dependent country, with 80 per cent of us using cars to get to work and only 14 per cent catching public transport. While houses are more affordable in urban fringe communities, the true cost of living there is masked by the additional high cost of car ownership and lack of transport alternatives. In these (usually lower

income) communities, a disproportionate share of household income is spent on cars, and recent fuel rises have been felt harshly.

The authors argue that there is an urgent social and environmental justice aspect to improving public transport for all.

## INDIGENOUS PEOPLE

Australia's Indigenous people do worse than non-Indigenous people on every social and economic indicator. Larissa Behrendt looks at the challenges for Indigenous affairs, the foremost of which is closing the 18 year life expectancy gap between Indigenous and non-Indigenous Australians. Thirty years ago life expectancy rates for Indigenous peoples in Canada, New Zealand the United States of America were similar to Australia's, but we have not mirrored the significant gains made since then in those other countries.

Poverty is the overriding issue affecting the social and economic status of Indigenous people, which itself brings a number of health consequences. Lower education and dramatically higher unemployment rates for the Indigenous population compound poverty and disadvantage. And despite the 1991 *Royal Commission into Aboriginal Deaths in Custody* and recommendations, the number of Indigenous prisoners has increased over the last decade.

Behrendt acknowledges the commitment of the Federal Government to reaching benchmarks and to reporting on progress, but argues there are considerable barriers to achieving equality for Aboriginal people. These include a limited definition of closing the gap; funding focused on crisis and intervention, rather than on long-term solutions and building human capital and capacity; a lack of engagement with communities; an emphasis on remote populations; cost-shifting and a lack of co-operation between governments; and the continued influence of ideology over evidence-based approaches in Indigenous affairs.

## CHILDREN AND CHILD POVERTY

Inclusion begins in childhood, as Zoe Morrison points out in her contribution *Children and Child Poverty*. In reviewing how Australian children are faring, she shows that child poverty rates have fallen by 1.7 per cent in the decade to 2005, but still one in seven children lived in poverty in Australia in 2005. Additionally there has been growing income polarisation between households with dependent children, and low income families have fallen behind in relative terms. Child poverty is greatly affected by household joblessness, lone parenthood and levels of wage inequality, so addressing the needs of jobless families is central to addressing child poverty.

However, Morrison considers it is important not to overlook the other jobs that parents do that contribute to children's equality and well-being. In this vein, child-care and early childhood education policy in the UK has been criticized for being too focused on the employment of a child's parents rather than the well-being of children. In Australia, plans to reduce family joblessness will need investment in quality child-care infrastructure, and to accommodate the best mix of waged work and caring for different family arrangements and for different children at different ages.

Policies like the recent parental leave scheme should form part of a coherent and realistic policy framework about parenting, caring and waged work. And increasing parental participation in waged work must balance care and waged work with the well-being of children and those who care for them at centres.

## WOMEN

Gender issues are fully explored in the chapter by Rae Cooper and Marian Baird — *Australian Women — Getting to Equality?* In assessing the score-card on equality for women, Cooper and Baird look first at domestic violence, drawing on leading research that shows violence perpetrated by an intimate partner is the leading contributor to death, disability and illness in women aged between 15 and 44 years.

As well as addressing domestic violence, the equality agenda for women traverses education, employment, pay equity and balancing work and family. Cooper and Baird show that despite changes in the social mix, our key institutions continue to marginalise women.

Women are better educated than ever before and girls are more likely than boys to complete the Higher School Certificate. Fifty years ago one fifth of higher education students were female but by the early 2000s nearly one half were. But these improvements have not translated into equality in leadership positions, or in equal employment and wage outcomes for women.

In employment, women predominate in the 'bad' jobs — are more likely to be employed as casuals and low paid workers; and they are often susceptible to *capricious treatment from unscrupulous employers*. The gap between women and men's earnings has not changed since 1992 and remains 16 per cent. Women hold a mere 2 per cent of CEO positions in the top 200 Australian Stock Exchange listed companies.

Cooper and Baird point out that the boundaries between home, work and community for women are never fixed, but our public policy, wage fixing institutions and the practices of our employers have not kept pace with the reality of work and family. Workplace inflexibility and lack of child-care prevents many women from holding the same position they held before becoming mothers.

## HOMELESSNESS

Homelessness is one of the starkest examples of inequality in Australia as Andrew Hollows and Tony Keenan show. Presently 105,000 people are counted as experiencing some form of homelessness — one third are children under the age of 18, and 16 per cent are sleeping rough on our streets. While *the narrative of homelessness* has largely been about its impact in Sydney and Melbourne, it is overwhelmingly a problem in rural and remote areas, with an especially high over-representation of Indigenous Australians.

As well as being a particular form of inequality, homelessness compounds others. It impacts on the education of children, on health, and on political participation. Hollows and Keenan applaud the 'joining up' of housing, law reform, education, policing and social security policies in the Australian Government's White Paper on Homelessness, making the obvious point that the key cause of homelessness is *the houses stupid*.

The collapse in expenditure in public housing alongside the growth in private rental demand and increased rental costs means that the degree of investment and policy reform needed to tackle homelessness is huge.

## WORKERS

Just as a home is one of the foundations of social well-being, so too is a job. The chapter on work and employment by Brigid van Wanrooy highlights three dimensions to inequality in the labour market — earnings, hours and forms of employment.

On earnings, she points out that inequality can be problematic when there is no protection by a safety net, or *no ceiling to reign in exorbitant remuneration*. In the past decade both these scenarios have played out in Australia. Consequently the earnings of 51 CEOs of companies belonging to the Business Council of Australia grew by 564 per cent from 1990 to 2005. When compared to those of average workers, these CEOs' pay grew at a ratio 63:1.

Long working hours continue to be problematic for one in five workers who are working more than 50 hours a week, yet 13 per cent of people cannot access as much work as they would like. This long-working-hour culture reinforces the divide between men and women in the workplace, particularly women who have caring responsibilities. Van Wanrooy argues that the Government should follow the European example and specify how many hours are too long and detrimental to workers' well-being, instead of the New Employment Standards which provide no protection against long hours.

As well as disparities in earnings and hours, the growth in casual employment has set Australia apart from other countries. In all, despite recent steps in the right direction, there is much policy makers and practitioners can do to improve labour market equality.

## WEALTH DISTRIBUTION

Catalyst commissioned the National Centre for Social and Economic modeling (NATSEM) to conduct a study of contemporary trends in wealth distribution. This data has been reviewed by Frank Stilwell with David Primrose in *Wealth distribution in Australia*, which builds on previous research in this area by Frank Stilwell and Kirrily Jordan.

The NATSEM data shows that wealth inequities remain entrenched. These distinctions are particularly stark between men and women, between people working in different occupations and between households of couples (with and without children) compared with single person households, sole parents, or couples under 25 years old.

Despite a recent economic boom, wealth has remained concentrated among a small proportion of the population who are high income earners. Six per cent of people who earn \$100,000 or above have an average wealth in the range of \$236,800 to \$534,400 while 60 per cent of the population who earn up to \$50,000 per annum have an average wealth of between \$67,800 and \$92,000.

## REFUGEES

Australia is again holding children in detention, and there remains a 'yawning gap' between what we practice and what we accept as our international obligations for refugees, according to Dianne Hiles in the *Rudd Government's Report Card on Refugees: Can do better*.

Rather than *grasp the electoral nettle* and explain our responsibilities under international law, the Australian Government continues *duck and weave* — trying to do the decent thing while not invoking criticism of being *soft on asylum seekers*.

Deterrent exercises have cost taxpayers hugely — around \$1.5 billion dollars, but this expensive domestic policy has little impact on refugee movements. Hiles highlights that it costs \$56 a day to support asylum seekers in community detention, compared with minimum daily costs of \$1500 to detain someone on Christmas Island.

She concludes that Australia is missing the opportunity to act regionally — or to consider what we could do to prevent human rights abuses and ensure basic living standards in countries where currently many people are forced to flee.

## HEALTH

Like education, health is a recurring theme in this report. The chapter *Inequality is bad for our health* shows that as the circumstances in which people live and work are more detrimental, health and mortality worsens. This not only adds to health costs, it has a profound social cost on families and communities, and leads to a loss of economically productive people to society.

Thus, treating the causes of health inequality is about more than treating illness. It's about tackling the social determinants of health — poverty, disability, poor social support and lack of education and skills. Evidence shows that community prevention programs mostly succeed among more advantaged groups, so there is a need for a new approach: more integrated holistic models of health delivery. New service models are explored in this chapter.

The chapter looks at the challenges for the health sector in meeting increased community demand for services. It argues that policy reform is complicated by jurisdictional, regulative and legislative barriers — along with a highly gendered division of labour and system of work organisation and control. At the same time, the cost of policy measures like the private health insurance rebate has continued to rise, but this has done little to improve equality in health.

## ENDNOTE

- 1 Policy Network *Responses to the Global Crisis: charting a progressive path handbook of ideas, 2009* [www.policy-network.net](http://www.policy-network.net).