

**MacroMelbourne Initiative:  
Developing Strategic Responses to Disadvantage in Melbourne: Today and in 2030**

Response to Paper by  
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Introduction

The Paper does a good job at outlining all the key issues and challenges. It is particularly good at providing snapshots of the key socio-economic indicators of disadvantage in Melbourne. This is especially so in relation to the spatial dimension of disadvantage and the particular challenge of the corridor suburbs on the outer fringes. The paper also provides a good list of key aspects of the policy context and a wide ranging and interesting discussion of new ways of understanding poverty and social exclusion. In these ways it provides a valuable resource for thinking about responding to disadvantage in Melbourne today. At the same time we considered that the strategic focus needs to be made sharper.

In this regard the Paper's discussion of context remains very broad brush. Features like globalization, neoliberalism and the end of the 'wage earners' welfare state' – much discussed in the literature – are very high order aspects of the policy context. While issues like tariffs, wage regulation, financial deregulation etc are undoubtedly important for the wellbeing of the citizens of Melbourne, they seem unlikely to be key points of engagement for what we take to be primarily an audience concerned with philanthropic investment on a more local scale, namely Melbourne. The Paper also seemed overly negative about globalization underestimating Australia's (and Melbourne's) ability to shape its own future and not just be a victim of international forces.

Understandings of Disadvantage

We find a similar issue with the discussion of indicators of disadvantage. While the idea of developing 'indicators of success in countering social exclusion' appears to be a worthwhile path, there is already a great deal known about this issue and one wonders what will be achieved by more indicators. Here again it would assist if a more strategic focus provided clearer criteria for selecting relevant indicators.

In this regard the discussion of 'understanding disadvantage' needs to be taken beyond providing a list or menu of approaches. As the Paper rightly indicates, these approaches reflect different theories and values and here The MacroMelbourne Initiative might do well to 'expand their mission statement to include a statement of their own vision for Melbourne's future'.

This might embrace more thought given to understanding the history of Melbourne. What have been its key characteristics and challenges compared to other cities such as Sydney. At the Commonwealth Games much was made of Melbourne's distinctive city culture which marked it out as the most desirable venue for global events. Anecdotally

Melbourne is also known as the philanthropic capital of Australia by a long margin. Things like this point to a need for greater clarity about the values which make Melbourne what it is and what it might like to become. They also point to the need for some reflection on the important role of philanthropic sector and what it too might become.

A greater sense of history might also tell us about what have been the obstacles to as well as the drivers of progress. For example realistic thinking about what is possible for Melbourne's planning must recognize the history of conflicting interests eg improved public transport must reckon with the opposition of the road lobby; building more affordable housing would need exclusionary zoning (subsidies soft option); while making Melbourne more sustainable would need higher density around transport nodes.

As well as a stronger sense of history and the interplay of conflicting interests the Initiative needs to take a position in relation to the values informing the different understandings of disadvantage. If it adopts a traditional Henderson poverty line approach then its Mission statement would likely be expressed in terms of equalizing people's incomes (historically through raising pensions and benefits). If the understanding was reframed in terms of promoting social inclusion then the sense of fairness would be in terms of overcoming the different dimensions of disadvantage (health, housing, employment etc) which 'join up' to prevent people from participating in the mainstream. A different view of disadvantage is provided by Amartya Sen's theories of development as freedom. Here the focus is on whether people have the capability sets to be able to exercise freedom. Whereas the two former approaches are very much about redistribution and fairness for the sake of social justice and cohesion, the Sen approach is more about achieving fairness through investing in people's abilities to take up life's opportunities. One can see how these different frameworks for understanding disadvantage would lead to different emphases in a Mission statement. The first would be very much about 'fair shares' the second about the values of 'inclusion and social cohesion' while the third would be about providing platforms of opportunity.

Settling on a more strategic focus informed by a stronger sense of the historical context and an understanding of disadvantage would provide a more obvious framework to guide responses to disadvantage. For example, if one took a capabilities approach then one can start mapping the kinds of capabilities necessary for people to realize their potential. Recent work by the Melbourne Institute, the Cape York Institute and the Brotherhood of St Laurence provides illustrations of this approach. Typically the approach looks at the life cycle and identifies the capabilities needed for people to negotiate the key transitions such as the early years, school to work and aging and retirement. At the same time, the adoption of one approach should not be seen as an exclusive option. For example, the Sen approach is not as strong on the spatial dimension of poverty as the social exclusion framework.

A more systematic approach along these lines would enable people to identify more readily where the need for social investment exists. In this way, an Initiative project might be to identify the key capabilities people would agree that every Melburnian and

every area in Melbourne ought to have to face each of life's key transitions. For example under the school to work transition one could identify the high risks being faced by certain population groups (eg unemployed Muslim youth; areas with high school drop out rates); under ageing and retirement there would be key issues such as social isolation. Indeed the ageing of the population ought to be given a much higher profile in the Initiative with so many other challenges in terms of extended years in retirement as well as institutional care, transport, abuse and neglect.

With an option to assist the most excluded or disadvantaged it would be possible then for the Initiative to identify the priority investment areas.

#### A question of scale

In addition to settling on an understanding of disadvantage, a more strategic focus would address the issue of scale. While the Paper gives us a good overview of disadvantage in Melbourne and identifies various drivers it could identify more clearly the kind or scale of initiative with which the MacroMelbourne Initiative is likely to be involved. Our suggestion would be that the Initiative be concerned particularly with mobilizing social investments in areas not usually covered by regular sources of funding. There are already numerous agencies resourced to gather statistics on disadvantage; and governments, of course, are already resourced to provide the mainstream of services supporting disadvantaged people. Where philanthropic funding can play a distinctive role is in identifying gaps and resourcing innovation in services and in advocacy.

Some examples. With the early years, there is a plethora of evidence available on the social and economic value of investing in services for children at this time in life. In terms of funding such services, the weight of responsibility clearly rests with governments. In terms of disadvantaged children though, what we find is that their needs are often not met by standard service delivery systems. Here there is a real need for someone to back community based programs which can engage disadvantaged children successfully with the universal services. This would seem to be a kind of intervention that philanthropic organizations can best support: needs and issues which typically 'fall through the cracks of the mega programs and which urgently need the action of the community or 'third sector' to generate more effective responses. The same issue could be illustrated across a range of service areas. Standard employment services do not connect well with severely disadvantaged unemployed people. The aged receive a variety of service 'packages' in the community but notoriously lack a sense of community and so on.

#### Issues of governance

Indeed one could argue that the real gaps in current strategies concerns governance issues. These are highlighted in the report under the heading of contracting and pressures on NGOs. But the report lacks a coherent strategy for helping such organizations more forward.

As our examples above indicate governance issues arise particularly in relation to services for complex clients and where there are multi-dimensional policy challenges.

These new forms of complexity can only be dealt with by different governance strategies in which several sets of actors work together on a common problem. One of the most worthwhile things that philanthropic groups can contribute is to trial or pilot the methods to be used by governments and NGOs to develop these new governance instruments.

Currently there are significant developments in government thinking around the role of public-private consortia, partnerships between communities and government agencies, and the network governance options for having several agencies linked in a supply chain for dealing with one or more major issue area – such a long term unemployment, homelessness, sustainability of urban systems, fringe growth issues, etc. The report alludes to these but the Initiative could well look at a project which would explore the possibilities more fully.

Under the heading of governance issues could be grouped the major capacity questions facing the key actors in these systems: consultation and collaboration techniques for dealing with complex issues, community engagement methods, joint-decision approaches for multi-actor management groups, partnership formation and evaluation, use of contracts under new conditions in inter-dependence, locational inter-governmental responsibility methods. Various studies have emphasized that while a consensus exists around the desirability of building such capacity too often the resources are not available to experiment with new practices and to develop the new skill sets which they require. An outstanding example of what might be considered in Melbourne is the Young Foundation's support for neighbourhood renewal efforts in East London; which have been very important not only for capacity building on that site but also for the policy learnings about new ways of addressing disadvantage generally.

In addition to drawing together international best-practice in these areas to highlight possibilities, the Macro-Melbourne Initiative could identify a set of capacity building goals for the different aspects of a governance improvement plan. Using this kind of framework it would be possible to focus any data gathering and publicity objectives into areas likely to yield high value to those attempting to build this kind of capacity.