
THE MACROMELBOURNE INITIATIVE
Remarks arising from the Discussion Paper,
Developing Strategic Responses to Disadvantage in Melbourne
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INTRODUCTION

1. The discussion paper is a very valuable and wide-ranging overview. As will appear from the following remarks, there are a number of items in the Ideas File with which I strongly agree and some others with which I agree but do not regard as high priorities for action. There is very little in the paper with which I disagree but, inevitably, there are some issues to which I think more attention could have been given.

2. Many people, including myself, have already written at length about key directions or strategies for action to reduce disadvantage in Australia. The main need now, I believe, is for rigorous prioritising and vigorous action. This, in turn, requires decisions by key people who have little time or inclination for poring over lengthy documents. Accordingly, my remarks here are deliberately brief but I am happy to elaborate on them if requested.

3. Many philanthropic or corporate organisations seeking to support activities aimed at reducing disadvantage tend to focus principally on amelioration rather than prevention, traditional social welfare rather than broader enhancement of opportunity, and research rather than active advocacy. In doing so, they may be influenced substantially by perceived financial or legal constraints, but often also by their commercial interests or basic ideology.

Some high priorities

4. Efforts by such organisations to reduce disadvantage could be substantially strengthened if especially high priority was given to

- **key underlying causes of disadvantage**, especially those relating to economic policies and practices;
- **the practical accessibility of existing assistance programs**, especially for the most deeply disadvantaged people;
- **media reporting and analysis**, especially of economic policy issues and international perspectives.

5. This set of suggested priorities adopts what might be called a bi-focal approach. It focuses partly on broad macro-issues, some being of a very long-term nature in their impact and/or resolution. It also focuses on practical micro-issues concerning the detailed design and delivery of current programs and the conduct of effective

advocacy in the current political and media environments.

Some Low Priorities

6. At least for the foreseeable future, it may be appropriate to give relatively less priority to new initiatives in areas such as

- **rhetorical statements of values, visions, missions or scenarios;**
- **broad “scenario planning” exercises;**
- **extensive statistical research**, unless focusing directly on the high priorities mentioned above.

7. Much has been done in these areas already, partly perhaps because they are seen by many funders as being less controversial and “political”. But comparatively little support has been provided for work that publicly exposes deeper problems and solutions, perhaps sometimes because it might adversely affect the funders’ own interests and milieu. This applies not only to philanthropic and corporate funders but also to key government funding for academic research.

8. The remainder of these remarks looks briefly at aspects of each of the three areas of high priority that have been suggested above, namely

- **underlying causes of disadvantage;**
- **practical accessibility of existing programs;**
- **media reporting and analysis.**

SOME UNDERLYING CAUSES

Taxation and housing

9. The Discussion Paper outlines a number of ways in which housing and other aspects of urban development in Melbourne both cause and reflect disadvantage and hardship. These are crucially affected by the design of our taxation policies.

10. The current taxation system has profound and often adverse impacts not only on housing affordability but on much broader aspects of social justice, including employment opportunities, access to services, and family cohesion. Indeed, they are of crucial importance to the long-term economic development and social strength of communities, cities and the nation as a whole.

11. The excessively generous exemptions of owner-occupied homes from capital gains tax and land tax inflate the price of land far beyond what might arise from other factors. It thereby contributes to the crisis in housing affordability which will worsen as rents begin to climb sharply. It also stimulates excessive borrowing and consumption through tax-free mortgage accounts, thereby driving overall household debt to levels which gravely threaten the future of the general economy, including job opportunities and long-term investment.

12. The exemptions substantially aggravate geographic concentrations of wealth and hardship in cities such as Melbourne. They divert investment from export-producing and job-creating enterprises, and also aggravate pressures on wage levels and interest rates which threaten international competitiveness. They also, of course, deprive Commonwealth and State governments of billions of dollars of tax revenue which could have been used to prevent or alleviate a wide range of disadvantages in the community.

Some related tax Issues

13. Similar consequences flow from the excessively generous tax concessions which induce massive borrowing for over-investment in high-cost rental property ("negative gearing"), especially when allied with the major tax preference for profits from asset sales by comparison with other forms of income. In these respects, our tax system is much more distorted, inefficient and unfair than in almost every other developed country.

14. A related problem is that, unlike almost every other developed country, Australia does not have a gift and inheritance tax. This also aggravates house price inflation, excessive debt, inequity and loss of revenue for public services and investment. The excessively generous exemption of owner-occupied homes from the pension assets test contributes further to these problems.

15. These deficiencies also artificially distort population distribution between Melbourne and other parts of Victoria, thereby putting excessive pressure on the metropolitan area and disadvantaging regional development. Lack of long-term perspectives in public infrastructure investment also disadvantages regional development while simultaneously aggravating the lack of adequate housing and transport options for lower-income households in Melbourne.

16. Disadvantages and challenges in Melbourne cannot sensibly be understood or addressed in isolation from the remainder of Victoria. The opportunities for constructive initiatives in this respect are enhanced by the fact that Victoria's geography and climate make it inherently more suited to strong regional development than any other State.

17. Another key deficiency in the taxation system is its treatment of savings, especially superannuation. The current superannuation tax regime, like the housing tax regime, is upside-down because it provides richer people with very much more assistance than poorer people, both in gross terms and per dollar contributed. It is also somewhat back-to-front in that it provides its assistance towards the end of life at undue expense to many people of modest means seeking to meet expenses in earlier periods of their life such as child-rearing, home purchase or unemployment.

18. The current superannuation concessions should be restructured so that they provide more assistance to lower-income people than to others, including by allowing such people to withdraw portion of their tax-advantaged savings to meet mid-life needs. This contrasts with the current situation where the most generous tax concessions are for the types of saving and investment which are not readily available for lower-income households.

Conclusion

19. There is little realistic prospect of achieving major improvements in the social equity and economic efficiency of a city like Melbourne unless underlying problems of the type to which I have referred are seriously addressed.

20. Other examples of underlying problems include industrial relations policies and practices (especially excessive casualisation) and public administration (especially excessive centralisation, ill-directed performance measures and poor staff management). The adverse impacts of poorly conceived privatisation, especially on many lower-income people in outer suburbs and regional areas, also merit much greater attention.

21. Philanthropic and corporate organisations which genuinely seek to substantially reduce disadvantage in Melbourne should give high priority to addressing underlying causes of the kind to which I have referred. Wherever possible, they should not focus overwhelmingly on small-scale, “compensatory” measures while ignoring, or even supporting, economic policies that greatly aggravate many aspects of disadvantage and deprive governments of necessary revenue to address them.

PRACTICAL ACCESSIBILITY OF EXISTING PROGRAMS

22. Many governmental and non-governmental programs fail to reach a substantial proportion of the disadvantaged people for whom they were most intended. By contrast, they often reach high proportions of the people who are towards the less-disadvantaged end of the range of eligibility for the program. In practical terms, therefore, they are much less well-targeted than was intended (or at least than was asserted).

Performance measures

23. A common cause of these problems is the adoption of performance targets, indicators or incentives which, unintentionally or otherwise, encourage implementation to concentrate on those eligible recipients who are relatively easy to access and assist.

24. Pressure from funders, senior managers or the media can contribute to this form of “creaming”. On other occasions, however, ill-designed measures reflect lack of practical understanding amongst senior managers and performance auditors. The commonsense and experience of front-line staff is too often dismissed as stemming from lack of rigour or their own self-interest. Often the measures focus unduly on crude aggregates rather than giving due recognition or “weighting” to achievement in more difficult circumstances.

25. There is a great need for service providers, and their funders or auditors, to avoid creaming by obtaining better advice about designing, applying and interpreting appropriate performance measures. This applies especially to advice which is expert and independent but also committed to the need for effective provision at the bottom end of eligibility. The advice needs to be based on front-line practical realities but also draw on experience with a wide array of measures that have been used in other contexts.

Dissemination of information

26. Another common cause is inadequate dissemination of information about the particular program and ways of accessing it. Remarkably little progress has been made in improving the clarity of information that is provided about many important assistance programs, even where they are very large and well-resourced. It seems clear that far too few organisations thoroughly test the comprehensibility and helpfulness of their proposed information material with people from the backgrounds for which it is especially intended.

27. Problems of clarity and accuracy can also arise from excessive reliance on dissemination by computers. It is not uncommon for key information, including descriptions of eligibility, to be conveyed incorrectly or confusingly as a result of abbreviation to fit the constraints or convenience of a computer format. Conversely, some official material is so constrained by the need to be comprehensive and cautious that it is largely impenetrable. Simpler versions from unofficial but well-informed sources

can be much more useful to most users.

28. The physical means and location of information material often severely restricts access for especially disadvantaged people. Problems include excessive reliance on dissemination by computer, in infrequent newspaper advertisements, and in places which such people are much less likely to visit than, for example, supermarkets. Greater use should be made of dissemination where people with the relevant need are likely to attend at times when they are aware of their need.

29. Many of these issues involve very detailed and practical questions which may not attract interest or even understanding amongst senior policy makers and program developers. But unless they are addressed, expensive and well-intentioned programs can be sadly ineffective for those most in need of them.

Sources of advice

30. Another common problem is lack of access to appropriate advice when seeking to identify, apply for or obtain assistance from a particular program. Front-line staff in large agencies are commonly amongst the least experienced, working under some of the greatest pressure, and with the least scope for exercise of flexibility or discretion. Yet, in practice, they are usually the only source of advice and gateway to assistance for many people in the greatest need.

31. Problems also arise from a real or perceived lack of independence when an applicant's only available source of advice and advocacy is an employee of the organisation to which the application is made. Many programs can be substantially more effective if at least their main targets for assistance have effective access to a well-informed, independent source which can provide initial advice and, where appropriate, a follow-up approach to the program provider.

32. The need for advice services of these kinds has been increased considerably by the tendency for governmental and other organisations to replace front-line counter staff with automated voice systems, computer processes and external call centres.

Conclusion

33. Philanthropic and corporate organisations should give high priority to supporting these and other ways of improving practical accessibility for the most disadvantaged of the people whom an assistance program seeks to assist. This could include supporting independent services that help to develop performance measures and information dissemination methods for this purpose. It also could include supporting services that provide independent advice and advocacy to help disadvantaged people seek help in the way that is most likely to be effective.

MEDIA REPORTING AND ANALYSIS

Accuracy and balance

34. At a time when taxation reform is so high on the political agenda, and housing affordability is at its worst-ever level, it is especially striking and regrettable that current media coverage of these issues is so ill-informed and one-sided. There is an urgent need to strengthen the contribution from people and organisations having a strong concern for social justice but also having the capacity to expose unreliability and bias amongst other contributors, including purportedly expert and independent journalists.

35. These issues and deficiencies exemplify the general problem of lack of effective engagement by social welfare and related organisations in public discussion and policy-development on so-called “economic” policies. Yet these policies often have much greater impacts on disadvantage than do most so-called “social” policies. Too many such organisations seem to believe that economic issues are either beyond or beneath them. In other instances, emotive extremism is preferred to balanced and broadly persuasive consideration of details and realities.

36. But the problem stems also from a general deterioration in the mainstream media’s concern for accuracy, objectivity and balance. Changes in technology and ownership patterns are partly to blame. But in many other countries, including the United States, media coverage of economic and social issues is often less ill-informed and one-sided. Moreover, Australian coverage of the experience and views of other countries appears to have become narrower, more biased and short-sighted.

37. The current contributions of major political parties in Australia do little to overcome many of these deficiencies, especially on taxation and other economic issues. “Progressive” calls for reform are expressed and reported widely on some social issues which excite reactive sympathy and palliative responses. But they too rarely seek deeper reforms which might adversely affect, even if only in a minor way, their proponents’ own comfort and relative advantage.

Some directions for action

38. Philanthropic and corporate organisations wishing to substantially address these deficiencies will need to go further than supporting academic research or publications that do not reach mainstream audiences. These may be the more comfortable paths to follow but they are unlikely to achieve substantial improvement. A higher priority is to support the development of independent voices which can engage effectively in intensive and sustained public debate.

39. These voices need to be people who can draw on the detailed research of others and their own commitment to social justice but do not do so at the expense of clarity and credibility. They need not be especially numerous but they need to be adequately resourced without having to rely heavily on funding for academic research or short-term projects. They need to be genuinely independent voices rather than predictably following a particular political allegiance or correctness. For example, the talent pool of potential voices is likely to be substantially stronger in Melbourne and there are more likely to be receptive

40. Development of such voices will not be sufficient, of course, unless financial and other support is also available to help them secure sustained exposure in mainstream media. Corporate and political interests have been very effective in this respect when seeking to promote voices calling for causes such as fiercer competition and less public investment. Their efforts need to be balanced by philanthropic and corporate organisations that value broader interests and debate.

41. This approach should not be diverted into focusing principally on extensive primary research, academic institutions, monolithic think tanks or rhetorical tomes. It should focus on promoting practical, timely and sustained engagement in mainstream public discussion and political debate. It should focus on promoting engagement that helps to reduce disadvantage and hardship. But that should not entail promoting any one received wisdom or fashion about how to do so.

CONCLUSION

43. Each of the priorities suggested above is of importance beyond Melbourne and Victoria. But there are good grounds for believing that in the foreseeable future some are more likely to be pursued with success in Melbourne, especially by comparison with Sydney. This applies, for example, to the prospects of improving practical accessibility and developing stronger contributions to public debate.

44. Philanthropic and corporate organisations may consider that taxation rules and the duties of company directors severely limit their options for supporting some of the initiatives. These constraints are not however, as strict as is commonly asserted and understood. This applies, for example, to the scope for philanthropic donors to facilitate engagement in public debate and for companies to fund activities which are not of immediate and direct benefit to them. Expert legal and other advice which is sympathetic to the goals being sought can develop considerable scope for creative and constructive initiatives in these areas.