

2019



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# Disrupting disadvantage

**setting the scene**

## Introduction

This snapshot provides a summary of *Disrupting disadvantage: setting the scene*, the first in a series of CEDA reports on persistent disadvantage in Australia.

In *Disrupting disadvantage*, CEDA brings together insights across government, research, advocacy and business to spark a new conversation on the problem of long-term disadvantage. This report seeks to identify areas where disadvantage can be disrupted, as a starting point for a more systematic approach to creating better outcomes.

While Australia has experienced generations of economic prosperity, too many in the community still find themselves disconnected from even the most basic economic and social opportunities. Policy meant to address these challenges has too often been inconsistent and inadequate, and has had little success in addressing the deepest and most persistent disadvantage.

Our social safety net is fraying and this calls for an informed, well-coordinated and empathetic policy response.

CEDA's report identifies four areas of focus. The first is that we need to make better use of data. The current approach to data use is fragmented and too focused on compliance. We need to see data not as a means of punishment but as a tool – one that can allow us to identify or 'find' those most in need of support before they fall into disadvantage. This is critical to bringing the right services to people early so they

don't end up having to navigate a complex web of services at a point of crisis when their capacity to do so is challenged.

However, we can't simply wait for data to catch up to the problem while neglecting the systems currently in place. The second area of focus is increasing allowances under key safety net policies. Evidence clearly shows that Newstart and Rental Assistance are failing to provide for adequate living standards and their inadequacy is increasing not reducing the risk of entrenched disadvantage. Fiscal discipline is important but we can't accept a safety net that exacerbates disadvantage.

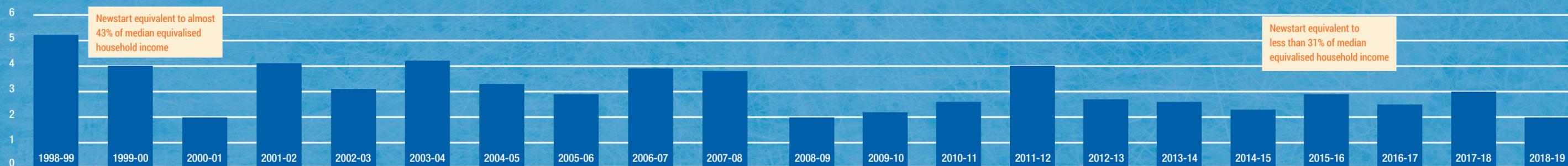
The third area of focus deals with the difficulty of navigating the web of services and supports for those at risk of or in entrenched disadvantage. Introducing a program of 'navigators' or case workers for people in disadvantage would allow a more hands-on, tailored approach to the many compounding issues that people in disadvantage often face.

Finally, to make real progress on disadvantage we need to rebuild a culture of robust and transparent program evaluation. Political and budget cycles often see programs with little evidence implemented and supported while the meaningful, long-term policy responses that these challenges require are ignored or abandoned.

*Disrupting disadvantage: setting the scene* reflects on these ideas and the challenges we face to implement them. Ultimately, if we are willing to co-ordinate and take calculated risks, we can apply new tools, crucial insights and better governance to ensure that more Australians can share in our economic success through greater opportunity.

## Disadvantage in Australia 1998–2019

Economic growth %



ABS Household Expenditure Survey for 1998-99 identifies 600,000 Australians (3.1%) unable to afford two or more essentials.

McClure Welfare Review Green Paper released – *Participation support for a more equitable society* (August 2000)

Stronger families and communities strategy launched by Howard Government (includes Communities for Children program, which still exists today) (May 2001)

Neighbourhood Renewal Program commenced in Victoria (2001)

SA Premier Mike Rann establishes a Social Inclusion Initiative shortly after taking office in February 2002.

Longitudinal Study of Australian Children (LSAC) commenced (2004)

*Australians Working Together* new mutual obligation and participation requirements for jobseekers introduced (July 2002)

600,000 Australians (4%) experiencing an overlap of income poverty, financial deprivation and social exclusion in 2006. (Saunders & Wong)

New Commonwealth Government Welfare to Work measures come into effect (July 2006)

Federal government Social Inclusion Board established (May 2008)

COAG agrees to National Indigenous Reform Agreement on closing the gap (July 2008)

660,000 Australians (4%) experiencing an overlap of income poverty, financial deprivation and social exclusion in 2010. (Saunders & Wong)

Australia's future tax system is released, highlighting the widening gap between pensions and allowances like Newstart (May 2010)

Rudd Government introduces *Better Futures Local Solutions* place-based program (August 2011)

Social Inclusion Board report suggests 5% of working age population (640,000) experience multiple and complex disadvantage (August 2012)

Productivity Commission Staff Working Paper on *Deep and Persistent Disadvantage in Australia* (July 2013)

Social Inclusion Board disbanded (September 2013)

Baseline valuation report published to inform priority investment approach to welfare (June 2016)

McClure Review of Australia's welfare system, *A New System for Better Employment and Social Outcomes* released (February 2015)

Australian Government announces \$96.1 million Try, Test & Learn Fund to trial innovative approaches to assisting most vulnerable (May 2016)

Brotherhood of Saint Laurence Social Exclusion Monitor finds more than 1 million Australians in deep social exclusion in 2016.

Productivity Commission *Rising inequality? A stocktake of the evidence* finds 700,000 people in income poverty continuously for the last four years (August 2018)

Employment Services 2020 Report released (December 2018)

## Selected developments



# Measures of disadvantage



## Income poverty

**2.2 million (9%)** Australians live on less than half the median household income

**700,000 Australians** have been in income poverty continually for the past **four years**



## Material deprivation

**2.2 million (9%)** Australians cannot afford essential items like food, housing and clothes



## Social exclusion

**More than 1 million** Australians are deeply excluded from everyday social and economic connections

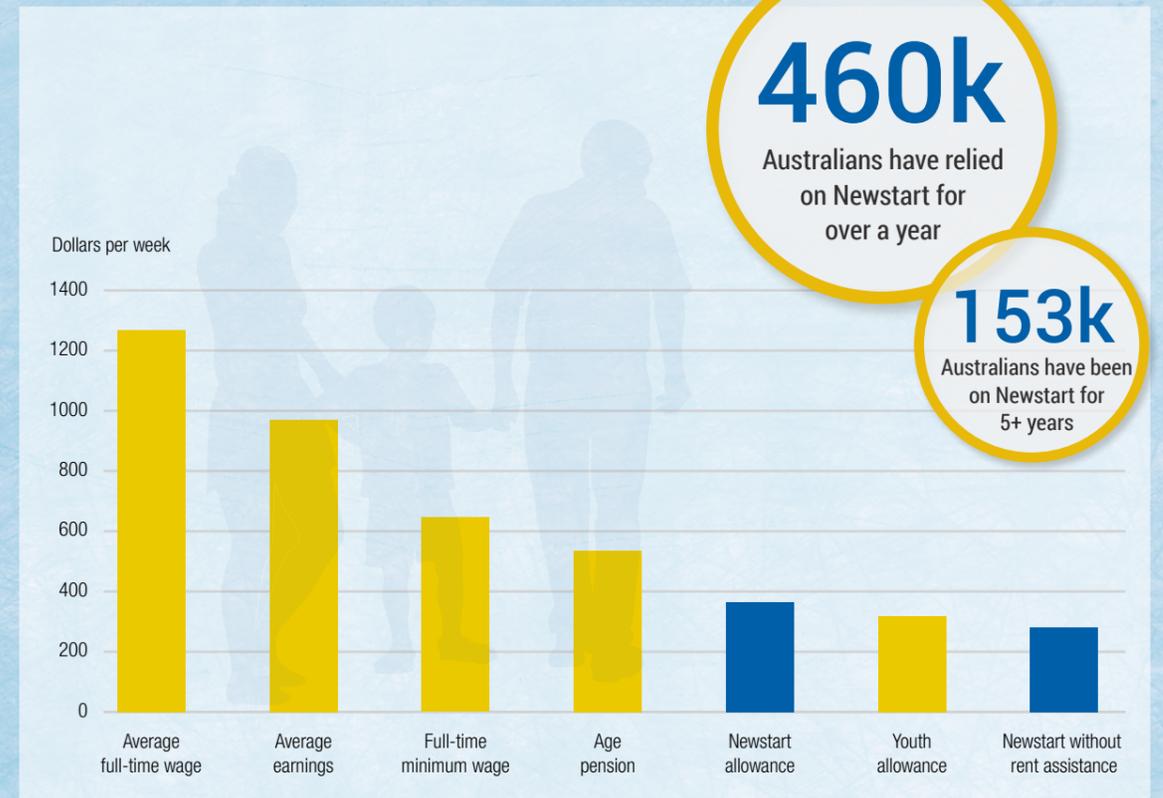
**79%**  
of Australians believe the gap between rich and poor is unacceptable

**30%**  
of people who were in poverty in 2001 were in poverty in 2016

Poverty line  
**\$429**  
per week  
Newstart  
**\$279**  
per week

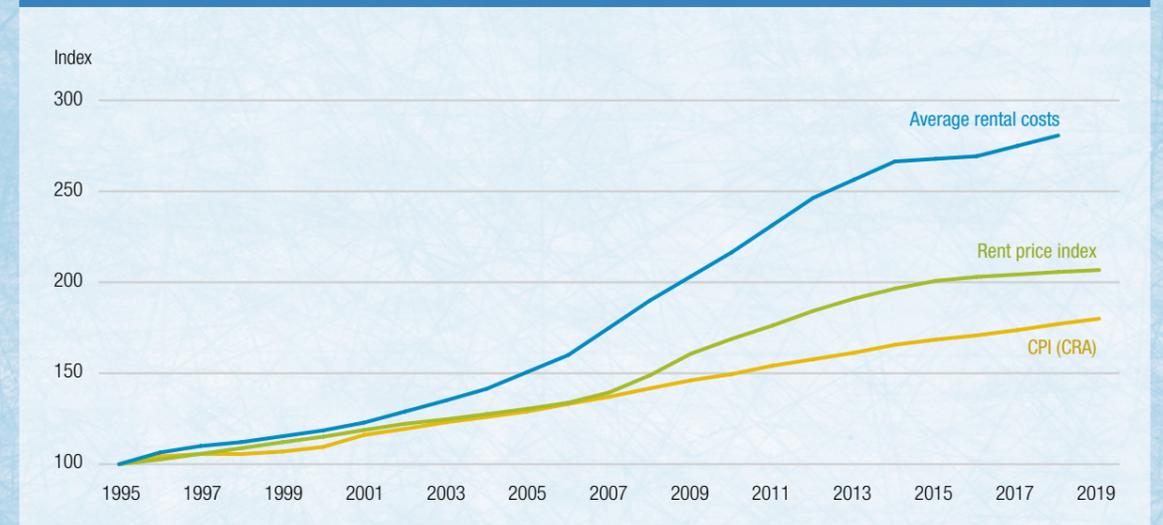
\*Source included in the full publication, *Disrupting disadvantage: setting the scene*, unless otherwise noted

# Policy shortfalls



Source: Deloitte Access Economics.  
Note: Full-time minimum wage is for a 38 hour week; social security payments include full rent assistance.  
All report income amounts are after personal income tax

## Growth in rents vs Commonwealth Rent Assistance (CRA)



Source: Productivity Commission, 2019



# Problems with the current approach to disadvantage



Misinformation in the public debate



Addressing symptoms and not causes



Not seeing the full person



Poor management of transitions across life



Government programs failing to keep pace



Limited use of evidence and data



Lack of policy consistency



Siloed approach to services and support



Not enough focus on prevention

## Ways forward



**MOBILISE DATA**  
TO HELP THOSE AT RISK



**IMPROVE**  
NAVIGATION OF SERVICES



**INVEST**  
IN A STRONGER SAFETY NET



**GET SERIOUS**  
ABOUT EVIDENCE AND IMPLEMENTATION

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