

**Statement made by Mr Tony Nicholson,
Executive Director of the Brotherhood of St Laurence
Annual General Meeting of the Brotherhood in Melbourne
27 November 2007**

Ladies and Gentlemen,

In formerly moving the adoption of the 2007 Annual Report I wish to comment on three aspects of the environment for the Brotherhood's work in the year ahead.

Coming just 3 days after the federal election this Annual General Meeting takes place at a time of great anticipation at the Brotherhood and in the community sector generally.

Not because we have any preference for one party over another.

In fact, it's noticeable that during the campaign both Labor and the Coalition talked about social inclusion and the need to create an opportunity society.

We see this as a very welcome convergence of thinking that we hope continues.

The anticipation is because it represents the chance to make a clean start.

Over the past few years the Brotherhood has been open in its calls for a whole new approach to tackling disadvantage in Australia. Bumper economic surpluses have created the opportunity for a once in a generation renewal of our social policy system. We cannot allow this opportunity to be lost and Julia Gillard's announcement of a Social Inclusion Board opens the door to a new beginning.

To get on with this challenge the Brotherhood believes many of us have to first get out of the shadow of the welfare state.

For too long many in the welfare sector have been content to regard the market economy as a form of structural injustice and have seen the role of social policy as simply rescuing or protecting its victims. It is no longer good enough to argue for fair shares of the national cake but to take no responsibility for producing the national cake.

By way of reaction over the last decade others became preoccupied with promoting market participation and ending welfare dependency. But if the welfare sector overlooked the importance of participation and productivity, others failed to appreciate that a strong economy depends on a strong society.

This problem of the welfare state has been with us ever since the 1970s when economic and social policy became separated – and the idea took hold that it was OK for the economy to create inequality as long as social spending ameliorated some of its worst effects.

In our view, social policy today must be proactive and empowering and must be fully integrated into economic policy. This is the appropriate agenda for the next decade. This has to be the agenda for our incoming Rudd Government.

We see it as the new agenda for economic reform to increase national wealth.

For the past two decades economic reform has consisted of removing excessive regulations built up by previous generations.

For at least the next two decades, we believe it will consist of lifting the nation's stocks of human capital – particularly by educating and skilling the most disadvantaged members of our community.

And this isn't just our view.

In October the outgoing president of the Business Council of Australia, Michael Chaney, called upon our national leaders to incorporate the idea of 'social prosperity' into the reform debate.

And in his 2007 Sambell Oration, the ANZ's Saul Eslake argued that reducing poverty is now an economic as well as a moral imperative for all countries.

Firstly – the need for integrated social and economic policy

Of course, it's easy to say these things, but much harder to design policies to make them work in reality. But at the Brotherhood we believe this new convergence of interests between business and welfare offers the opportunity for the new Labor Government to rewrite Australia's social contract.

In the old welfare state we didn't ask business to be responsible for social outcomes. They simply looked to their profitability and the interests of shareholders. Similarly the trade unions looked to the wages and conditions of their members not to overall social outcomes. Welfare was a residual interest left to the government to achieve in partnership with NGOs.

Today we see a new politics of welfare. Business and unions as much as the welfare sector are recognising their common interest in achieving a first class social policy regime for Australia.

In bringing these interests together to forge the new social contract, the Brotherhood believes that it will be vital to do so in a process which builds on the strengths of the Australian way.

In the 1980s, for example, Australia's Accord was modelled on Scandinavian countries; while in the 1990s the US took over as the template. Neither proved satisfying in the end. Today Australians should have confidence enough in their own product to sit down and hammer out an appropriate blend of US style individualism and flexibility together with the more European focus on regulating for fairness and cohesion.

It's our intention to work with the new federal government and the states to create a new social and economic policy agenda for the nation.

We want to demonstrate how economic efficiency and social fairness can reinforce each other – and lay the foundations for a new social safety net based on economic participation and opportunities.

Let me outline some of the major features of national policy we'd like to see.

The first point is that social policy must not be allowed to become a sideshow or an ineffectual add-on to unchanged economic policies.

Recent reviews of UK social inclusion policies have found that the positive effects of social inclusion programs can dissipate rapidly unless they are fully integrated into national economic, employment and welfare reform strategies.

It won't be good enough simply to repeat the policies of the Blair and Brown Governments, or scale up the existing community strengthening programs of the Australian states.

We need good neighbourhood strengthening programs for the most disadvantaged communities, certainly. But we need so much more.

Secondly, such a policy framework would emphasise the importance of human capital development – by giving people the capacities they need to gain control of their own destinies over the long term.

This means big new investments in education and training, particularly public schools.

Thirdly, it would recognise the importance of place – by prioritizing resources to the most disadvantaged communities and giving local communities control over agenda setting and service delivery.

Fourthly, instead of just engaging with people when they become unemployed, social inclusion policies would also engage with people at the critical transitions in their lives: the early years, the move from school to work, the adult years when people are in or out of work, and retirement and ageing.

Fifth, it would place a special emphasis on early education programs for children up to six years old that reach disadvantaged families – because that's the best way to head off lifelong disadvantage.

Sixth, as unemployment is one of the biggest causes of social exclusion, we are also going to need a thorough overhaul of all commonwealth employment programs, including the Job Network. Its means are rapidly becoming irrelevant to its ends.

And last, a social inclusion policy framework will need strong national direction.

We strongly support the new Government's commitment to establishing a new social inclusion agency that receives advice and direction from an independent Board.

We believe it should have the power to drive a new investment model that will be as much about education, training and economic productivity as it will be about poverty alleviation.

Because it will not be a welfare committee but a crucial agent of economic reform, we believe the new agency and Board must include high-level economists and business people along with welfare and health experts.

Of course in addition to policy research, the Brotherhood has been designing and implementing a lot of exciting new social inclusion programs that could provide good models for scaled up programs at a national level.

You can read about them in this year's annual report:

- **HIPPY (Home Interaction Program for Parents and Youngsters)**, which trains and supports parents to take an active role preparing their preschool-aged children for school. With major corporate sponsorship by AXA and Sydney Rotary and with the new government committed to supporting 50 HIPPY sites; this is a marvellous return for the Brotherhood's strong advocacy.
- **PACTS (Parents as Career Transition Supports)**, which teaches parents the best way to help their adolescent children understand their career options and encourage them to stay at school.
- And **Intermediate Labour Market Programs**, which create employment and training opportunities for disadvantaged Australians in commercially-focused businesses.

Secondly – refugee policy

Everybody knows that some of the most socially-excluded people in Australia are our refugees, and people who arrive here under the humanitarian entrant program. For them, in addition to the four critical life transitions there's another one – the period of initial settlement.

These people have fled extremely traumatic circumstances and have missed out on both schooling and employment.

As Rupert Myer said in his speech to the Brotherhood's Business Breakfast for Refugee Week last year: "Refugees are people who have been forced to leave their countries because they have been persecuted. They have had no opportunity to prepare themselves physically or psychologically for their new life in Australia".

So any social inclusion efforts by our new national government must address the needs of refugees.

In recent times about half the refugees to Australia have come from African countries. Many have sought refuge from Sudan, and others have come from Sierra Leone, Liberia and Ethiopia.

After months of negative and unsubstantiated reporting about their prospects of successful settlement in this country and a regrettable lack of leadership from the responsible federal ministers, the Brotherhood believes we need a renewed commitment to the wholehearted inclusion of African refugees into Australian society.

As we all understand, many refugees face daunting challenges as they start to make new lives here. Many have survived horrific experiences, including torture, family separation and the harrowing loss of relatives and friends, compounded by long periods spent in refugee camps.

It is absurd to suggest that one of the selection criteria for potential refugees should be their perceived ability to quickly integrate into Australian society and economy.

This is a fundamental moral issue. If we believe we share a common humanity with these people, if we believe that a little of a higher being dwells within both them and us, if we believe a little of Christ dwells within them and us, then it becomes a moral imperative that the selection criteria for acceptance of refugees be their needs, not ours.

The Brotherhood supports the need for an orderly refugee program that has its priorities set by the United Nations. And we also support a fair, speedy and robust process for dealing with the refugee claims of those who present on our shores. We should welcome people most in need. But need should be the only criteria applied.

And we know from our experience of each wave of refugees that have gone before the recent arrivals from Africa, if we are prepared to engage and adequately resource refugees, they do successfully settle and contribute to our society.

In our modern, dynamic economy that places a premium on education, skills and personal networks, the successful settlement of refugees now rests as much upon assisting them become “work ready” as it does upon welfare support. Being able to successfully compete in the labour market is the best basis for building a new life and identity in Australia.

This is what refugees want – to put their past behind them, find rewarding work and contribute to the social and economic life of the Australian community.

Our experience is that when given the opportunity to build a better life almost everyone grasps it wholeheartedly.

So as part of our commitment to multiculturalism, the Brotherhood is applying social inclusion and human capital based programs to meeting the needs of refugees.

Our **Intermediate Labour Market Programs**, for instance, combine training and work in our community enterprises to prepare long-term unemployed people for the open labour market.

Our **Given the Chance Program**, with the help of trained mentors, is creating employment and education pathways for refugees through supported work experience, paid work, traineeships and intensive preparation for work.

Our **Family Relationships Services Program** is supporting refugee families at risk of family breakdowns as they try to settle into a new culture while recovering from trauma and loss. It is supported by a highly effective scheme for recently arrived families that the Federal Government is already running.

We’re also creating important partnerships with Coles, the ANZ and other companies who are leading the way in reducing employment barriers and supporting diversity in the workplace.

They and other businesses are demonstrating the importance of business, government and community working together to ensure that settlement of refugees works. And it is helping

business too – by giving employers access to much needed workers in a time of labour shortage, by helping retailers to reflect the full diversity of their customers among their staff.

Calls to action

Consequently, we call upon our new national government, with its commitment to fairness and to social inclusion, to ensure our intake of refugees is based on their needs, rather than perceptions of capacity to settle, and to expand the type of programs I have referred to that assist refugees become work ready. They have already been costed and evaluated and proven to be effective ways of helping vulnerable refugees build not only their own lives, but also cohesive and connected communities. And of course they bring new workers into the economy.

We also need to better support leaders in different refugee communities who carry great responsibilities in their work for successful settlement.

There's a great model already in the Indigenous community – the Fellowship for Indigenous Leadership (formerly the Sir Douglas Nicholls Fellowship for Indigenous Leadership). It empowers Indigenous leaders to focus their drive and energy in areas of importance identified by Victoria's Indigenous community through financial support, networking opportunities and professional development.

Similar support for the leaders of refugee communities would strengthen their important work of building social cohesion and settlement, and helping refugees participate in the economy.

And thirdly – a proactive approach to climate change

Of course, everyone today understands that the economy is a wholly-owned subsidiary of the environment.

So we can't talk about social and economic policy without being aware that environmental policy will affect it.

This makes acting on climate change a huge priority for the Brotherhood.

The pressure on all of us to act is increasing rapidly.

Just 12 days ago [*The Age*, 15 November 2007], the Climate Institute warned that global warming will begin to hit the planet hard within just a couple more years.

And just two days after that [17 November], the fourth and final report from the IPCC, the Intergovernmental Panel on Climate Change, confirmed that change is taking place even more quickly than previously anticipated.

Three things are certain: (1) cuts to emissions will need to be early and deep to have the necessary impact; (2) people are soon going to be demanding far more urgent action from our leaders; and (3) the IPCC report confirms the urgency of the need to implement widespread mitigation and adaptation strategies.

This will have huge implications for our economy. And, as with all economic change, the least wealthy will be the hardest hit.

Earlier this year the Brotherhood was amongst the first to raise the equity issues involved in climate change and in policy responses to it. We commissioned research that demonstrated that unemployed Australian families would be \$647 out of pocket annually if carbon was priced at \$25 per tonne, and much more the higher the price is set.

In addition to this, working class communities dependent upon carbon-based industries – like coal mining, forestry and vehicle manufacturing – will inevitably be placed in jeopardy by global warming related industry restructuring.

This means the welfare sector must start influencing relevant public policies now.

As with economic policy, we must not be satisfied with simply ameliorating the regressive social impacts of change in areas like energy, housing, transport and industry policy.

We must be proactive and ensure that equity concerns are a central part of Australia's response to climate change.

Not only is this the right thing to do for the poor; it's the most effective way to tackle global warming.

This is because reducing greenhouse gas emissions will require significant upfront investment for necessary tasks like (1) retrofitting homes with more efficient heating, insulation, water and electrical appliances and (2) giving people access to public transport.

While the affluent will be able to afford the cost of adaptation, the disadvantaged will not.

Only by helping the poor to adjust can we reduce greenhouse gas emissions by the maximum amount.

This is going to require significant adjustment programs to help low income earners – such as targeted subsidy schemes and upgrading public housing and extending both the frequency and coverage of public transport. The public sector must set the pace of change.

It will also require industry policy that helps vulnerable communities become economically and environmentally sustainable – through research incentives, investment attraction and retraining schemes.

Adjustment on a necessary scale will be expensive – but, as Sir Nicholas Stern has warned us, it will be much cheaper in the long run than doing nothing.

How will the community be able to afford it?

The key will be to ensure that the dividends of cleaner and more efficient energy use are shared by everyone in our society.

Today all responsible players support the idea of a carbon market.

The danger is that a badly designed carbon trading scheme will fail to deliver for society and instead deliver only windfall profits to business. This must be avoided.

Therefore, one of our chief aims must be to influence the design of Australia's carbon trading scheme by heeding the lessons of what has gone wrong elsewhere.

In Europe, for instance, carbon trading permits were issued free to major emitters. As a result, when the price of carbon was factored into the price of energy and energy-dependent goods, all the benefit went to business.

It should have gone to society.

Welfare organisations like the Brotherhood must join with other voices to argue for a carbon trading scheme that will create a strong public return and provide federal, state and local governments with the financial resources needed to invest in necessary adjustment measures.

In broad policy terms, this means carbon permits must be auctioned or paid for through a tax on emitters.

This is just one area of research that will be taken up by the Brotherhood's three-year **Equity and Climate Change Project** which is funded through a major bequest from the estate of Prue Myer.

These and many other challenges lie before us in the pursuit of our mission in the year ahead.

However, with a clear strategy, a strong financial position, a purposeful, cohesive, and enthusiastic staff, and with the goodwill of a widespread supporter base, the Brotherhood is well placed to take up these challenges.