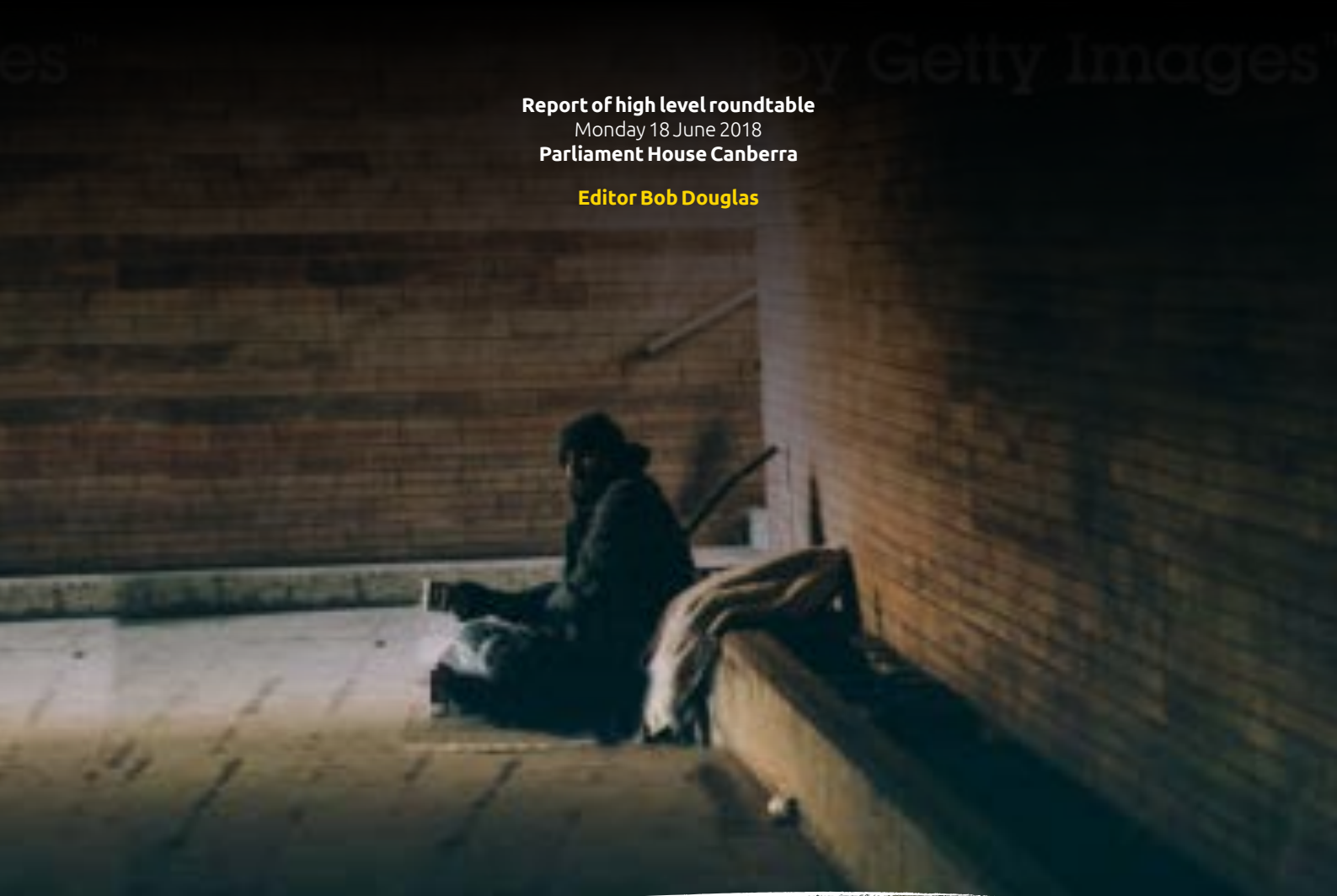
Report of high level roundtable
Monday 18 June 2018
Parliament House Canberra

Editor Bob Douglas



a fair go
for all Australians

Urgent action required

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SHAPING THE FUTURE

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Is an independent, not for profit "think tank for the public good", which seeks to promote fair, sustainable and inclusive public policy through evidence-based research. It tackles real-world "wicked" problems — social, economic, health and environmental — that defy simple solutions, using a multidisciplinary research approach. It brings together people with different perspectives to engage openly and think

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This is the report of the second roundtable on the topic of inequality in Australia jointly sponsored by these two organisations. In 2014 the organisations published a report entitled "Advance Australia Fair? What to Do about Growing Inequality in Australia." Shortly after publication, a committee from The Australian Senate initiated an enquiry on the topic. This produced a number of recommendations that were opposed by the minority government members of the Committee.

This second roundtable was convened because inequality has worsened in Australia since 2014.

A Fair Go for All Australians: Urgent Action Required
Editor: Bob Douglas

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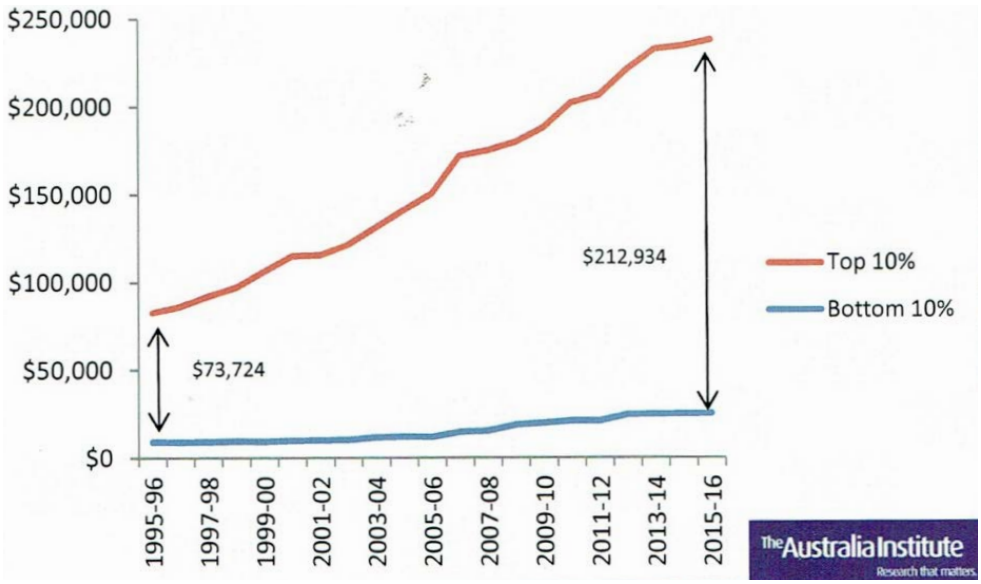

Differences in income over time for those in the top 10% and those in the bottom 10% of income in Australia

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Foreword by
Hon Wayne Swan MP

Hon Wayne Swan MP is the Federal Labor Member for Lilley and former Federal Treasurer and Deputy Prime Minister of Australia. He has recently been elected to the Presidency of The Australian Labor Party. He hosted the roundtable at Parliament House.

By some measures, income inequality in Australia is at a 70 year high and the top 1% now receive the highest share of national income since the early 1950s.

A progressive response to inequality can be built on four key pillars:

1. The achievement and maintenance of full employment. This includes overcoming the reluctance to use fiscal policy as a means of reducing spare capacity and achieving full employment.
2. A stronger voice for working people, formalised through new rules and institutions, from rewriting the Fair Work Act to providing seats for workers and their representatives on the boards of our public institutions, like the ABC and the RBA.
3. Taming corporate power, from oligopolies to executive pay. Ensuring workers benefit from share price increases, considering limits on the tax deductibility of executive salaries above a certain threshold, and further empowering shareholders to determine the composition of private boards.
4. Defending our world-leading progressive income tax system to ensure that Australians on low and modest incomes aren't left behind.

Foreword by
Paul Barratt Chair Australia21

Paul Barratt AO has been Chair of Australia21 since 2010. He is a former Secretary of the Federal Departments of Primary Industries and Energy & Defence and a former Executive Director of the Business Council of Australia. He is an Adjunct Professor at the University of New England and Chair of the UNE Foundation.

There are strong social justice grounds for acting to mitigate inequality, which is also having detrimental effects on the economy.

The government's distinction between "lifters" and "leaners" has no meaning. The overwhelming majority of people want to have a job. They want to feel that it is a job that has meaning, and they want to do it well.

How productive they are depends not only upon how hard they are prepared to work, but how well they are trained, how well they are led and managed, and what equipment they are furnished with.

We need to reintroduce the concept of the living wage. Any business that depends upon paying its employees less than a living wage lacks a sustainable business model.

To mitigate inequality, we must recognise the benefit of investing in people: education, vocational training, improved access to health care, public housing and a decent living standard for those who find themselves unemployed.

Elimination of tax benefits like the capital gains tax discount, uncapped negative gearing against personal income, and an effective assault on multinational tax avoidance could provide the wherewithal to tackle the problem.

Foreword by

Ben Oquist, Executive Director Australia Institute

Appointed in 2015, Ben Oquist is a respected political and communications strategist and commentator. He is known for his ability to negotiate across the political spectrum and drive national policy debate and outcomes.

While some debate whether inequality is increasing there is no denying it exists. The seven richest families in Australia have the same amount of wealth as 1.92 million households.

As a country we can choose to address inequality or not. We can keep inequality at the same rate, increase it or reduce it.

Australia is a rich country at the richest time in history. It has been 27 years since the last recession. There is no need for the wealth and benefits of this growth to flow mainly to a few at the very top. We would be a stronger, more inclusive and more harmonious society if we took the problem of inequality seriously and undertook genuine sustained action to address it.

Inequality is a problem for our economy. Higher rates of inequality lead to slower rates of economic growth. It creates a more fractious and divisive society. Inequality also undermines our democracy as people lose hope in our democratic systems and turn to those offering more extreme solutions.

The best tool at our disposal is the tax and transfer system. The government has clear options in front of it to raise revenue by reining in tax concessions that primarily go to high income earners. This revenue could be used now and well into the future. We need to strengthen the social security safety net to better fund quality public services for years to come.

Executive summary

This report results from an all-day roundtable discussion by 32 experts from diverse backgrounds in Australia. The participants met in Parliament House Canberra on Monday 18 June 2018, to consider the nature, causes, consequences and possible solutions to growing Australian inequality. The meeting was jointly sponsored by two independent think tanks, Australia21 and the Australian Institute, and hosted by the former Treasurer and Deputy Prime Minister, Hon Wayne Swan MP.

Participants included two senior Labor Party politicians and the leader of the Greens, but no one from the Coalition parties despite a number being invited. In preparation for the meeting, invitees provided brief summaries of their views on the questions to be considered that were distributed to all participants, and the five hours of ensuing discussion were recorded and transcribed.

The roundtable concluded that, like several other English-speaking democracies, Australia is at a watershed and that the current level of inequality demands a new, vigorous and uncompromising campaign to engage all Australians in a re-conception of the kind of country we want and the values that should drive future public policy. There was consensus that current policies are profoundly unfair to Australians on the lower rungs of the economic ladder and threaten the future of humans and the planet.

Some inequality in wealth, income and opportunity will always be with us, but the gap in current levels will go on increasing unless there is a significant change in policy direction. Australia's Social Security system is no longer adequate and imposes unacceptable constraints on the growing numbers of people battling the consequences of poverty, unemployment, homelessness and general social disadvantage.

Several international agencies, including the IMF and the World Bank, as well as *The Economist*, have warned that levels of inequality of the kind now experienced in Australia are antithetical to economic growth. Corporations and rich individuals are promoting an outmoded "trickle down" approach to the economy, fuelled by uncritical application of the notion of "selfish economic man".

Most Australians underestimate the size of the differential of wealth and income between those in the top 10% and those in the bottom 90%. In one survey, the average Australian thought the richest 20% had four times more wealth than the poorest, when the most recent ABS data show that the actual differential is 60 times. When people are made aware of the differential, evidence suggests they are firmly supportive of early remedial action.

Australia is no longer a classless society. Global inequality is now growing, and global sustainability is decreasing.

It was argued that the problem is one of justice and human rights, and that our inevitable move towards becoming a republic should be accompanied by development of a Charter of Rights developed around shared national values. There was firm consensus that in a changing world, every person must have basic entitlements to food, clothing, shelter, health and education from birth, and that the vast majority of Australians would support a return to the notion of a "living wage"..

The roundtable agreed on another disturbing defect in Australian democracy. Armies of lobbyists and political donations are heavily influencing the activities of our governments. As a democratic nation, all people, not only the rich and powerful, must determine the kind of country we live in. We must confront the fiction that the combination of unregulated markets, low taxes and small government will deliver the kind of future we want for our children.

We must also challenge the notion that growth in the Gross Domestic Product is an adequate or appropriate measure of progress. We must commit to rapidly reducing the nation's carbon emissions and halt the destruction of the ecosystems that support all life.

The community of all Australians must retake control of our nation and its policies and re-write the story now driving it. The challenge is to engage large numbers of ordinary Australians in this task. The A24 Alliance, which had two representatives at the roundtable, is facilitating a national discussion of the kind of country Australians want to live in.

There was consensus that these concerns can be addressed, and that we can return to being an egalitarian and compassionate nation, if the prevailing narrative promoting selfishness, greed, competition and consumption is rejected and replaced with a narrative that places altruism and compassion at the heart of vibrant, inclusive communities.

The economy must serve society and not the other way around. Specifically, processes must be developed to assist those who cannot find a place in a rapidly changing workforce, where technological advances are changing the number and nature of available jobs.

Australia must develop an industrial relations system that gives workers an active role in the operation of the workplace and in the remuneration they receive. The system must recognise that every person has worth and dignity and is entitled to food, shelter, education and health care. The problem cannot be fixed by tinkering at the edges of an economic system no longer fit for purpose. Nor can political parties be left to manage these problems without input from an actively participating community.

The recent political debate over cutting taxes has taken place in denial of the fact that Australia is already one of the lowest taxing countries in the OECD (see figure page 13) and that continuing reduction in government revenue reduces the capacity of future governments to deliver essential services and exacerbates the already serious level of inequality.

Accordingly, the roundtable identified a number of firm proposals for action that the two sponsoring organisations believe must be addressed by federal and state and territory governments, aided by systematic inputs from the Australian people.

Proposals for early action

1. Promote a national conversation about the nature, causes and effects of growing inequality in Australia and create an Office of The Evaluator General to develop and institute measures to monitor progress towards a fair Australia. Require that all Cabinet Submissions and legislation include a statement of Inequality Impact.
2. As part of that national conversation, communicate clearly to the Australian public that a single-minded focus on growing the economy cannot resolve distributional issues, and that there is ample evidence from the IMF, World Bank, and OECD that excessive inequality actually reduces economic growth.
3. Agree to the development of a new Australian Charter of Human Rights and undertake nation-wide consultation to clarify the values that will be central to the new charter.
4. Engage the Australian people in discussion about ways to raise more revenue fairly, to enable governments to reduce inequality, deliver essential services, and promote the kind of future to which Australians aspire. Consider the use of citizen juries or citizen assemblies in these matters.
5. Revisit the concept of the living wage, in recognition that an absolute minimum income is required for people to retain their dignity and to feed, clothe and shelter themselves. Establish this living wage as the benchmark for all social security activity and consider innovative ways of making it available to those unable to be part of the workforce, for whatever reason.
6. Recognise that all Australians are entitled to receive food, shelter, clothing, education and access to health services, regardless of their employment status.
7. Review the industrial relations system with a view to establishing new ways of empowering workers to engage with employers about their conditions of work and remuneration. Establish more job creation programs in priority areas and consider new models of employee management and cooperative ownership of businesses.
8. Invest in early childhood development through a national system of childcare for every child from the age of three years, in association with schools.
9. Commit nationally to the principle of equal pay for equal work by men and women, and equal access for men and women to different jobs and positions of power.
10. Review the Uluru Declaration by Aboriginal People and submit its proposals to the Australian people in a referendum
11. Develop a national citizens' jury or citizens' assembly to consider the funding of the federal parliamentary system, including the permissible role of lobbyists and financial contributions from private interests.
12. Commit on a non-partisan basis to a democratic and compassionate Australia with commitment to "A Fair Go for All", and tackle the problem of excessive corporate influences on public policy.

Background and recent history of Australian inequality

a) Previous activity by Australia21 and The Australia Institute

In January 2014, Australia21 and the Australia Institute jointly sponsored a roundtable discussion of experts on the question "What to Do about Australian Inequality". The participants included politicians, economists, social activists, health activists, unionists and social scientists. The report of the discussions pointed out that the wealthiest 20% of households in Australia now account for 61% of total household net worth, whereas the poorest 20% account for just 1% of the total. In recent decades the income share of the top 1% has doubled while the share of those in the top 0.001% more than tripled. At the same time, the report stated, poverty is increasing and many of those dependent upon government benefits, including the unemployment benefit, had fallen well below the poverty line. It was concluded that if we did not pay attention to the problem of financial inequality, current economic circumstances were likely to make it worse.

The report concluded that a number of policy levers were available to arrest the trend while at the same time remedying the current deficit in government revenue. The report concluded that in order to advance towards a fairer Australia, 10 activities were needed:

1. Promote a national conversation about inequality, its effects, and ways of dealing with it
2. Increase the fairness and adequacy of government revenue-raising through taxation reforms
3. Implement fairer funding reforms for schools
4. Invest nationally in early childhood development, especially for disadvantaged groups
5. Set all pensions and benefits no lower than the poverty line and index them to average wages
6. Establish more job creation programs in priority areas
7. Develop new models of employee management and cooperative ownership of business
8. Implement the World Health Organisation recommendations on the social determinants of health
9. Encourage an inquiry by the Productivity Commission into the impact of inequality on economic efficiency and growth
10. Establish a national research program to monitor progress and test the impact of interventions aimed at reducing inequality

Soon after the release of the report, the Australian Senate embarked on the six-month enquiry described below.

b) Senate Enquiry 2014

"Bridging our growing divide: Inequality in Australia" was the title of the report that emerged in December 2014. The enquiry was charged with review of the extent of income inequality, the rate at which it is increasing, and its impact on access to health, housing, education and work. The task engaged 13 senators, five from the ALP, five from the Liberal party, two Greens (one of whom chaired the enquiry) and one Independent. The 273-page report referred to 60 submissions and seven public hearings involving 59 witnesses from government and volunteer agencies around the nation.

The Australia Institute submission to the enquiry

In its 40-page submission to the Senate enquiry, The Australia Institute described the existing income and wealth inequality present in Australia and pointed to how this is perceived and how it affects different groups within Australia differently. The submission argued that there is evidence of widespread public support for policies and programs that will address this inequality and that the breadth of policy options is substantial, especially in the light of Australia's relatively low tax as a proportion of GDP by comparison with other OECD countries.

c) Findings of the 2014 Senate Enquiry

The 273-page report indicated that the government and non-government Senators did not reach agreement on the key findings.

The government Senators who were in a minority on the committee issued a five-page dissenting minority report that concluded with a single recommendation. "That the Senate implements the government agenda to build a strong and prosperous economy for the benefit of all Australians." Their dissenting report stated that Australia is a prosperous society, which provides security and opportunities for all. It argued that while Australia has some significant issues with poverty and much can be done to improve opportunity and circumstances, the report of the majority added little to the debate. It said history has shown that a strong economy that provides employment is the best way to build a prosperous society.

The majority report found that inequality had increased in Australia since the mid-1980s. It asserted that the 2014 budget measures would exacerbate income inequality and poverty. It emphasised that the Newstart unemployment payments were below the poverty line. It pointed to the important role of the minimum wage and the fact that lower incomes are associated with poorer health outcomes. In addition, it stated that low transfer payments for low incomes often compound the disadvantage of groups such as Aboriginal and Torres Strait Islander people, people with disability, people living with mental illness, single parents and new migrants. It highlighted the need to consider how the income support system can assist the large and growing group of people with insecure work. The report noted that regional variations in labour markets can seriously limit people's employment opportunities and underlined the importance of Commonwealth rent assistance and of long waiting lists. It also cited research indicating that the public differed from government on the urgency of acting to reduce inequality.

According to the majority report, a decent wage is the best way to lift people out of household stress. The report discussed the importance of one-on-one approaches for reconnecting people with education, training and employment opportunities. It advocated the need to invest in programs that connect with young people at risk of leaving school early, develop tailored training for workers aged 50 and above, and provide long-term unemployed people with opportunities.

The majority report contained 13 recommendations, which ranged from the general to the specific.

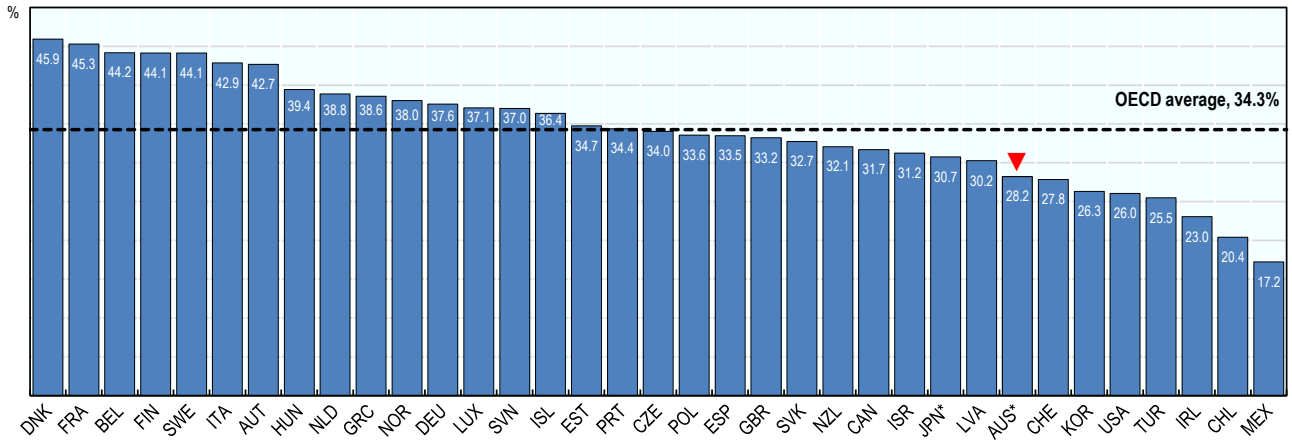
The recommendations included:

- A proposal for analysis and a series of modifications in the light of the 2014 budget;
- A reconsideration of government payments in relation to the poverty line;
- A consultation process on rent assistance and student assistance payments;
- A review of the amount of funding allocated to financial crisis and material aid, including the provision of emergency relief and food relief for vulnerable Australians;
- Emphasis on the need to ensure that those facing the greatest hardship are better off;
- Commonwealth government involvement in the monitoring of national and regional rental indices to track rate increases;
- A review of national urban planning guidelines to ensure that new and existing developments have access to public transport, health, education and other services;
- Continuation of the about-to-be-axed youth connections program to provide through TAFE a mentoring approach to ensure young people engaged in vocational training are able to identify and pursue their employment options;
- Development of alliances between schools, employers and vocational education providers;
- Development of a national jobs checkpoint plan to be developed in association with the Office of the Age Discrimination Commissioner;
- A review of the success in financial and social benefits of all programs that provide individualised support for the long-term unemployed and those at risk of long-term unemployment;
- Consideration of the case for funding these programs on a more secure, longer term basis;
- Formal exploration of the way the taxation system is affecting inequality, including an analysis of existing tax concessions in Australia.

OECD comparisons of Tax Revenue to GDP Statistics

The chart below shows tax-to-GDP ratios for 2016.*
As Australia is unable to provide 2016 data, the latest available data from 2015 have been used. Australia's 2015 tax-to-GDP ratio ranked it 28th out of 35 OECD countries in terms of the tax-to-GDP ratio compared with the 2016 figures.

In 2015 Australia had a tax-to-GDP ratio of 28.2%, compared with the OECD average of 34.3% in 2016 and 34.0% in 2015. In 2015 Australia was also ranked 28th out of 35 OECD countries in terms of the tax-to-GDP ratio.



* Australia and Japan are unable to provide provisional 2016 data, therefore their latest 2015 data are presented within this country note.

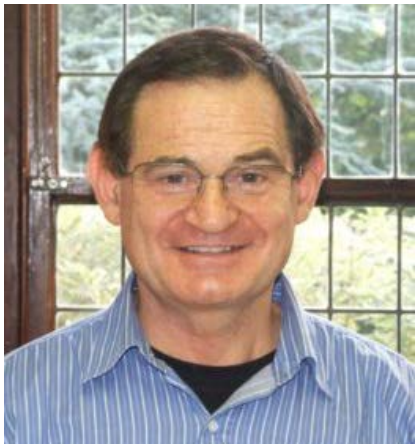
In the OECD classification the term "taxes" is confined to compulsory unrequited payments to general government. Taxes are unrequited in the sense that benefits provided by government to taxpayers are not normally in proportion to their payments.

setting
the scene

We are going the same way as the US on inequality unless we make a conscious effort to change direction.

David Morawetz

David Morawetz is the Founder and Director of The Social Justice Fund and a Board Director of both The Australia Institute and Australia21. He first worked on the economics of developing countries as an Associate Professor of Economics at Boston University. He then studied psychology, and has spent the past 28 years as a counselling psychologist in private practice.



In Australia, the top 1% owns more wealth than the bottom 70% combined. Meanwhile, one child in six lives below the poverty line. This does not accord with the value of "A Fair Go for All".

We need to build a coalition to restore that Australian value.

Proposals need to appeal not only to the disadvantaged but also to the middle class, who are the majority of the voting population and whose views therefore will attract politicians.

Some key policy options to reduce inequality and increase social mobility include: fund and implement life-long education, especially early childhood education, for all Australians; raise Newstart and other social security payments at least to the poverty level; implement the Buffett Rule for a minimum rate of tax on high-income earners; introduce a land tax; abolish negative gearing; reduce the 50% discount on capital gains tax; and improve housing affordability and health care.

We must raise awareness about the economic, social and health costs of inequities, lay out a vision for the sort of society we want to work towards, and set in train the process for achieving it.

Sharon Friel

Sharon is Professor of Health Equity and Director of the School of Regulation and Global Governance at the Australian National University. She is a former head of the University College London-based Scientific Secretariat of the World Health Organisation's global Commission on Social Determinants of Health.

It would be very easy to be overwhelmed with despair at the dreadful atrocities that plague the world and Australia.

The human degradation of the natural environment, the systemic structural stratification of society and inequities in living conditions are contributing to despair and the egregious inequities in health that persist today.

Let's set as a goal the kind of society we want and the global, national and local policies we should be working towards. Let's imagine a time when we have macroeconomic policies designed to improve the lot of everyone, when economic growth becomes a means to an end rather than the end itself, when conditions of life — education, employment, housing, health care, disability care, aged care — support, nurture and enable everyone to flourish, regardless of their postcode, sex or colour, when there is intolerance of racism and bigotry, when we have inclusive societies that welcome difference. A kinder world achieved with the lightest of environmental touches.

Australia, one of the wealthiest countries in the OECD, is a long way from making economic security the human right that we must now make it.

Brian Howe

Brian Howe AO is a former politician who served as the Deputy Prime Minister of Australia in the Labor government under Prime Ministers Bob Hawke and Paul Keating from 1991 to 1995. He holds a Professorial appointment at The University of Melbourne.

It was because of his fear that benefits, subject to conditions, would lead to recipients being subject to prejudice and discrimination that Professor Ronald Henderson proposed a Guaranteed Minimum Income (GMI) paid for by a system of proportional taxation, in his Australian Poverty Enquiry nearly 50 years ago.

This recommendation has never been considered by Australian governments, apart from the cost, because of its lack of conditionality.

Successive governments are using Newstart as an opportunity for budget savings. Unfortunately, and conveniently for governments, the term "dole bludger" has become part of the Australian psyche and governments have become impervious to evidence demonstrating that the unemployed, or for that matter the homeless, have similar aspirations to the rest of the community, that is, to have a secure home and job.

Part of our vision for the future should include a Charter of Rights that recognises that everyone has a basic right to food, clothing, housing and healthcare.

Those of us in the financial counselling industry are concerned with what we see as a coming perfect storm.

Lauren Levin

Lauren is the Director Policy and Campaigns for Financial Counselling Australia (FCA), the peak body for financial counsellors in Australia. Financial counsellors provide advice to people experiencing financial stress. They work in community not-for-profit organisations and their services are free, independent and confidential.

Demand for financial counselling is at record levels. For example, calls last year to the National Debt Helpline (the national phone financial counselling service) increased by 12%.

Our social security safety net is more akin to a poverty trap, and people receiving Centrelink assistance are often demonised. With the changing nature of work and the "gig economy", more people will be periodically without income and reliant on the diminishing safety net.

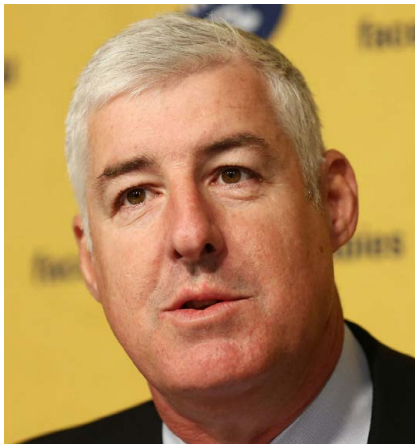
Household debt is trending upwards. Household savings are trending downwards. Throw in an interest rate rise or an uptick in unemployment and the results will be disastrous.

Many of our problems are because we've forgotten a simple message: to be kind to each other. We need a new "kind economy", and we need to build empathy into all public policy processes so that when people make decisions affecting others, they have a deep understanding of what their decisions will mean for these other lives.

I'm here because I am against inequality and because I am firmly opposed to those who entrench it.

Cameron Clyne

Cameron Clyne is the former CEO of National Australia Bank and now Chairman of advisory firm Camel Partners. He is also a member of the Chifley Research Centre's Inclusive Prosperity Commission.



The business community needs to play a larger role in addressing the rise of inequality. Businesses are the obvious beneficiaries of a growing economy and a workforce that is both educated, healthy and able to travel to and from work.

There is overwhelming data supporting the economic impact of the marginal propensity to consume when money is available to people at the lower end of the income scale.

While business has made some positive comments regarding increasing Newstart allowances, the debate on the minimum wage and broader wage levels remains simplistic.

The provision of satisfactory incomes to all participants in the labour market in conjunction with well-funded education and health sectors should be seen as the basis of a civil society, and a major driver of competitive advantage and productivity for business.

There is a need to help people understand that the way things are now is not the norm.

Dee Madigan

Dee Madigan is an award-winning Creative Director with over 20 years experience working in the advertising industry. She specialises in making political messages "sellable" to the public. She has extensive social marketing and political campaigning experience, having worked on 11 election campaigns.

Housing as a percentage of average wage has never been so unaffordable, and wage growth has never been so low. We won't get essential change without mass public support.

We need to get better at defining the economic narrative on our terms and re-define the words used to describe changes to the market.

The current situation is labeled "progress" and we lose the argument because "You can't stop progress!" If we can use more negative terms to describe continued automation and an increasing "share economy", we can get people to stop accepting them as inevitable.

Childcare should be government-owned and run. Every new school that gets built should include a childcare centre.

Inequality is actively promoted by our present economic system. It is rigged to transfer unearned wealth to the wealthy.

Geoff Davies

Dr Geoff Davies is a retired ANU geophysicist who has also been exploring economics for twenty years. Recent books are Economia, Sack the Economists, Desperately Seeking the Fair Go, and a booklet The Rise and Failure of the Radical Right.

"Free markets" have yielded only mediocre performance, masked by a huge growth in debt, excessive working hours and high immigration. Free market theory is pseudo-scientific nonsense.

The poor performance of recent decades, compared with the postwar decades, is because too much wealth is siphoned into parasitic activities like asset speculation.

We need to re-focus our society away from materialism, especially endless material growth, and towards wellbeing in its broadest sense.

It is quite feasible for us to live fulfilling lives without exploiting our fellows, trashing the land, and blowing up the planet's once-benign environment.

Company profits are growing and the richest people are getting richer, but working people are going backwards.

Ben Davison

Ben is Chief of Staff of the ACTU.

The cost of living has been increasing but wages aren't keeping up. Company profits are growing and the richest people are getting richer but working people are going backwards.

The economic growth that working people have helped build over the last 30 years is benefiting only a small group of wealthy, powerful people. They ask more and more of working people and let us have less and less of what we help create. Job security has been undermined, loopholes have been exploited to trap working people in insecure, outsourced, casualised work.

Power has been shifted to the multi-national corporation and the executives making it harder and harder to achieve real wage increases. All while the Liberal/National Coalition government cuts penalty rates, turns a blind eye to worker exploitation and does nothing to improve the bargaining power of working people. We need to Change The Rules so that working people can come together and collectively negotiate a better deal, fairer pay and more secure work.

Australia needs a pay rise that puts people back in front of the costs of living

We must share prosperity more equally and rediscover a commitment to the collective good.

Emma Dawson

Emma Dawson is the Executive Director of the think tank Per Capita. Formerly, she was a senior advisor on Digital Inclusion at Telstra, Executive Director of the Institute for a Broadband Enabled Society at the University of Melbourne, and a senior policy advisor in the Rudd and Gillard governments.

Decades of attacks on unions and collective bargaining have weakened the power of workers to fight for their fair share of prosperity.

Economic policies over many years have focused on balancing budgets, rather than on creating full employment.

Business management theory and practice have become obsessed with maximising company profits and returns to shareholders at the expense of workers and a sustainable society.

Technological advances and industrial disruption are destroying many traditional permanent jobs and replacing them with piecework disguised as digital innovation.

Our industrial relations laws are not keeping pace with the increasing precariousness of work and the ever-growing avarice of capital in the globalised economy.

Our social safety net is not providing a dignified life for those out of the labour force, for whatever reason, nor for poorer retirees.

When we lift each other up with a picture of what is possible, and when we join together to demand change, we know from countless examples that we will change things for the better.

Ann Porcino

Ann Porcino is the Director of RPR Consulting. She works with a wide variety of organisations and groups, assisting them focus attention on the systemic and transformative changes that will shift our society and ensure the protection of the planet. For the last 3 years, she has been working with others to build A24, an alliance of individuals and organisations building a values-based community committed to creating an Australia that puts people and planet first.

We live in world of individualism, exhorted to look after our self-interest, to reward our every whim, to outsource our caring to others. Yet social ties to family, friends and community, and to humankind, are what uplift us as a nation and make life worth living. These are antidotes to inequality.

The systems holding inequality in place conspire to make us feel worthless, frightened and stupid, or complacent and comfortable, or so caught up in staying afloat and keeping safe that there is no time for anything else. We find respite in consuming more, drugging more, looking for comfort and looking inward.

Wealth and power are now concentrated in the hands of a small elite. Unfair taxation measures fail to ensure that we all pay our fair share. Successive national budgets focus on growth rather than measures that build a good society. The environment is pitted against the economy.

Preventing inequality through "pre-distribution".

John Quiggin

John is Professor of Economics, University of Queensland. He is a Fellow of the Econometric Society and the Academy of the Social Sciences in Australia.

Proposals to address inequality usually focus on redistribution to offset inequality in market incomes through progressive taxation and transfer payments.

However, it is also important to consider what Jacob Hacker calls " pre-distribution", to reduce inequality in market incomes.

These strategies include:

- Wages and unions, and the need to repeal anti-union and anti-worker laws;
- Minimum wages, penalty rates, and the like;
- Monopoly and monopsony, increasingly recognised as major
- factors behind growing inequality;
- Intellectual property as a source of monopoly power and an important tool for profit shifting and global tax avoidance evasion;
- Corporate bankruptcy, limited liability and business risk — such as phoenix employers;
- Public ownership and re-nationalisation that may be needed to counter private monopoly power.

When we rank our national inequality challenges, the most significant must be the inequalities between first and subsequent Australians.

John Hewson

John Hewson AM is a former politician and was Leader of the Liberal Party and Leader of the Opposition from 1990 to 1994. Since leaving politics Dr Hewson has forged a career in investment banking and at the elite levels of business. He is also a director of Macquarie Graduate School of Management and other public and private companies. He is Professor and Chair of the Tax and Transfer Policy Institute at The Australian National University.

We should focus particularly on the gap between the circumstances of first and subsequent Australians.

We should require all Cabinet submissions to be accompanied by an "Inequality Impact Statement" and require annual reassessment of policy outcomes relative to objectives.

Ordinary Australians need a clearer understanding of the trends in inequality in income, wealth and opportunity (relating to work, education and training, health, aged and disability services) and its significance — in both periods and measures.

At a time when inequality is worsening, government is making tax cuts that will exacerbate it.

Matt Grudnoff

Matt Grudnoff is Senior Economist at The Australia Institute. He has written and presented on a wide range of economic issues. Shortly prior to the roundtable, The Australian Institute published his "Gini out of the bottle", whose conclusions are summarised below.

Australian Bureau of Statistics measures of inequality show that, over the long run, inequality in both income and wealth is getting worse.

Australian inequality is getting worse faster than other developed countries Our ranking among OECD countries has fallen. We were below average for inequality in 2004, now we're above average.

According to taxation statistics, over the past 20 years only the top 10% of taxpayers are seeing their share of income rise. All other deciles have seen their share remain static, or fall.

The World Bank and other distinguished economic organisations have shown that rising inequality is bad for economic growth

The tax and transfer system is one of the strongest tools we have for reducing inequality.

When we are told that we "can't afford" to increase benefits for the unemployed, or housing for low-income earners, what we are really being told is that "we don't want to spend more on those services".

Richard Denniss

Richard Denniss is the Chief Economist and former Executive Director of The Australia Institute. He is an Adjunct Associate Professor in the Crawford School of Public Policy at the ANU. Shortly before the roundtable he published a Quarterly Essay entitled "Dead Right: How Neoliberalism Ate itself and What Comes Next".

The most economically efficient and politically expedient way to reduce inequality is to close the tax loopholes and remove the tax concessions that deliver significant financial benefits to those with the most, while creating distortions and inefficiency in the tax system.

Closing tax concessions for superannuation, capital gains, negative gearing, fossil fuels, and dividend imputation can collect tens of billions of dollars per year in additional revenue from those with the most, which can be used to provide better income support and services to those with the least

Subsidies are an important policy tool but, in Australia, they are primarily introduced by conservative governments to increase inequality. Subsidies for private schools, private health insurance and private retirement savings are cases in point. The abolition of inequitable subsidies has significant potential to reduce inequality at no cost to the budget.

Just as policies to increase inequality have been highly successful, there is no reason to believe that policies to reduce inequality would be any less successful — if they were enthusiastically pursued.

Inequality can be managed by new policies.

Hannah Aulby

Hannah is a researcher at The Australia Institute.

Excessive economic inequality is damaging Australia by entrenching and dividing social classes. It is increasing the power of a corporate class motivated by profit, encouraging political extremism as voters get fed up with the political status quo. It is promoting selfishness and individualism that further separate people from their peers, insecurity of work, economic stress, material poverty and psychological stress, with increasing suicide rates.

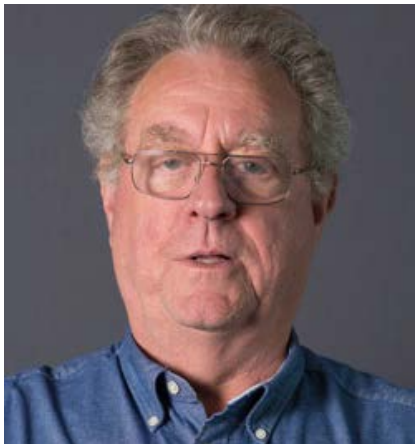
The factors that are increasing inequality are: corruption and undue influence of big business; falling union membership, more award-based wages; deregulation of markets and companies; tax cuts and erosion of our progressive tax system; erosion of oversight bodies such as the Fair Work Commission, ASIC, and an independent media; and lack of a federal ICAC.

Intergenerational inheritance of inequality could be avoided, and the economy adjusted to address the twin issues of inequality and unsustainability, by: better oversight and integrity, including serious consequences for those found acting against public interest, through funding public broadcasting, establishing a federal ICAC, and strengthening the Fair Work Commission and ASIC; funding universal public services so that everyone has access to quality health, education, infrastructure; increasing welfare payments so that the unemployed, sick and pensioners can live with dignity not poverty; government action on increasing employment through funding public services, increasing the minimum wage, and improving Industrial Relations laws; improving standards of work for public servants; increasing tax revenue from companies and high income earners by closing tax loopholes; increasing top end rates and introducing new taxes on financial markets.

Aggregate data show that productivity gains in Australia are no longer shared with workers but instead captured by the mega-corporations.

David Richardson

For the last 10 years David has worked with The Australia Institute. Previously, he taught economics at the Universities of New England and Western Australia in the 1970s before moving to Canberra to join the Legislative Research Service in the Parliamentary Library. During the Hawke/Keating years he worked for two Cabinet Ministers and then returned to the Library.



Incomes and wealth in Australia are becoming less equal and aggravated over recent decades through increased taxation on the poor (e.g. through GST), profit-gouging by the corporate sector (e.g. through electricity) and concessions for the rich (e.g. through dividend imputation, company tax cuts, and prospective flattening of the income tax).

Australia is increasingly dominated by foreign corporations (from Chevron through to food manufacturing) holding 36% of business equity. These figures do not fully account for the likes of Microsoft, Amazon, Facebook, Uber. This means decisions are made overseas and Australian concerns about matters from privacy and loss of head office functions to taxation are not addressed. The Business Council of Australia is dominated by foreign investors.

Many of the unemployed, including unemployed families with children, are up to $200 a week below poverty line measures and their incomes need to be urgently increased. We pretend there is a well-functioning labour market, but in fact most workers stand on their own against either a mega-corporation or a small business that itself is likely to be a victim of the power of big business. People cannot stand as equals in the market against the likes of Woollies or expect a fair deal from an employer that supplies them.

Egalitarianism for Labor isn't an abstract idea; reducing inequality is a principle that undergirds how we would govern.

Andrew Leigh MP

Andrew Leigh is the Australian Shadow Assistant Treasurer and Shadow Minister for Competition. He is a former professor of economics at the Australian National University. He has been a Labor member of the Australian House of Representatives since 2010. Andrew has published widely and spoken about decreasing inequality in Australia. The following comments are taken from a recent talk to The Crawford School on Public Policy at the ANU.

Should we introduce a Deliberation Day in Australia? Originally proposed by academics Bruce Ackerman and James Fishkin, Deliberation Day is the notion that in election years, we should set aside a civic holiday on which citizens are encouraged to come together and debate the nation's future

It's easy to dismiss this as a virtuous pipedream, but there has been a recent resurgence in town hall meeting attendance in Australia. Even if only one in twenty eligible voters turned out, Deliberation Day would still create a conversation among 800,000 Australians — making it the biggest civic conversation in our history.

On the industrial front, we should never lose track of the role that unions play in reducing inequality. Unions bargain for pay equity within and across workplaces, and fight particularly hard for those at the bottom. That's why falling union membership explains about one-third of the rise in Australian inequality over the past generation.

Only by getting big money and influence out of politics can we truly start to end the decades-long erosion of economic fairness.

Senator Richard Di Natale

Senator Richard Di Natale, a former general medical practitioner, was elected to the Australian Senate in the 2010 Federal election and has been Federal parliamentary leader of the Australian Greens since 2015.

Inequality is not some accident or inescapable by-product of our economic system. Inequality is built-in by our political system. It favours those with wealth through tax shelters and punishes those on low incomes through keeping wages low and social security payments below live-able incomes.

We cannot hope to arrest the trend in economic inequality until we focus on the source.

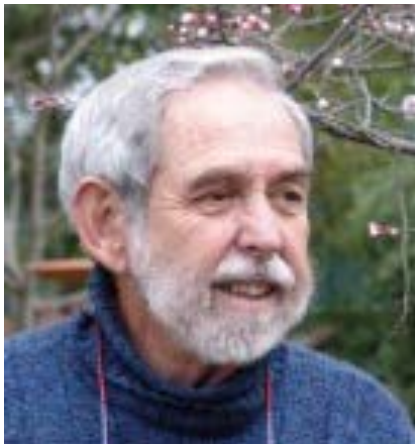
Lawmakers in Parliament create the world to align with one they are surrounded by: powerful and influential party donors, meeting after meeting with professional lobbyists.

To stop laws being made in their image, we need to cap donations from all sources so they are set at the level at which political influence cannot be bought.

We are at a point where continuation down our present path will be catastrophic.

Bob Douglas

Emeritus Professor Bob Douglas AO retired from the Foundation Directorship of the National Centre for Epidemiology and Population Health at the ANU in 2001. He has been a Director of Australia21 since its inception in 2001.



The combination of growing global income and wealth inequality and the evidence of disastrous environmental damage resulting from human activities everywhere persuades me that the current dominant economic paradigm has outlived its usefulness and must be urgently modified.

Australia should lead the way with a new national narrative, along the lines called "the politics of belonging" suggested by George Monbiot in his book Out of the wreckage.

The centrepiece will be "doughnut economics", as elaborated in a book of this name by Kate Raworth. This approach argues that there is a safe and just space for humanity between an ecological boundary we must not go beyond and a social foundation below which no one should be allowed to fall.

Instead of the goal of endless economic growth, which is dangerously impossible, the goal should be to bring all humanity into this safe and just space, and avoid exceeding any further than we have already the breach in the ecological boundary.

History demonstrates that excessive inequality undermines the social fabric, leading to social disruption or, ultimately, collapse.

Ian Dunlop

Ian Dunlop has wide experience in energy resources, infrastructure and international business. Ian chaired the NSW and Australian Coal Associations in 1987-88. He is a former CEO of the Australian Institute of Company Directors. He also chaired the Australian Greenhouse Office Experts Group on Emissions Trading, which developed Australia's first emissions trading system design. He is a Member of the Club of Rome and a Director of Australia21.

Excessive inequality in Australia is less acute than the US, but we are rapidly heading in that direction.

The economy is driven by energy, not money. Growth, as we know it, has been dependent since the Industrial Revolution on fossil fuel energy.

The critical limit we now face is the lack of an atmosphere in which to store carbon pollution from burning fossil fuels without creating catastrophic climate change.

Excessive remuneration, corporate control, increasing inequality and resulting short-termism have provided much of the impetus for the widespread denialism and disinformation campaigns which have prevented serious action to address climate change to date.

A new narrative is required, outlining the potentially catastrophic and irreversible direction in which inequality is driving us, not just in regard to climate but also across society, along with viable alternatives around which community and progressive support can be built for the transition to a low-carbon, steady-state world.

But addressing climate change is crucial. Unless this is handled honestly, the rest of the reform agenda is academic, because we will not have a sustainable, inhabitable world. Ideally it should be on a bi-partisan political basis, for these challenges are far bigger than left or right ideologies. Nothing is more important.

Inequality in Australia is not just a set of figures. It affects wellbeing and happiness. However rising inequality is not inevitable.

Cassandra Goldie

Cassandra Goldie has been CEO of The Australian Council of Social Services (ACOSS) since July 2010. With public policy expertise in economic and social issues, civil society, social justice and human rights, Cassandra has represented the interests of people who are disadvantaged, and civil society generally, in major national and international processes as well as in grassroots communities.

If a minority of powerful individuals with very high incomes live in a virtual gated city out of touch with the lives of the vast majority, this undermines our ability to work together as a society to solve the economic and social challenges we face.

Recent analysis shows that the 20% of Australians at the top of the income pile receive as much income as the lowest 60% combined. This and other gaps are far too wide.

Governments should reduce inequality at the low end of the income distribution by immediately increasing the Newstart allowance, the main payment received by almost half of those who get social security, which is just $274 a week. It has not increased in real terms for 24 years.

At the high-end of the distribution scale, governments should stop cutting income tax for those in the top tax brackets and clamp down on tax shelters, including superannuation, private trusts and negative gearing, that enable people to avoid making a fair contribution to the cost of essential services.

My main worry is welfare adequacy for those of workforce age.

Bob Gregory

Emeritus Professor Bob Gregory commenced at the Department of Economics at the Research School of Social Sciences at ANU in 1969, and made Head of Department in 1987. He is a former member of the Board of the Reserve Bank of Australia, and of the Australian Sciences and Technology Council.

Increasingly the government is describing Newstart as a payment to help you while you find a job. The strong implication is that it is a short-term payment.

Perhaps the best welfare work I have done is to show that people are on welfare for long periods of time. The current spell might be short, but there is a very high incidence of repeat spells. So adequacy of Newstart is priority number one. It needs to be increased and I cannot understand why the Labor party is not arguing strongly for this.

Something also has to be done about negative gearing, not abolition as that seems too much of a shock to me, but some reining in.

Do not get diverted into whether income inequality is increasing or not. This is a quagmire. My dissatisfaction with the current situation is not because inequality is increasing quickly. The key point, quite apart from whether inequality is increasing, is that it is too high.

I have three suggestions that I think deserve consideration.

Nicholas Gruen

Nicholas Gruen is an economist and the CEO of Lateral Economics. He is also Chair of the Open Knowledge Foundation (Australia) and a former Chair of the Australian Centre for Social Innovation.

A major option available for the tax system is called the banking system. If we could all bank with the Reserve Bank, that could raise $20 billion a year in revenue. It would be highly equitable and efficient and, apart from the lobbying we could expect against it, it could be made very popular with the community.

There are many problems we don't know how to solve. One is child protection, and another is Aboriginal welfare. We have a few things we know don't work, and we spend vast amounts of money on them. I suggest what we need is an Evaluator General who would help the nation to engage in the process of building a learning infrastructure. We are spending $45,000 every year for every Aboriginal person in Australia, and getting appallingly inadequate results.

One way of developing solutions to the inequality problem is by engaging ordinary people in them. I think we should be developing some kind of citizens' jury process or panel, tasked with debating some of the issues we are debating here. It could include consideration of inequality and the tax and transfer system.

It is such a long time since we had a public conversation about the kind of society we want, that we scarcely know how to begin.

Paul Smyth

Paul Smyth is Professor of Social Policy at the University of Melbourne, and from 2004 to 2013 General Manager of the Research & Policy Centre at the Brotherhood of St Laurence (BSL). He was previously the Director of Social Policy in the School of Social Work & Social Policy at the University of Queensland. Paul is currently on the councils of the Australian Institute of Family Studies and the Australian Catholic Social Justice Commission.

Like New Zealand, we need a base-line declaration that economic growth is not the main game when it comes to social wellbeing and sustainability. The main game is for society to choose the economic, social and environmental features of what it wants to be.

What will be the entitlements and responsibilities of citizens in this new society? If we want more equality, equality in what?

New goals of course will mean selecting indicators of success as well as creating new institutional means to achieve them. Out goes the default preference for free markets and in comes a serious discussion of what roles are better left to governments and civil society.

Education is an essential element in the fight against inequality

Jonathan Tjandra

Jonathan is a Tuckwell Scholar at the Australian National University and an Associate Fellow of the Higher Education Academy. He is also the Managing Editor and a director of Woroni, the ANU student newspaper.

Educational inequality is one of the main contributors to the gap between the rich and the poor. Lower education achievement is correlated with lower living standards, lower future expected earnings, social exclusion, poorer health outcomes, and fewer opportunities for students to achieve their aspirations.

Programs that identify school students who are struggling should also engage parents at home, in order to create an environment conducive to learning both at school and at home.

Many young people are locked out of university because they cannot afford it. The HECS-HELP and other loan programs are fantastic for increasing access to education, but for many students such as those from rural and regional towns, the cost of attending any sort of higher education is often prohibitive.

This is not just a challenge for young people; new technologies are emerging that revolutionise the way we work. The opportunities that new technologies provide can be shared so that everyone should have the ability to be better off.

UN Sustainable Development Goals provide the framework for a whole of government approach to sustainable and equitable economic activity.

Robyn Seth Purdie

Robyn Seth-Purdie is a Senior Analyst with Uniting Care. She has a PhD in Psychology and a Diploma in Jurisprudence from the University of Sydney. She is currently working on policy and advocacy to improve the health, safety and cognitive development of children by reducing risk factors related to social and economic inequality.

Research on the science of happiness supports Monbiot's observations about human capacity for cooperation, kindness and compassion, and the diminishing returns to wellbeing of income and material accumulation beyond a modest level.

The cooperative, with limited salary differentials and a common purpose of social benefit rather than maximising profits to capital, seems a better model than the corporation, and should be promoted.

The "social wage" (to support equality of access to education, health, housing, and transport) was used in the 1980s to compensate for restraint in wages growth, but increasingly it has been replaced by a service commodification philosophy at a time of record returns to capital.

This has exacerbated the effects of growing income inequality. Bring back the social wage! And to pay for it, introduce a progressive "super profits" tax on profits as they exceed the level expected under perfect competition.

To address the social cost of business models based on insecure work, we need new institutions — financed in part by more progressive income taxes and progressive wealth taxes. Policies must address a living wage, social connection and meaningful activity.

I agree that overall wellbeing would be increased if economic inequality were reduced from its current levels, but I disagree that radical changes to the political, economic and social order are required.

Roger Wilkins

Professor Roger Wilkins is Deputy Director of the Melbourne Institute at the University of Melbourne and Deputy Director (Research) of the HILDA Survey. His activities include producing the annual HILDA Survey Statistical Report and the Australian income component of the World Inequality Database.

Inequality is potentially having adverse effects in many different ways, but robust evidence on these effects is thin on the ground. Rather, the main basis for concern is that it directly lowers overall wellbeing.

Inequality deriving from monopoly rents is particularly pernicious, since it additionally reduces economic efficiency.

Policies to address inequality should include: a broad-based land tax, which may be a close-enough approximation to a wealth tax and is easy to implement; treating all gifts (other than to spouses and dependent children) as taxable income of the recipient in order to address the lack of estate taxes; boosting the allowance rate for income support payments to help restore the social protection function of the welfare system; reducing non-government school subsidies and diverting funding to government schools; moving towards taxing retirees in the same way as the working-age population and including the family home in the pension assets test; and taxing real capital gains at the full marginal rate, eliminating various other tax concessions and exemptions.

Restraints on political donations, for example, through caps, restriction to natural persons and real-time disclosure, would also help improve the political will to implement policies to reduce inequality.

We should replace GDP as our measure of progress with a method of measuring economic growth and social wellbeing that includes a measure of inequality.

Alex Wodak

Dr Alex Wodak AM is President of the Australian Drug Law Reform Foundation. For 30 years he was the Director of the Alcohol and Drug Service at St Vincent's Hospital in Sydney. He is a Director of Australia21.

Communities will always have some degree of inequality. The current problem in Australia is excessive inequality of income and wealth. In responding to the problem, the emphasis should be more on reducing or minimising poverty rather than on reducing the income and wealth of the wealthiest Australians.

Excessive inequality has many unpleasant effects on a community including distorting the political process by increasing the power of the ultra rich, increasing crime, increasing homelessness, reducing social wellbeing and social capital, reducing economic growth and threatening public health.

Policies for achieving a reduction in inequality should include: progressively reducing negative gearing, reducing the discount on capital gains tax, making income and corporate tax more progressive, introducing a land tax, using the welfare system to target poverty, pegging welfare payments to another income (such as parliamentary salaries), increasing the proportion of children participating in early childhood education, improving equity in government funding for primary and secondary schools, assisting children from low income and disadvantaged families to attend universities, increasing the power of shareholders to influence the salary levels of boards and executives of corporations, and requiring all Cabinet submissions to assess impact on inequality.

The economy must serve society, not the other way round.

Joe Zabar

Joe Zabar is the Director of Economic Policy for Catholic Social Services Australia and author of *An Economy that Works for All*. He is currently an advisor to the Australian Catholics Bishops Conference on charity regulation and tax law.

We are not all born equal, so a fair and just society must respect human dignity in all its forms and capabilities. A well-functioning economic system will promote rather than inhibit social mobility. Excessive economic inequality inhibits social mobility.

Taxation should be regarded as a contribution to a functioning society and not as money being taken away from an individual or corporation.

The relationship between our tax, transfer and industrial relations systems needs revamping.

If our wages system is unable or unwilling to deliver adequate income to support families, the government must step in.

Corporations must not be given a free pass when it comes to their responsibility in delivering a fair and well-functioning society.

We need to challenge the current orthodoxy regarding membership of the boards of key state institutions, particularly economic institutions such as the Reserve Bank of Australia, to ensure that the voices of those impacted by their decisions are considered and understood.

What would social policy look like if it were developed with the "compassion competencies"?

Lynne Reeder

Dr Lynne Reeder is an Adjunct Research Fellow at Federation University Australia, researching and writing on the science of compassion and empathy. She is a Board member of Australia21, and its former Executive Officer. Lynne founded the Mindful Futures Network, which is mapping the application of mindfulness, empathy and compassion across Australian organisations.

If we agree that every human being has the right to a life that meets the basic needs of shelter, food, employment and education, then policy frameworks should be working to achieve those outcomes.

There is growing scientific interest in studying human motivations, including the positive qualities and motivations of the human mind: compassion, altruism and empathy.

The motivations we bring to the challenging policy issue of inequality are important because our motivations create certain patterns in our brains that organise our motives, emotions and thoughts.

If we bring a market mindset to inequality we find that the market is ill equipped to provide for the young, the old, the sick, the unlucky and others whose skills and labour are not valuable enough for them to earn a decent living. In doing so, our motivation is on getting the market right.

Perspective-taking and "seeing and alleviating suffering" are not "soft skills"; they require higher levels of emotional intelligence in overcoming the cognitive bias and negative stereotyping often imposed on those in financial difficulty who daily experience the stressful effects of very low incomes.

Australians are concerned about inequality and the lack of upward mobility.

Christopher Hoy

Christopher is working towards a PhD in Economics while working as a consultant for the World Bank, and Asian Development Bank. He has worked for over ten years in the international development sector including as a researcher with the Overseas Development Institute (ODI) and an economist for UNICEF Uganda, the Australian Aid Program and the Australian Treasury.

The findings below are from a nationally representative survey of 3400 Australians through the firm IPSOS:

- 78% of Australians agree the gap between the rich and the poor is too large;
- 66% of Australians say it's difficult to improve their living standard through hard work;
- 45% of Australians believe coming from a wealthy family is the primary reason behind why people are rich, as opposed to hard work (16%) or talent (6%).

Australians want the government to do a lot more to address inequality:

- 67% of Australians consider addressing inequality to be an urgent priority for government;
- 60% of Australians agree the government is responsible for addressing inequality;
- 70% support increasing taxes on the richest 1% as a means of reducing government debt.

People from disadvantaged backgrounds in Australia are on the back foot not just because of their immediate circumstances, but often because of being in settings that don't foster aspirations.

We must improve the living standards and wellbeing of a large number of people who are not fully participating in the rewards of strong and sustained economic growth.

Stephen Koukoulas

Stephen has experience over more than 25 years as an economist in government, as Global Head of economic and market research, as Chief Economist for two major banks, and as economic advisor to the Prime Minister. He is currently Managing Director of Market Economics Pty Ltd.

Policies that address inequality include:

- Making income tax scales more progressive (people on low incomes have a higher propensity to consume than those on high incomes);
- Universal access to affordable and plentiful health care (healthy people turn up to work more often and there is less likelihood of taking leave to look after sick relatives);
- Maximising skills and educational attainment for the whole population (the undeniable link between skills/education and incomes, productivity and well-being).

All of these are progressive policies that, when carefully constructed, enhance economic growth.

Some of the most concerning effects of economic inequality are on social cohesion and on our ability as a society to address the ecological challenges of our times.

Lisa Magnani

Professor Lisa Magnani is Head of the Department of Economics at Macquarie University. Her research has focused on understanding the evolution of labour markets in industrial and post-industrial settings, and on the issue of how environmental sustainability depends on social and labour market institutions.

Australia's inequality is concerning because it is poorly understood and inadequately addressed.

Inequality is likely to rise because some of the trends are permanent and relate to phenomena like automation that are likely to impact our labor markets for many decades to come.

Wealth inequality is linked to the financialisation of our economies and the importance of housing wealth cannot be underestimated.

We need to: rethink patterns of growth and typology of growth (e.g., public transport, access to medical care); create educational opportunities and reforms to access these opportunities; create cheap housing opportunities well distributed in urban and regional Australia; pay attention to regional development policy; redistribute financial wealth.

Immediate action is needed on: educational reforms that fund schools based on need and on affordable housing in urban and regional Australia.

Inequality is the challenge of our time.

DamIan Kyloh

Damian Kyloh is Associate Director of Economic and Social Policy for the Australian Council of Trade Unions

Income inequalities are greater than at any time in the last 70 years. Small elites have amassed vast fortunes and political power, while for the vast majority of people, living standards have declined and job security has disappeared. Australia must not go any further down this path.

Working people need more power. Our laws need to change. Unions are the essential element to keeping inequality in check. It will not be enough to strengthen the support for individual workers if we do not also strengthen the support for their collective power — unions.

We need to tackle insecure work. Australia is now third highest in the OECD for nonstandard forms of works. Reforms that are needed include casual work being limited and properly defined and an overhaul of the use of labour hire firms.

Corporations must pay their fair share of tax. Our tax base remains less than optimal because we have allowed multinational companies and the very wealthy far too many opportunities to avoid contributing their fair share to the public purse.

We need to pull every economic lever, including fiscal policy, to achieve full employment.

We need a new Living Wage. Boosting the wages of the low paid makes sound economic sense.

More than 70% of jobs growth in Australia is contributed by small to medium enterprises.

Craig Latham

Craig is Deputy Ombudsman, Australian Small Business and Family Enterprises. His experience stretches across business, academia and the public service in Australia and New Zealand. He has specialist expertise in commercial and tax law, regulatory reform, and private sector and cross-government collaboration.

Small business is not the same as big business, nor should it be seen as a "little big business" — the owner is commonly worker, manager, and regulatory compliance and financial officer. Small business has a very special role within the community and the wider economy and contributes to economic equality.

Small business makes a staggering contribution to the economy. Around 97% of all Australian businesses are small businesses, contributing over a third of GDP and employing almost half (5.6m) of all employees.

A record number of women have launched businesses in recent years, with a third of small businesses now run by women. There are 50,000 more female business operators in 2018 compared to ten years ago, with the numbers growing at a rate 10% faster than male business operators.

Despite their contribution to the community and economy, it may be surprising to learn that 58% of small businesses earn less than $50,000 per annum. Small business owners work long hours for relatively low pay in the hope (and passion) of building and contributing something of value for their families, employees and themselves.

Reviving faith in democracy will be an essential part of ensuring that economic inequality decreases and addressing many other challenges we currently face.

Millie Rooney

Millie Rooney is The Engagement Coordinator of "Australia Remade," a vision developed by the A24 Alliance.

There are some powerful narratives underpinning contemporary life in Australia, for example, the story that to be a valued member of society one must be a "lifter not a leaner" and that there are certain measurable and acceptable ways to "lift". These powerful narratives ignore emotional and caring labour and devalue the rich contribution of the arts. It is not that we do not value these things; rather we have a system that is geared to valuing only the financially measurable.

As we see increasing disillusionment in the democratic process we see an increasing concentration of power, increasing inequality, and increasing erosion of secure and quality jobs, housing and healthcare

We have an opportunity at the moment to work on a new narrative of hope and possibility. From my work with A24, engaging with both progressive leaders and members of allied communities, it is clear there is a strong and cohesive vision for how we could be. There are already many examples of new ways of working, distributing resources and existing as communities.

The roundtable discussion

Session 1.

"How serious is the problem of economic inequality in Australia, and what are the factors contributing to it?"

In his opening remarks the co-chair and host, **Hon Wayne Swan MP**, indicated his concern at the growth of inequality in Australia and the need for an alternative to the current economic approach. The priority should be a move towards full employment through fiscal measures and development of a stronger voice for working people, both in the industrial relations system and in society as a whole, to enhance our system of progressive taxation. There also needs to be work on policies both through pre-distribution and redistribution.

Richard Denniss from The Australia Institute pointed out that inequality and low wages do not just happen but that 20 years of industrial relations policy has been directed at lowering wages growth. The public needs to understand why inequality happens, and bring democracy to bear, to reverse the changes that are currently being progressed. He pointed out that other countries have made different choices.

Paul Barratt, Chair of Australia 21, agreed that economic policy helps to set the unemployment rate. He said we need to move away from the rhetoric of lifters and leaners and that most unemployed people desperately want to work. He emphasised that everybody is entitled to a decent standard of living and that we must recognise this and rebuild a sense of community. We need to reintroduce the concept of the living wage. He added that addressing inequality is not only the right thing to do, it is also good for the economy, and the latter point will be the most compelling in getting our message across.

Bob Douglas, the other co-chair, presented an overview of issues raised in the 36 pre-roundtable submissions by participants and others who could not attend the discussion.

1. There was a clear consensus in the submissions that we are experiencing significant inequality in income, wealth and opportunity in Australia that could be addressed if we could summon the political will to do so. Intentional tax and finance policies have produced the problem and "neoliberalism" was blamed in some submissions.
2. A few saw the need for significant overhaul of the current economic approach, which impacts not only on inequality but also, very seriously, on sustainability. Several referred to the need for a new aspirational narrative for Australia. One submission discussed Henderson's views on a guaranteed minimum income and the growing interest around the world in Universal Basic Income as a policy approach.
3. A number drew attention to the need for better indicators of progress, a genuine living wage, less focus on economic growth and more on national and international wellbeing.
4. Most argued the need for major action on tax reform and drew attention to the need for fewer breaks for big business at the cost of growing poverty. Several said that corporations should pay their fair share.
5. Two submissions argued the need for all cabinet submissions to consider "inequality impact", and one raised the need for an office of "The Evaluator General".
6. Evidence was presented that the electorate recognises the importance of inequality but not its extent and, if fully informed, will support meaningful efforts to reduce it. We are one of the richest countries in a world in which GDP has been increasing. There was agreement on substantial social and economic benefits from diminishing inequality.
7. Other issues raised repeatedly included the need for empathy and a fair go for those at the lower end of the income scale; attention to our declining education system; a focus on land tax; the need for labour to be better able to challenge the elites; reformation of political funding and restrictions on political lobbying; the paramount need for environmental protection and climate change action; and rethinking policy on closing the gap with Indigenous people.
8. Overall, the submissions revealed a strong appetite for national action to return Australia to a more egalitarian society avoiding a further "slide into Americanisation", a task requiring coordinated effort.

In the discussion that followed, participants made the following comments:

- Since we examined this issue four years ago the situation has worsened. We are also working longer hours and have run up huge private debt. I have concluded that the theory of free markets is an irrelevant abstraction. This time we must be bold and address the neoliberal economic regime, which has not worked and causes inequality.
- Our most important challenge is to reduce absolute poverty. In the long run early childhood education is an important way of going about this and we should focus on free and compulsory early childhood education before the age of five.
- The current economic model has contributed to weakness in the workplace with a power imbalance and insecurity. People with insecure employment cannot enjoy a proper family life or participate politically in a constructive way. Workforce participation enables people to engage in the broader elements of society.
- We have lots of tactics but not many strategies. We need a new strategy and a new narrative and to seriously address inequality we have to be clear on what our positive alternatives are.
- Whatever we do needs to address early childhood education and housing. Young people are unable to enter the housing market.
- We need a new model. Our current model assumes that the labour market secures the livelihood of most citizens and that is just not true. Prevention of inequality needs to start in childhood. We must adopt the Scandinavian view that everybody has value and entitlement and that as a society we must ensure everyone has sufficient to meet his or her basic needs. We must ensure that each child is born with the very best integration and early childhood experiences.
- Even the erstwhile champions of neoliberalism agree that it is no longer serving our needs. We must look beyond economics and re-establish a different kind of social narrative. We must generate a democratic conversation where we consider the kind of society we want. Simply saying we want more equality does not deliver us a strategy. Our particular energy should go into the creation of a new narrative.
- We should not look at this issue through an ideological lens. We should evaluate evidence empirically. I reject the idea that the current system is irrevocably broken. We should work to get the parameters right using the systems we have. Ideological talk about neoliberalism is not at all helpful and will alienate the general public.
- To fix inequalities we need to have a much more even playing field for women. They have entered the workforce in huge numbers during a time when the economic model is increasing pressure on having two incomes to manage what could previously be managed on one. Unpaid work is not recognised in the economy and we have the highest rate of part-time work for women in the OECD.
- Inequality is a serious problem and there is community concern about it. The 10 recommendations developed at the last roundtable were excellent and it is not difficult to identify the policy activities that are needed. But while people are concerned, their understanding of the seriousness of the gap between rich and poor is inadequate. They need to be better informed if we are to take immediate action.
- Having a national consensus that something needs to happen is one thing, but getting action is another. It can get blown away by the political system. We do not have equality of speech in our democracy. Our parliamentarians differ from the general population in education and experience. We should explore the use of randomly selected groups in juries and panels to balance the thinking in the parliamentary chambers. The Uluru model for Indigenous people warrants consideration. We could perhaps develop a citizens' chamber of 100 or 200 people chosen at random. It could be an advisory panel as proposed in the delivery model. The citizen panel would more accurately reflect the thinking of the general population.
- We are not here about the economy but because we have values which we need to be explicit about. We are speaking about people's lives and people are not economic machines. We need to be clear about our vision for a future society. I am less interested in talking about what needs to happen than I am about the strategy of how we make it happen. We need to shift the discourse on the way the media responds to these issues. It would be marvellous if a people's chamber was having these discussions and not just our group. We need to build a coalition around the country, not just in this room. I hope to leave this room with a concrete strategy and a sensible framing of different types of evidence to get action.
- We have allowed the economists to write history in economic terms and not in a balanced way. Gough Whitlam recognised that a visionary politics needs to be grounded in how it affects people.
- We cannot talk about inequality in Australia without talking about Indigenous Australians. When we talk about removing absolute poverty, that is where we need to start. A significant difficulty we face is that people are anxious about change and those who want maintenance of the status quo exploit this.
- Equality is about financial security for people. This stems from an effective health care system and an effective education system, and how we deal with gender issues. It is very odd that carers for the young and the aged get paid much less than bankers and accountants. We choose how to pay these people.
- A significant factor is financial exclusion. To be included in the financial ecosystem, you need access to a transaction account and some basic form of credit insurance to protect yourself and your assets. Many Australians do not have this. Banking systems are screwing significant numbers of people and we need to ask how to reform this.

- Our economy is completely unsustainable in its current form. There is a limit to growth and we are reaching constraints rapidly. Climate change is the most important consideration. We are locking in risks that make sustainability impossible. We have spent the last 20 years corporately and politically refusing to acknowledge these things. We must rethink the way we look at growth and the real limits within which human society can operate globally as well as locally. We must develop a completely new narrative. To be sustainable, the economy must be completely reframed. This requires conversations we haven't been prepared to have on either side of politics or within the corporate world. The powerbase within our system must be fundamentally changed. It cannot be left in the hands of people who are dedicated to short-term profitability and growth as we currently know it. Unless we can find a way of accepting the challenge we now have, the results will be grim indeed. We get glimpses of what is happening in other parts of the world and they are grim. We must rewrite the narrative and get national recognition that the rulebook has to be rewritten.
- I have never been able to get over the extent to which in economics simplified assumptions are made to make the mathematics tractable but the impact of those simplified assumptions is never re-visited. I have had a Treasury official tell me: "Well, that might work in practice but it doesn't work in theory". Frederick Hayek warned against a "scientistic" attitude — an attitude involving mechanical and uncritical application of habits of thought, different from those in which they have been formed. If we want to address the causes of inequality we have to be intellectually equipped to argue against "pseudoscience" and bring human judgement to bear.
- We cannot address the causes of poverty and inequality by looking at them purely through an economic lens. If we only deal with economic measures we are in danger of ignoring issues like ingrained poverty and the social consequences of that. We certainly need to change economics, but we need to change the tax system and the way we think about work. We must focus on the status quo of accepted power. By all means focus on things like education and health care and debate the factors that are contributing to inequality, but if we keep arguing about the problem we will spend far too little time understanding how to change the narrative. We now have an opportunity to talk about the society we want. I think the society we want has been clear for a long time and its core has not changed. What has changed is that we don't talk about these things any more. When we talk about the changes we need to make, we need to keep the conversation visionary. The thing that will shift us is a widely accepted narrative, buttressed by values.
- A lot of policy in Australia at present seems to be a direct result of corporate power. One example is electricity, where we know huge profits are being made by a small number of firms. When we look at where those profits come from, 6% of household expenditure in the bottom quintile goes on electricity and gas, while for those in the top quartile it is only 1%. While we know that the increase in corporate power is hitting consumers, it is also hurting workers. There is increasing American evidence, for example, to suggest that wages could be 40% higher without the dominance of concentrated big business. When we examine how to address this, we have a messy shopping list. One possibility is a People's Bank to address problems in the banking sector. Another is nationalisation of the electricity sector. We need to revert to a more progressive taxation system and we should be less preoccupied with the share market and the value of the trading dollar than with things like unemployment figures.
- **Chair.** I sense agreement in the group that we have a serious problem that must be addressed, partially in this room but primarily out in the community. There is a consensus here that we have to change the narrative and find ways of engaging the Australian public in a way it is not engaging at the moment.

BREAK FOR COFFEE

Session 2.

"What changes will be needed in Australian society to make it highly likely that economic inequality will be declining in the next 10 years?"

Wayne Swan: The first thing we have to do is substantially increase awareness about the extent and dimensions of the problem. This is not just a question about people either being poor or people being rich. If we conduct the conversation through that prism, we will lose. We must demonstrate that the losers in this equation are far more than just people who are desperately poor. It isn't just a question about the top and the bottom. It is a question about the health of the middle of society. And we need a realistic appreciation of that. You can have the purest design of a policy, but unless you have a hope of actually communicating that and building a broad coalition of support, it is worthless. Policy purity should not be the predominant judge of how you seek to design it. We have to demonstrate that high levels of inequality are bad for the economy. There is a lot of work to be done.

Richard Denniss: I agree wholeheartedly that optimal policy is not necessarily optimal politics. I also think that the strategic failure of the left has contributed to rising inequality. People want a more even society with better health and better education. Every poll says that. We lost because smart people beat us. I disagree about neoliberalism failing. It worked, and it worked a treat. It is spectacularly successful in shovelling money to some people in our society. The trouble is, we are not being cynical enough. Neoliberalism worked. Margaret Thatcher said economics is the tool and the goal is the public's hearts and souls. Neoliberalism was not about economic efficiency, it was about remaking society, and it worked. One of the contributors to rising inequality was a political failure of those who tried to stop it. We were too literal and too scientific. We got into the questions of whether childcare is more important than homelessness, more important than employment benefits. That is why we lost — because we divided among literal solutions when the neoliberal political strategy won by selling a simple message that wasn't true. We don't have to call it an "ism" to have a coherent strategic worldview. People want more spending on health and more on aged care, and they are very happy for Gina Rinehart to pay more tax. All we need to do is to keep reminding people that these popular things will not ruin the economy. They are available. They are legitimate and desirable. We don't have to have the 10 point plan that highlights that childcare is more important or something else is more important. If we do that, we will lose.

Hon Andrew Leigh MP: I want to throw into the discussion something that has been worrying me a lot lately. It is increased market concentration. We now have a situation where more than half of Australian markets are concentrated. It is not just supermarkets and banking but all kinds of industries — gymnasiums, pharmacies, magazines, and hardware stores. These are all heavily concentrated markets. It is increasingly evident that this doesn't just hurt consumers. It hurts workers. In a low unionisation environment, the firms that have control over the product markets are also able to depress wages. We have seen a rise in the non-compete clauses and there is also a general dampening down of wage claims here in Australia. The only people whose wages seem to go up in concentrated markets are CEOs. We need to look at higher penalties for ripping off consumers. I would love to hear any suggestions from people here or off-line to feed into this conversation about how we can deal with this issue. If we can do so, it will decrease inequality in the process.

Other participants made the following comments:

- In financial counselling, where we work with people in financial difficulty, we start by looking at money coming in and money going out. What we find is that poorer people pay more for a whole lot of bills. Some examples. Insurance — if you live in a poorer neighbourhood you probably pay more, because statistically, some low-income neighbourhoods have more property crime. Banking — if you don't have a regular income above a threshold, you're often not eligible to get account fees charges waived. With energy bills, I pay my bill on time because I can and for that I get whatever the pseudo-discount is. Someone who cannot do that pays a disproportionate amount more, which is in effect a penalty for those on low or fluctuating incomes. When we look at bank accounts, we find that people pay for worthless insurance like credit card insurance. Or they may have been sold an insurance product that they can never claim on because they did not have a regular, established job to trigger the job loss clause. There are many instances of "junk" insurance. Predatory business models often mean poor people are paying disproportionately more. The Royal Commission has shown that there are many deep-seated problems in how industry deals with vulnerable people. The regulators could be looking at how low income segments are faring under their regulatory model, to consciously assess whether the poor in reality pay more for the same essential goods and services.
- We cannot talk about inequality without recognising that working people need more power. We need real changes in the industrial relations framework and stronger unions. And we need to make the industrial relations system fit for purpose. We need multi-employer bargaining across industries and negotiating at the point of power as well. We are currently in the middle of the largest wages stasis we have seen in Australia. We must develop a narrative that includes having stronger unions and reforming our industrial relations system. We also need to change our tax base by reforming negative gearing, capital gains and family trusts. We need to be targeting full employment as well, and we need to create secure jobs. Australia is now the third highest in the OECD for non-standard forms of work. We must allow working people to have more power.

- We need a mesh of practical, achievable and do-able projects, and we have a variety of places where activities can be undertaken. We need to create pressure. One thing I am particularly concerned about is insecure work coupled especially with youth unemployment, and what is happening in cyberspace. We are seeing a greater emphasis around mental health especially among Indigenous people. The rise of small business and the emphasis on business can be a great income equaliser. It can also be a killer. We have talked about the lack of affordable housing for young people. Housing forms the basis for developing capital and the possibility for people to create their own businesses. We have talked a little about banks and access to finance. The fifth largest bank in Australia is the bank of Mum and Dad. This is about intergenerational inequality.
- People tend to underestimate inequality in Australia and dramatically so. They tend to think they are in the middle of the income distribution regardless of whether they are rich or poor. People who are relatively poor don't necessarily realise how poor they are. When people are provided with information about the reality of inequality, they develop much more progressive views. Support for intervention goes from 50 to 70% when people realise the seriousness of inequality.
- I am wondering how we can find a way of taking this issue to the people that is different to the way politics takes it to the people. The way it happens at present is highly manipulative on both sides. The word "narrative" has repeatedly come up. Everyone has their narrative and is trying to sell it. What I am arguing is that if you get ordinary people to thrash this out, they see a lot that they didn't see before. Through a process of citizen jury, what do you think happens to people's opinions about politicians? It goes up. What do you think happens to their already low opinion of the media? If crashes. If we are going to build strong social consensus around action on inequality, I think we have to build something like a "mini-public" or some form of citizens' jury or assembly.
- In thinking about what needs to change, as an economist I can't help thinking about what kinds of incentives politicians are facing and why we're not moving forward. I think the suggestion just made about citizens' juries may be one solution to this. Another is to look at political donations. I think political parties have become very creative at being able to serve the interests of their donors while making out to the community that they are representing community interest. I think we need to move to a more publicly funded political party system. Why corporations can make donations is beyond my comprehension. We also need real-time disclosure of donations. Such measures will provide an infrastructure that could allow better decisions going forward on all fronts, not just inequality.
- Today the federal government is planning to cut off people on temporary humanitarian visas from any kind of financial support. That is the most extreme nastiness in my view. Since we have had a groundswell of commitment to fairness, the government has become heavily committed to a lot of the language that we have put into the public debate. They have used the language of love and caring to justify some of their nastiest policies. They recognise that the language works. I think we have more work to do on what we want. There is confusion among people in this room about that. We are watching the two major parties debate over tax cuts when we know that the policies on the table are not going to touch building the incomes of people in the bottom 40% of the income distribution. I think we should be focusing particularly on the incomes of the bottom 40%. We know that the current economic model will not deliver in this area. We also need to talk about democracy and how to fix it. Very powerful processes are undermining the democratic process even when we have all the ducks lined up. We can be really outdone in the cut and thrust of an electoral environment.
- On the progressive side of politics we keep re-examining the problem and the policy and getting the language right, and we completely forget about the strategy. The people who benefit from trickle-down, and the consolidation of power in their own hands, do not care what language they use. They will adopt our language. Yes, people do want a more equal society, but it must be communicated to them in a way that is simple to understand. If we make it overly complex we will get absolutely hammered. That is what has happened in the past. So yes, the underpinning policies are important, but the strategy of how to win those policy arguments and the language that goes around them is what tends to win in our system. We must get the strategy right!
- It seems to me that the changes needed now have to be supported by a story that is separate from the mainstream political debate. I don't think we can solve my particular concerns, which are big macro issues like climate, within the current political context. The system is too locked in to the immediate objective of winning elections. I think what is required is a brutally frank statement on what we now face and the types of change that are going to be needed. None of it is new, but it has not been pulled together and accepted politically by either side. What we are now seeing is fragmentation within the community. Initially we need to identify the various groups in the community and start to develop stories separate from the mainstream political debate. Politics will eventually follow. My experience has been that unless you are honest about the problem, you never come up with the right solutions. If you are honest, the people who are going to be affected get behind it and support the change that has to be made. We need to start shaping that story by identifying the sensitive points that the community is prepared to buy into, develop the narrative — and then start marketing it in a much wider sense.
- I agree that radical change is needed, but also agree with those who say that we have no alternative but to work within the current economic and political system. Revolutions are dangerous and we need rather to make the adjustments that will give the results that we need. Convincing the middle classes about inequality is important. The research that shows the social gradient in health and other outcomes demonstrates that for those people who are anywhere other than at the top of the socioeconomic spectrum, outcomes will be worse. This is particularly evident in the case of Indigenous people who have often grown up in desperate circumstances. For me, this is a revolution in thinking about how human capital develops and how it needs to be maintained over the lifetime. I think that could feed into a new narrative about the sort of system that will produce the best results for everybody.

- I don't think we need another "ism". Maybe what we need is something like the New Zealand government has just done. There, the finance minister said: "*We want New Zealand to be a place where everyone has a finger, and where we show kindness and understanding to each other. These changes are about measuring success differently. Of course a strong economy is important but we must not lose sight of why it is important. It is most important to allow all of us to have better lives. The government is placing the wellbeing of the people at the centre of all its work*." We need to start by saying what it is we want. In New Zealand they have set up 75 working groups so that next year the government will have the information it needs to make investments in health, education, justice and welfare policies that it is hoped will be effective in producing smaller prison populations and better educated and housed New Zealanders.
- I agree that we need to come back to values and work out what common path we are on. I think about trust between ordinary people. How do we have a conversation where we can trust everybody? I think we have to have a conversation about values before we can build the trust that is needed.
- The proponents of the current economic model have the money and the power and have spoken with one voice for 30 years. We have been divided. But we do have the numbers even if we lack the money or the power. And we have the right message. The majority of people, when you put it to them simply, believe what we believe in, which is in a fairer and more equal and more inclusive society. So why have we lost? Because we have been fighting an opponent who has a very single-minded ambition, which is to make more money for themselves and their mates. Whereas we have a whole heap of different things that we want to do, as has emerged today. Some want to reform democracy; some want to focus on lifting the people at the very bottom of the pile out of poverty; some want to talk about wage growth. They are all part of the same pursuit, but what we on the left have done badly in the past is talk largely to ourselves, and we have failed to speak with a coherent agenda, even if it is just to oppose the voice of those with power. The fact is that, on the left, we are so consistently determined to get things right we thrash things out and in the meantime they are off and running and they have won. One thing we should acknowledge is that we now live in a country with a class system and that the overwhelming thing that oppresses people is class disadvantage. So, if we are talking about a narrative, that is a word we need to reclaim.
- I agree with that. I want to commend the recent Whitlam oration on "The information that democracy needs". The theme of that talk was transparent donations. Those of us on the left need to recognise that although life is grey and we like to argue about grey, the people in power argue in black and white. That doesn't mean you have to be dishonest or dispute facts. We have to pick our strongest arguments and run with them.
- Where I think the work needs to be focused is on reclaiming the narrative about the sort of society we want. We have to engage with people in a way that builds from their lived experience. It should be the ordinary people who get to decide on the kind of society we want, not the elites who unlike us have easy and direct access to the political decision-makers.
- We are currently seeing a lot of young people extremely disengaged from politics, partly because the conflict between the left and the right alienates them. We need to use more inclusive language and change the narrative so it is not so much "us" versus "them", but about concentrating on key values that we share. I think that would help to engage young people who will be the future policymakers. I think adopting tactics to combat inequality around education and housing while maintaining discourse about common values is an important part of the strategy for engaging young people in the debate.
- The best proposals for change in economics and policy will not mean anything if we don't win elections. What we know about swinging voters in marginal seats is that they tend to vote against things rather than for things. While we should say what we want, we also need to say what we don't want. We must change the thinking around the idea that if we put up something beautiful, everyone will flock towards it. Our opponents only have to say what is wrong with what we are proposing rather than to offer solutions. We need to think about what is wrong with the current system as much as we have to say what is right with what we are proposing. People are hardwired to notice the bad stuff. We have to scare them about what is wrong with the current system, and that is just as important as saying what the better alternatives are.
- We need to work at every strategic level and on up to the narrative or vision. I believe it is perfectly possible to manage an economy that will support quality of life instead of us buying ever more "stuff". Many things are already happening in the world, mostly below the mainstream radar. Many people are creating a local community to nurture people and develop visions for a lot of what we are talking about here. Community is not the whole story, but it is crucial. Many people are figuring out what it means to live within the constraints of the systems of the biosphere. There are companies that have dramatically reduced their use of resources by recycling them. The Uluru statement is brilliant. How about a vision of joint sovereignty? What about a country, a nation, a society that inherits the 65,000 years of culture and wisdom? And how about we say that we want an economy that supports quality of life? We need to do tactics and messaging and all these things as well.
- I want to emphasise getting the tone right. We should not be pessimistic because I think public discourse has turned a corner and we are moving away from the model where society serves the economy towards an economy that serves society and the environment. We are in the middle of that shift. Over the last decade there has been significant progress in developing the new model. We have a new narrative now, and a picture of social and economic policy that is pertinent to our strategy. In the past 10 years there has been an intellectual movement in Europe about social investment strategies. There is a fully worked out strategy about how you invest for all citizens in health and education across the life course. The social investment line has been very strong and has been taken up by our previous Labor government. There has also been a reframing by the OECD, the World Bank and the IMF, who are moving away intellectually from the trickle-down market approach to one of inclusive development. We need to be preparing ourselves for the strategy where the economy serves society not just through wealth transfers and income

support but also in a broader package about social investment in all citizens. The OECD said in 2017: "It is time for action". A lot of the intellectual work has been done to support the discussion of strategy for our action.

- The important thing is to strengthen people's participation in the democratic process. Everything we are discussing is popular and has been said for a long time. Getting power into people's hands is important, as is tax reform to give the government money in the bank to deliver the stuff that people vote for. The economy will not fall over if we seek all these things. We need a federal anticorruption commission and political donations need to be controlled. A number of the bodies that could be modulated have been systematically undermined by groups promoting their self-interest. The three new areas I wish to highlight are industrial relations, integrity and institutional and tax reform.
- I want to mention the need to address the "catch-up" problem. In Australia at present there are people who need help to catch up at every level. We want those people to remain inside the mainstream system. At the University of New England in Armidale we have an Aboriginal centre, working with students to help them catch up. It teaches study methods and helps people who need help to understand what to do with course materials, what's involved in writing an essay, what you need to do to get good marks for an essay, and what you will be expected to do when you walk into an exam. What are you actually preparing yourself for? A proper catch-up strategy involves monthly face-to-face discussions about how things are going. The people in the centre go to the student, the student is not left to come to them. I also want to refer to a couple of programs for troubled youths around my town. For some it may be the first time anybody ever cared about them. My point is that you will never help people catch up unless it is hands-on assistance. Nothing can fully compensate for not having had stories read to you every night and all the advantages that most of us had. I think we need to design some catch-up mechanisms. It will be a strategic problem to design and a retail problem to deliver.
- **Wayne Swan.** This discussion has been great. We can all agree that inequality affects living standards and that it is bad for society and for the health and education dimensions. I think we can also agree that it is bad for democracy. We can all agree on that, but the great mass of people who elect people to Parliament don't necessarily know much about any of that. So there's a very big task to convince people about the dimensions of the impact of inequality on their lives, on their wages, on their bills and on the power of their vote. We are in a much stronger position now to be mounting these arguments than we have ever been. As was said earlier, polling shows that people think it's a problem, but don't know how big it is. But because we on the centre left of politics often get bored with repeating ourselves about these important facts and go on to the more esoteric discussions, we lose the battle.
- We have a big task just to communicate the full dimensions of the problem, but we are in a better economic and social environment for doing that now because people are feeling this in their hip pockets in a way they have not felt for a long time. We must continue to outline and reinforce the dimensions of the challenge. There is a whole industry devoted to suppressing it because there are people making a lot of money out of a high level of inequality and they are not happy about having that story told.
- There was discussion earlier about citizen juries and panels and that is fine, but I don't think we should kid ourselves that they are a solution or insulation from the use by vested interests of very strong political interventions in our system. People on a citizen jury are not going to be immune from a Murdoch campaign. There is a huge power imbalance in our system which is a threat to democracy, and I think people are feeling that now. You can see it in so much of the polling that is coming through. There is a distrust of corporate life. If you had said to people when we left government in 2013 that tax avoidance was a huge problem and that a significant number of corporations were avoiding their tax responsibilities and that we need a whole new range of taxes, people would have laughed at you. They would have taken the corporate line. Since we have had some transparency in legislation about tax avoidance, a lot of that has flipped over. That is a demonstration of the power of transparency — the ability to get information out there so that people can begin to mobilise and understand the arguments.
- We will not win this battle socially unless we recognise that we are up against pretty powerful vested interests that, at every point, will deny the magnitude of the problem. Recognising that has got to be fundamental to putting in place any strategy for beating it.
- I think that making the system more democratic is just as important as policy design for the tax system, the education system and the health system.
- I would like to think that banning corporate donations was the solution, but it isn't. It is part of the solution, because if you ban corporate donations and don't do anything about the power of big money, and some people are sitting on vast fortunes that they can deploy individually — they don't have to deploy them corporately, all you will we doing is handing over the political system to rich individuals as opposed to very large corporations. Some corporations are starting to move away from political donations, but there has been such an amount of wealth concentration in the hands of wealthy individuals in Australia that if you are going to have some sort of political reform it will have to deal with this.
- So I think what is needed is a whole raft of political reforms and regulation reforms, whether it is competition policy, or donation law, or whether it is foreign influence legislation. These are just as important as wage policy, because this power is deployed to increase the profit share at the expense of the wage share. So a big part of this equation deals with the regulation of the 75% of the economy that is not controlled by government. It comes down to a lot of issues — executive pay, board composition and things like that.
- That is certainly where I'm going in terms of the work I'm going to do in the future. It is just as important as macroeconomic policy, just as important as full employment and industrial relations policy, because ultimately it is about power. At the end of the day, if you have got the power you can please yourself.

BREAK FOR LUNCH

Session 3.

"What changes are needed now to address the problem?"

Participants made the following comments:

- We have a social security system now that is something of a mess. Its foundations are uncertain. The question I am asking is whether we can give social security a human-rights base. Australia is the only country in the OECD that does not have a charter of rights. Some of the states are now doing such charters but we do not have that at the Commonwealth level. So I am saying that at least in social security we should have a rights-base. Some would say that we are on the verge of becoming a republic. The Queen is starting to transfer her duties. If we are moving to a republic, we should think about it not just as a governor general or a substitute head of state. The new republic should really be about the values that are going to underlie Australian citizenship. We need to incorporate our crucial values in the charter. We must also make statements about women, race, disability, ageing and so on. What we're really talking about is being able to define the foundational values for modern Australia. I wonder whether we could crystallise this in our approach to the republic, the idea that this is an opportunity to create a society that understands what its values are, because it seems to me we have never been able to codify these values.
- My genuine belief on the basis of repeated observation is that if we shy away from saying "These are our values …", the people with the power and the money who do not share those values will fill the gap and appeal to the population as a whole, blaming the rest of us. It is not difficult for those with power and money to turn those in the middle against the bottom. I consider that the vast majority of Australians will want to repair the damage that is being done by current policies and we should not hesitate to vigorously confront those who advocate them.
- The thing that screams out to me for the short run is wages. We are clearly in a situation of stagnating wages. The actual level of wage inequality in Australia is far beyond what people think is appropriate. That fact needs to be out in the public domain. Some countries talk about introducing counselling on CEO pays. Other things could include millionaire taxes and reinstating the budget levy on people earning over a fixed sum. Another thing we should be considering is an estate or inheritance tax. Australia is one of the only countries in the OECD that does not have an estate tax. I think there are a series of policies that could be considered as potential options to address this problem of wage inequality.
- I would like to endorse that and to suggest that an order of magnitude 10 times the minimum wage should be the threshold at which we would aim to introduce punitive income tax rates. A very high tax rate could kick in at that level. This is important because of the evidence that money differential separates the upper group psychologically from the lower group, and it can be associated with demonstrably different attitudes and behaviour. I would also emphasise the need to highlight empathy and compassion in our values.
- If you're thinking about punitive taxation, it will be desirable to ensure that people who are making a lot of money through business are not hit with the punitive rate unless they are keeping the profits for themselves.
- I feel very uncomfortable about demonising the rich. I think you will get many rich people on board on much of this agenda, including many on the right-wing side of politics who would be comfortable supporting many of the measures being advocated here. I think we need reasonable people who are not seen as political animals saying these things that will become part of conventional wisdom. I think if we are to have political success, there needs to be a non-partisan feeling to the discussion.
- There is plenty of evidence that lower inequality is good for economic growth and strengthening the economy. Also, low wage earners have a higher propensity to consume, so you would get a stronger economy. We have to remember that economic growth is a good thing and that it is how we pay for policies including those that address inequality. It is pretty bad for equality if you have 10% of the workforce unemployed. I think we have to acknowledge that the economy matters.
- For me, a new narrative needs to do three things; it needs a) to unite your base, b) to persuade the middle and c) enrage your opponents. It has to do all three, because if it is not enraging your opponents they will simply co-opt your language. No one is opposed to fairness. If we're not enraging some people, we are not opposing something important. I hate to say it but unless somebody is saying "No, I insist we keep things the way they are", we are not going to change anything. We don't have to persuade people to join a new "-ism", even if we could agree on it. We don't have to agree on a new "-ism" to expose the rank hypocrisy and bizarre priorities of the people who are winning at present. But unless we are trying to take something from someone powerful and unless we are provoking those people to fight us, then we are probably just calling for fairness or sustainability all over again.
- We become our own enemy if we ignore the really important changes and only make sure that people with the most disadvantage are attended to. The really important issue is the power game. We need to understand that we do not have the major parties (who say they understand inequality) standing up for the disadvantaged groups. What is that about? We are worried about people seeking asylum, people who are labelled as dole bludgers. The community is concerned and the political parties are nervous about it all. I try to stay away from language about rich and poor because we have to acknowledge there are very good people who would be classified as rich who are part of this movement, who say "We will be willing to give up something because we care about the whole".

- We need an apolitical story that summarises the points raised around this table today, ranging from the macro concerns that I have on the climate issue all the way through the gamut of important issues we've discussed. They need to be put together in a way that is not knocking either side of politics but also not knocking the corporate sector, because there are good people in the corporate sector who want to see change. We need to set out a different perspective on the range of problems we now face and the direction we have to take to solve them, but it must also be brutally frank. We need to develop a positive story about the change that has to take place. I think we can develop this into very interesting narrative, but in my view it has got to be done outside the bounds of conventional politics. If it gets involved in the morass of the current political system, I don't think we're going to get there.
- If you think about social security beneficiaries both sides of politics are essentially creating a bad situation, not only with Newstart but also with sole parent benefits and disability payments that are being pushed down into the Newstart category. This is extraordinary. Fixing it really requires a rights-based approach. I think the conditionality of the whole social security system is a disgrace, but to deal with it you need to have a different philosophy. That is why people are talking about Universal Basic Income and all of the risks that might be associated with that, because they can see that someone who is homeless on the street who might apply for special benefit will probably not get enough money out of that special benefit to be able to get a rent for the night. This issue has to be taken on, even if it offends both sides of politics, because they have collaborated in creating this very, very bad system. We have the worst level of benefits — and I'm talking about benefits rather than pensions — in the OECD, and I would say we are the fifth or sixth wealthiest country in the OECD. If we're going to get real change in this country we need to define, somewhere, a set of values that the country stands by. If we treat the worst off citizens badly, we are all the poorer for it. Australia at present is very poor about the way it treats those who are in the most trouble and have the most difficult problems.
- **Senator Richard Di Natale:** I suspect that everybody in this room would like to see real tax reform ensuring that we have an increase in Newstart and other social services and that we invest in our schools and hospitals and raise levels of income support. These are all popular, and most people say when you ask that they want these things to happen. When you ask people questions about whether they want to invest more money in these matters, they also say yes. So my question is, if the public is here, why are we not winning? We need to have a genuinely democratic debate on what we want, and we're not having it. In my view it is because vested interests dominate our political debate. So, how do we address that problem? Donation reform is in my view as much an economic inequality reform as addressing climate change — having a real campaign to place caps on political donations and insisting that they apply to everybody. How do we get more voices into our democracy? We need to be considering the processes of participatory democracy. I think we have the overwhelming weight of public opinion behind us. Many of you in this room can play an important role in getting the conversation going, but the key point I want to raise is why are we not having this conversation in either of the major political parties?

Other participant comments:

- The way I think about this is that inequality is killing people and also killing the planet. It strikes me that a central issue is understanding the different forms of power. It is about breaking the power of the corporations and increasing the power and legitimacy of the "little people" who are the majority. And there are "coalitions of hope" that can help to move us forward. When I observed a highly successful public health campaign on generic prescribing of HIV medicines in the third world that was opposed by the corporate world, I saw three elements that contributed to that success. Firstly, the advocates for change were really clear about the issues and that meant showing what the risks were and assembling the power of evidence. The second requirement was a clever framing strategy that drew attention to the damage that the corporate approach was causing. The third element was to bring together the "coalition of hope" which included representatives of NGOs as well as governments, who spoke with one voice at the trade negotiating table and could elaborate in that setting why generic prescribing mattered. I think we need a similar impeccably planned campaign in Australia to move us in new directions around the inequality issue.
- The question is "What changes are needed now?" I am proposing four:
  - First, reintroduce the living wage concept and do it in a hard, measurable way — challenge the Bureau of Statistics to come up with an index that would provide a reference point as to what is considered a living wage in the Fair Work act.
  - Second, tie all welfare to average weekly earnings — I'm not saying to make them equal to average weekly earnings, but make that the reference point so that it is self-updating.
  - Third, address negative gearing and capital gains tax discount. We would say you can negatively gear your house but you can only offset it against rental income; you can't offset it against personal income. And as to the capital gains tax discount, I can't see why one form of capital gains tax should be privileged over the others, so get rid of this discount entirely.
  - Fourth, establish an enquiry to introduce a suite of programs to assist the most marginalised to take their place in society. We may need a major enquiry to devise these equality goals. I'm thinking about educational disadvantage, Indigenous kids, the long-term unemployed, the homeless and asylum seekers. We need to get rid of temporary protection visas and all the restrictions attached to them, so that these people can assume their place in society and get on with their lives. And while we're about it, close the camps and bring everybody here and get on with it.
  - We need to identify goals that will solve the problem, not just use language about improving things.

- I would add to the proposals mentioned above four more: introduce and fund lifelong education; implement the "Buffett rule", which says that no matter how much you earn, you have to pay 30% (or whatever the percentage) in tax which helps to get rid of the whole industry of accounting and finding ways to minimise your taxable income; introduce a land tax — the closest thing we can get to a wealth tax which is a non-distorting tax quite different from the taxes that are well-known, that has been extremely successful; and lastly, build on the successful experience of the Stars Foundation in the Northern Territory and the Clontarf Foundation to mentor Indigenous girls and boys respectively in managing their high school education.
- I think we need better regulation, but also a different kind of regulation based on companies showing that they are responsible for outcomes. We know that the rational consumer is a bit of a myth. We have gone through a few stages of regulation. Giving them fact sheets, nudging people, and trying to help them to make rational decisions, is not the only thing that is needed. Companies should be responsible for demonstrating that the product that they have set in place does not create harm. We should be insisting that companies prove that what they are doing is working, as opposed to the situation where the regulator simply says "We will just work with them".
- I think earlier generations in Australia had a much greater sense of national identity and national direction than we do now. With globalisation, much relating to national interest has been left to the markets to generate our direction. It has been left to experts including groups of economists to make the decisions. We are now in a period where there is a vacuum in national interest thinking and in consideration of the kind of society we want. Where are the people in civil society engaging in public debate about the way forward? A lot of work has been done to silence civil society organisations and the welfare sector, but I think we are seeing a resurgence of the civil society voice. That is where the conversation can emerge. We need to come together in national collaborative bodies and get the statement for the Australian republic and all that goes with it on the agenda.
- I don't think you can get away from ideology in a discussion like this. We are fighting an ideology that says that people are expendable units of production. We don't believe that. The change that needs to happen is a change in the way we view unemployment in this country for a start. At the moment, unemployed people are used as a lever by the Reserve Bank to manage inflation. That should end. We should be setting an unemployment rate of less than 4% and enacting policy to achieve it. This might include job guarantees in places like Tasmania. It would certainly include doing away with CDP in Indigenous communities and giving people real jobs at the minimum wage. We should index social security payments to the living wage. We also should reinvent how we talk about housing. We talk about it as an investment, but it is human shelter. We need to have a human right to housing. This is an ideological discussion that we must have. We have talked a lot about narrative and framework. We must fight back against the story that says that working people are another unit cost of production. People are not units of production. Putting the human person, whether it is the need for work or the need for welfare support or the need for housing, at the centre of the story rather than economics at the centre of the story is where we must be heading.
- If we could all bank with the Reserve Bank, that would be $20 billion a year in revenue mostly coming out of bankers' rents. It would be highly equitable and highly efficient and apart from the amount of lobbying against it, it could be made highly popular with the community. There are many problems in this area that we don't know how to solve. One is child protection and another is Aboriginal welfare. I suggest we need an Evaluator-General, who would help the nation to develop a learning infrastructure. Another way of developing some of the issues talked about today, and engaging ordinary people in them, would be developing a citizens' jury process or panel. We could task this with debating some of the issues debated here.
- We must not lose sight of the attacks on the voice of the union movement, which have been very, very damaging. And we now have new policies and pieces of legislation designed to silence NGOs to the point where the Commonwealth is saying it is unconstitutional for them to fund advocacy. We need a well-articulated, fresh position to indicate what we want from government in terms of resourcing and empowering civil society. We need to deal with the lack of resources to people with disadvantages, to enable them to have their own voice. Aboriginal people have told us that they are the ones who know what they want. We have stripped down resources for NGOs, particularly those representing the voices of people with disability, the voices of people who are homeless, and the voices of people who are unemployed. Perhaps things will have to get really, really bad, and people to get really, really angry, before some kind of alternative rear-guard action from people in the community emerges. Ultimately, government will need to help in resourcing this activity.

BREAK FOR COFFEE

Session 4.

"What are we concluding from this discussion?"

Participants made the following comments:

- I think we need to socialise childcare. It is an absolute mess. It is bad for the government and it bad for children, and it is reaping huge rewards to rich entrepreneurs. Every new school that gets built should have childcare attached, to make drop-off easier for parents. We need to do this slowly, so we don't scare people.
- We don't have to demonise the people setting the policies that we find unacceptable. They may be good people and they are all good at some level. You can separate out the behaviour and avoid demonising individuals.
- Fighting inequality is popular. What we really need to do is to convince people that fighting inequality is not dangerous to the economy, that it can be done without hurting everybody. The things we should do first are the things that have most momentum. They might not be the most important, but they are the ones most likely to happen now. That is where we should focus our energy.
- I am very supportive of the idea of a Charter of Rights, and the women's rights issue is also very important. Living in the inner city of Melbourne, I'm aware of the diversity in population and communities at this time. It's very important that we develop a national charter which includes a charter of women's rights.
- I think our social security system has become "the welfare system" and that is very unfortunate. The conservative American influence has helped promote a culture that destroys the sense of social security being an entitlement that goes with citizenship. The fact that the government is making it so hard for people to become citizens is also very dangerous. We have millions of people now in Australia not recognised as being Australian citizens. The denial of equality is as important as the values of equality.
- I would like to hear more voices of people who are typically left out of this — the young, the less well-off and less well-educated, women and migrants. We might be able to do that through some kind of randomly appointed assembly.
- I'm keen that we develop a narrative based on the human-rights approach I don't think we need to be afraid of demonising where we need to demonise and we should not leave it to politicians to tell the story. We need to build coalitions of hope for people and use the democratic process to do so, so that citizens can have their voice.
- The immediate priority is stopping the negative connotations about those on welfare. We have been unravelling the system for 20 years, and the most immediate need is to increase the rate on which people live to be a living wage. In terms of political achievability, an important development would be in the field of rent assistance. It is currently woefully inadequate. For most people living in the major cities, it is not serving its purpose. From a marketing point of view, it is hard to argue against it.
- I think it is particularly important to let people in the community know the actual situation, to get out the information that all studies show excessive inequality as bad for the economy. That is more likely to bring the business community on board. Some of them are already. But we must not despair. People are interested in fairness. Fast forward to the coming election when there will be debates about income inequality and fairness. Even though we are nowhere near where we want to be, we are moving in a positive direction.
- I think it is essential that advocacy groups be funded properly. If you don't have funding, you can't be properly heard. We are asked to write submissions on all sorts of things. We have to make sure that people get heard.
- The Charter of Rights concept would generate wide support and enable consideration of all these other issues: the need for a genuine living wage and for improving the power of workers in society and in politics, broad-based tax reform, and progressing a land tax nationally such as occurs in the ACT. We need active pursuit of policies regarding women with respect to equal pay and appropriate recognition of the caring industries. We have to address issues in the Indigenous communities. We need proper support for the unemployed with respect to finances and training and for removing the institutional barriers that come with a 5% unemployment target. We should be moving towards full employment targets, adequate pensions for retired workers, recognition of education being lifelong, and sufficient housing and homes. We just have to keep going.
- I think the most urgent thing we must do is address the social protection arrangements in social security, which is the nastiest part of the picture. For me, today has confirmed that we are very close to agreeing on what needs to be done. What is new and fresh for me is to see the level of consensus on what needs to be done. If we can win on the political environment and the fact that 68% of the population believes Newstart is totally inadequate, that indicates to me that we are close to winning. But the democratic dysfunction at this stage is acute and that is the biggest problem for us.
- I like the approach that underlines our rights as citizens of Australia: the right to education and health and a dignified life. I would like to think we could also say there is a right to employment. I also see the economy as a mechanism that generates poverty that cries out for these rights on the one hand and enriches the already rich on the other hand. We need an agenda that addresses corporate excesses in Australia. I would put it under the heading "addressing corporate excesses". I would recommend Tony Atkinson's *Inequality What Can Be Done*, his last book before he died, which listed 15 proposals and 5 ideas to pursue, all worth considering.

- We are living in a period of complete wage stagnation. Wages growth is at a record low. I think we need to focus on what we can do to get wages growth going. That is what is on the minds of workers across Australia right now. Giving workers more power is, I think, the most important thing we can do. That means reforming our industrial relations system and moving towards multi-employer collective bargaining across industries and negotiating at the point of power. We need to talk about full employment and develop a plan for secure jobs. The proliferation of insecure work is also on the minds of working people. We also need to support the notion of a living wage.
- I think the priority needs to be the establishment of a federal anticorruption watchdog. There has been discussion about the spread of neoliberalism across English-speaking countries and it is interesting to note that neither in the US or Canada or the UK is there an effective integrity system at the federal level. If Australia does establish a federal watchdog it will be groundbreaking. If it is designed appropriately, it could go a long way towards interfering in corporate excesses in the political sphere. There needs to be a public enquiry into the impact of private interests on our public decision-making.
- There is inequality in multiple areas and we need to move quickly to create pressure across the whole system simultaneously. We need to focus on creating a civil society, with pathways for conversation that give voice to the people who haven't got voices as well as to people who have got voices, the goal being balanced dialogue in multiple venues. I also think we can create transparency by being clear about seven key values — the values of freedom, dignity, rule of law, democracy, respect, tolerance and compassion. We could create a scorecard for them and develop indicators about whether or not they are being addressed.
- We need to generate a new national conversation before the election, outside the tents of the main political parties and lobbyists. The conversation should be directed at redefining progress for Australia. We've been through a period where we thought it was all about GDP and growth. We are now looking for a new set of politicians with a new agenda that uses ideas from the policies referred to here today. We have to re-think and re-package the policies discussed today under a new definition of national progress, on which we will judge politicians. I'm hoping that the civil society leaders here in the room will take up these suggestions. We need to redefine progress for Australia.
- I have been working with a group for some time on the question "What will a re-defined Australia look like?" We think this is a powerful way of getting us to a collective starting point. We need to redefine what the good life is. What would it be like to bring people into the room with us who don't normally think about these things? We need those people here as much as they need to be here. Our group has been talking to many people around the country. We have had to adjust language to get to concrete starting points. We also need to bring integrity into this process.
- I think a couple of issues are do-able. If you look at payment equality for women and especially for carers, teachers and nurses who are predominantly female, wage increases relative to the rest of the workforce can be achieved through the Fair Work commission and other agencies. Over time, that will reduce the pay gap. A carer's payment is a very important issue for the people who save the government a lot money by looking after their parents or the disabled. We need to make these people understand they are being ripped off. People need to know what they are eligible for. We need to call out the crap when we hear it and say it loud and clear. We should be using the nonconventional media and ignore the Murdoch press — to pretend it doesn't exist.
- We know there is a high level of support to decrease inequality and there are a lot of misconceptions that erode and undermine that potential support — such as the fact that people underestimate the level of inequality in Australia and do so very substantially. I am suggesting that accurate information will boost support even further. The truth is on our side. If people realised just how unequal Australia is, they would be far more outraged and far more willing to do something. So how will get that message out there? The only way progressive policies ever get put in place is through the democratic process.
- I support those who have been arguing for a human rights-based approach. We need to specify, as rights, access to the conditions that people need to lead a healthy and fulfilling life. If we leave it to noblesse oblige to hand out these conditions, many will be left without. I would also like to see a number of changes to the labour market. I would like to see new institutions to handle precarious and intermittent employment. I'm thinking about employment co-operatives or guilds where people are trained and paid a living wage and directed out to the organisations that need to use just-in-time labour. Finally, I would like the research that comes out of the science of happiness to be promoted and the practices of compassion and kindness, generosity and forgiveness to be disseminated so that people can understand a life lived as a virtuous life has its own rewards.
- We need a non-political narrative around inequality. What I mean by this is a focus on human rights. The friction is at the margin where human rights intersect with interests. A national narrative around inequality needs to be one that engages people at all levels from all communities. This narrative needs to attract both sides of politics so that both conservatives and progressives can say openly: "We will stand for equality".
- We need to address this whole issue at both strategic and tactical levels. Strategy is about shifting the playing field in your own favour. Pursuant to that we need a loud, proud, self-confident unapologetic campaign to sell the idea that too much inequality is a bad thing, that social justice is good for all of us not just the targets of social justice measures, and that citizens have rights just because they are citizens. We need to push that debate to make the public more receptive to the specific measures we want introduced. I have heard today at least 20 measures that I would support. Those measures need to be prosecuted in a crisp and understandable way so that each is seen as a good idea in its own right. The strategy doesn't necessarily have to be imported into every tactic. Some people are never

going to come on board. I think we need to equip ourselves for close-quarter face-to-face combat, but combat is not our purpose. Let's push past or over them, rather than fighting it out face-to-face.

- Connecting inequality with health and the environment will give us a load of allies. One of the really important things for me from today is the support network here. For the current campaign we are talking about, we need a wide group of allies. There has been a significant undercutting of support for civil society groups. The connecting of issues and the committing of groups helps to build resilience in the broader campaign. All this is about enabling people to live the flourishing life everybody deserves based on a human rights framework. So the sorts of policies we need are policies to address material resources, control over our lives, and having a voice at the decision tables that affect us. Finally, in everything that has been discussed, we need to adopt and build into the system the basic principle of "do no harm". So whenever there is a discussion about policy or action we must hold our politicians to account by asking the questions "for what purpose" and "does it do harm".
- I think you need conflict because conflict is both a motivator and mobiliser. I'm here because I am against inequality. I'm here because I'm opposed to those who entrench it. The solution is to pick the right target because they are not uniform. If I put a corporate sector hat on, some of the corporate sector is incredibly recalcitrant and will not come on board. Some can be motivated through self-interest. We need good lobbying, including dealing with corporate excesses. When we use a broad brush with courage, those who are capable of change will change and those who are recalcitrant will fight us.
- If we address issues for women we will go a long way to solving inequalities. If you look at what the current government is doing with childcare subsidy changes, there are personal tax cuts and potential changes to family benefits that could mean some women facing a potential marginal tax rate of 95% to go back to work. That is unsustainable. I think we need to talk about a shorter working week for everybody. I agree that increasing rent assistance now is a really good idea, as is an immediate increase of $75 a week in Newstart. We need a living wage and we need desperately to increase the minimum wage for heavily feminised industries. But the overall thing I'm taking away from today are words heard around the table that make me really happy, words I haven't heard for a long time — citizen, and commonwealth. Another word I would like us to reclaim is collectivism. Margaret Thatcher's cold dead hand reaching from beyond the grave has come up every time we've asserted that there is such a thing as society. That needs to be our overarching statement. Also, the majority of people want a living society. They don't want to live in an economy.
- My take-home from this discussion is that we are in an absolutely new situation in Australia. It is a new and critical situation that we will not solve without a major movement that is going to require the kind of discussion that prompts action on a Charter of Rights and empowerment of the whole community after they understand the reality of the data. It is fortuitous that Wayne Swan has today become the president of the Labor Party. It is unfortunate that we don't have the president of the Liberal Party and the Nationals in the room as well. However, we have had the leader of the Greens. There has been remarkable agreement around this table that this is major issue to be addressed and the people in this room are probably as well placed to help to address it as any other group in the country. I hope this is only the beginning of a conversation.
- I spend a lot of time thinking about how to sell things to swinging voters in marginal seats because that is the only margin that matters. What we hear in focus groups again and again is people saying "Well, for middle-class people like me …" and I look at their backgrounds and they are not middle-class at all. Many people don't realise how badly off they are. So there has to be a lot more stories in the media so people can see what the problem is before we try to sell the solution. We also need to highlight the nature and accuracy, or otherwise, of information out there in the community. For instance, the community will relate well to issues about the salaries of childcare workers and nurses.
- Every weekday new facts and figures come out on the ABS website. Each is a potential opportunity to spread the message through press releases and other avenues. Emerging data can be used to talk up previous research. I would encourage people to use this as a mechanism for pushing issues forward. Labour force numbers are not great at the moment. You hear talk about large numbers of jobs being createdin 2017, but since then the unemployment rate has stalled. The unemployment rate is higher today than it was at the peak of the GFC. There has been an absurdly low number of strikes in the past 12 months. The employment numbers that come out daily can be used to illustrate these issues. I know a number of us here in the room are regular Op-ed writers. Those media contributors need to be involved in getting our message out.
- Some of us think there is a society, that human beings are highly social beings. However the notion of selfish competition has become pretty deeply entrenched. We need to counter the entirely destructive notion that we not only can be but ought to be selfish and competitive all or most of the time, and that you can't have cooperation if you have competition. This is simplistic. In fact, in the biosphere both are pervasive, and in human societies both are essential. The art of living is the balance between when I need to assert myself and when I need to look out for the integrity of my group. That is where the richness of life comes from. Good material on the complexity of human behavior is available in psychology, the social sciences and anthropology.

- A few years ago, my firm built an index of wellbeing for Fairfax. It was intriguing that after complaining about GDP for the previous 20 years, journalists reported the index only once — but they continue to report GDP. We keep falling back into that approach. I hope we will soon be reporting an analysis of wellbeing.
- We need agreement on some of the core indicators that relate to the issues associated with key areas of inequality. We need to be consistently saying: "This is what is going on right now". And when the moment comes to argue the detail around the data, we need to be singing from the same song sheet. We certainly need to highlight the realities of incomes in Australia and keep reminding people about that whenever we can. My group could generate a document that would be valuable for this purpose. It will need some bold points of data, and five or 10 simple ideas that are compelling.
- I have been reflecting on the differences between today and the meeting we had in 2014. Today has been much more about strategy and tactics. Back then it was more about issues and the kinds of policies that will impact on them. Then we all went back to our day jobs and here we are back in the room — and inequality is worse.
- The 2014 report did help to generate a Senate enquiry that led to a dissenting report from the Coalition who were in power at the time, but when the report of the enquiry was tabled very little happened.
- We need now to do more than go back to our incredibly busy day jobs. I would like us to sign up to three actions on which I think we have agreement: a statistics fact sheet, a media strategy, and formation into a coalition striving for substantial change. It is vital that we proceed as a group and share data, not fight amongst ourselves about whose statistic is most important.
- I am assuming that this group will continue as an ongoing network to take forward the report and the ideas presented in this discussion. I hope some will commit to developing a strategy for action.

MEETING CLOSE

Key messages arising from the roundtable discussion

1. Five hours of discussion highlighted the unanimous concern among participants that inequality in income wealth and opportunity are increasing significantly in Australia; that the community is disengaged and unimpressed by the efforts of our political system to secure the social security of its constituents; and that a "new narrative" to drive Australian society is urgently required.
2. Concerns about Australia's record on closing the gap between Indigenous and other Australians and between men and women were mentioned repeatedly.
3. A recurrent theme was the inappropriate influence on policy decisions of the corporate sector and those in the upper percentiles of wealth and income, including the failure of current political structures to curb that influence.
4. Participants repeatedly drew attention to the inadequacy of the current economic model, its dependency on endless growth, its failure to engage with ecological and climate limits, and its assumption that unconstrained markets can respond to the need for the dignity and wellbeing of the whole population: "*The powerbase within our system must be fundamentally changed and cannot be left in the hands of the people who are dedicated to short-term profitability and growth as we currently know it.*"
5. There was agreement on the need for a new approach to engage the broader Australian population in consideration of these matters, including the basic human rights to food, clothing, shelter, education and modern health care.
6. Many in the group saw the need for a new national commitment to these rights through adoption of a National Charter of Rights, built around agreed national values.
7. Many participants argued for a review of current national industrial policy and constraints on the unions. Others saw the need to develop new ways of engaging ordinary people in political decision-making through the creation of citizens' juries and assemblies.
8. The incomes and circumstances of those in the bottom 40% of income and wealth was a central concern. There is no coherent strategy on either side of politics to properly address this need.
9. The proponents of the current economic system have the money and the power, and have spoken with one voice for 30 years, whereas the proponents for a progressive approach to inequality are divided and have not developed a coherent and consistently articulated strategy and narrative.
10. Above all, there was agreement on the need to find ways of engaging the Australian people in discussions about their future; there is now a huge power imbalance that will only be addressed by strong community engagement.
11. Serious tax reform was seen as a priority with new consideration being given to estate taxes and return to progressive income taxes with punitive rates at very high income levels.
12. Concerns were raised about the need to avoid demonising the rich and to develop a non-partisan approach to the task of restoring empathy and compassion to the political agenda.
13. On the other hand, it was suggested that the strategy should unite the base of those already concerned about inequality, persuade the middle ground on the issue, and actively engage with those advocating the status quo: "*If we are not enraging some people, we are not opposing something important.*"
14. It was argued that the vast majority of Australians will want to repair the damage being done by current policies and this will involve significant confrontation with those who advocate them.
15. The point was made that Australia is almost certainly on the verge of becoming a republic and that the occasion should be used to develop a Charter of Rights for Australian citizens, at least in the area of social security. This will be an opportunity to define the foundational values for a modern Australia.
16. There was agreement on the need to set out a new and different perspective on the range of problems we now face and the direction we must take to solve them. We need a positive story about the change that has to take place outside the bounds of conventional politics. It must include a statement of the values for which Australians stand.

17. There was agreement that we need to build a "coalition of hope" that will break the power of the corporations and increase the power and legitimacy of ordinary Australians. A detailed strategy for this coalition needs to be developed and it needs to be argued with a "single voice": "*Inequality is killing people and also killing the planet.*"
18. The most urgent changes will include reintroduction of the living wage concept, tying all welfare to average weekly earnings, addressing taxation reforms especially around negative gearing and capital gains discounts, and developing a national enquiry to introduce programs to assist the most marginalised to take their place in society.
19. Other suggestions included making the Reserve Bank a "Peoples' Bank", developing an "Office of the Evaluator-General", and insisting that all Cabinet submissions be accompanied by an "Impact on Inequality" assessment.
20. There was agreement on the need to confront the attacks on unions and NGOs that are advocates for change. Both unions and community advocacy groups lack resources to represent the voices of people with disability, the homeless, and the unemployed.
21. Childcare is reaping huge rewards for rich entrepreneurs but not meeting the needs of children. It was argued that every new school should have attached childcare and government should increasingly provide that funding.
22. It is important to convince the community that fighting inequality is not dangerous to the economy and can be done without hurting everybody. We should focus initially on the strategies that can be implemented with little difficulty.
23. Australians now talk about our social security system as a "welfare system". This destroys the notion of social security being an entitlement that goes with citizenship.
24. In developing the strategy, it will be important to enlist the voices of the young, the less well-off, the less well-educated, women and migrants.
25. An immediate priority is to remove the negative idea about being on welfare. The income on which people live must enable them to live with dignity, so reviving the notion of a living wage is an important part of the strategy.
26. We are in a period of complete wage stagnation and effort should be directed at getting wage growth going with a commitment to full employment and a plan for secure jobs.
27. There is urgent need to establish a federal anticorruption watchdog. This will help to reduce corporate excesses in the political sphere. A public enquiry is needed into the impact of private interests on public decision-making.
28. Before the coming election there should be national discussion about redefining progress for Australia. Growth in GDP is not an appropriate measure of progress.
29. Australians should be engaged in redefining Australia. Most Australians are not thinking about these things and they need to have the opportunity to do so.
30. Payment equality for women, and especially carers, teachers and nurses, would go a long way to addressing a significant component of income inequality.
31. There are major misconceptions in the community about the level of inequality and its impact. Many people do not understand how poorly off they are. Accurate information about this will build rapid support for policy change.
32. We need a human rights-based commitment that people must have the conditions that enable them to live a healthy and fulfilling life.
33. Studies of happiness have revealed the need for an explicit focus on practices of compassion and kindness, generosity and forgiveness.
34. A national narrative around inequality needs to engage people at all levels of the community. It needs to attract both sides of politics so that both conservatives and progressives can openly state that they support equality.
35. There is need for a loud, proud, self-confident, unapologetic campaign to support the idea that too much inequality is a bad thing, that social justice is good for all, and that citizens have rights simply because they are citizens.
36. There is a rational link between the issues of inequality, health and the environment. To develop essential momentum, the campaign needs to have many allies.
37. Conflict is both a motivator and a mobiliser. It will not be possible to avoid conflict in this campaign. When the campaign uses a broad brush with courage, those who are capable of change will change and those who are not will fight vigorously.
38. Most people want to live in a supportive society not simply in an economy. Two immediate short-term tactics are an increase in levels of rent assistance and an increase of $75 a week in Newstart allowances. We need to reclaim the words "collectivism", "citizen" and "commonwealth".
39. Human beings are highly social and much more than selfish competitors. The simplistic notion of the "economic man", that you cannot have cooperation if you have competition, must be challenged.
40. We must escape from dependence on GDP growth as our indicator of progress and build effective indicators of wellbeing into the national psyche.
41. This is an absolutely new situation in Australia that is going to require empowerment of the whole community after they understand the problem. The people in this meeting are probably as well placed as any to help initiate the campaign.

Participants in the roundtable discussion

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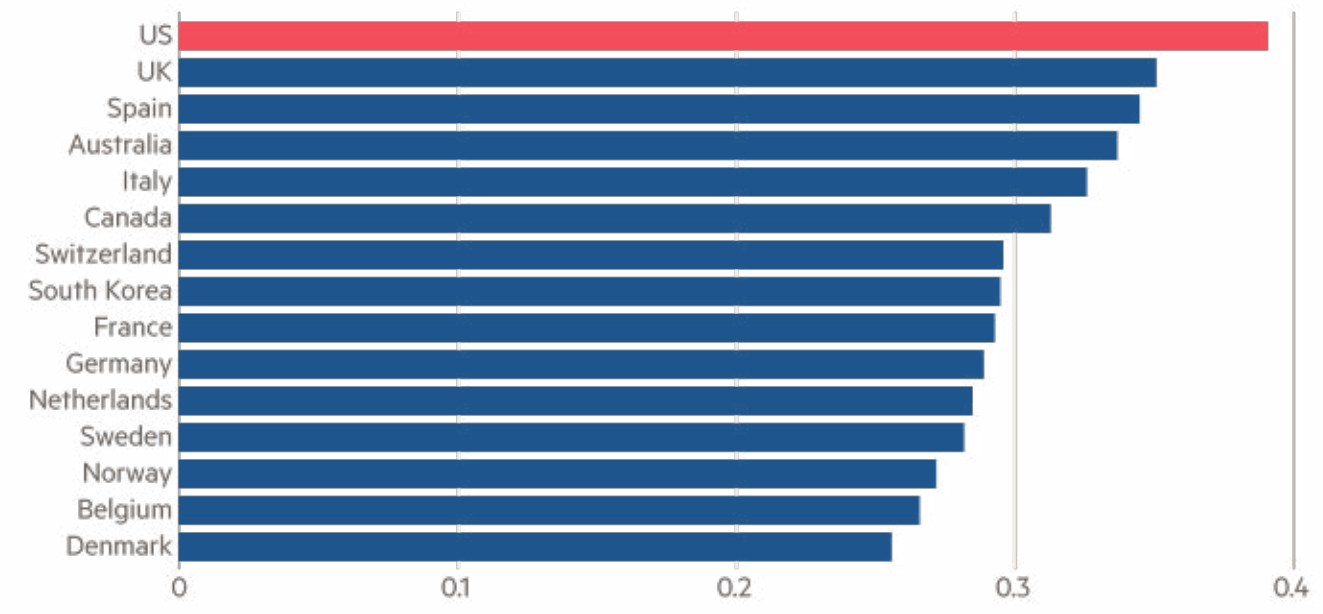
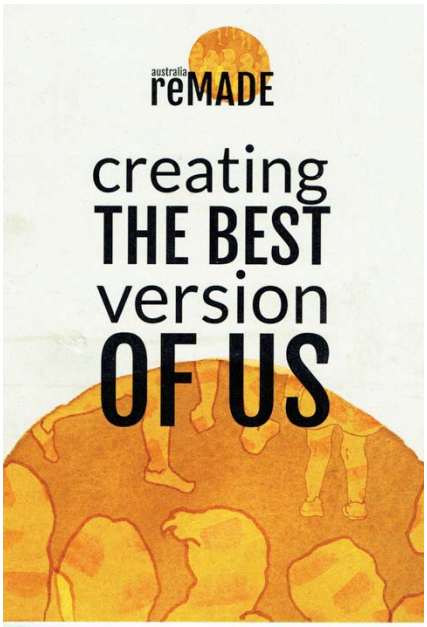
Professor Roger Wilkins. Deputy Director, Melbourne Institute

OECD data on gini coefficients of income inequality for 16 countries

Note that Australia is the 4th most unequal in this group.





The "Australia Remade" Vision and its origins can be viewed and endorsed on the website: www.australiaremade.org

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David Richardson prepared the original discussion paper for the roundtable and Matt Grudnoff prepared "The genie out of the bottle", which provided an analysis of statistics on Australian inequality distributed to all members of the roundtable. Anne Quinn and Deborah Rice provided organisational and communications assistance from Australia21 and Andy Barley provided assistance with the conduct of the roundtable and took the photographs of the event. The reception that preceded the roundtable on the evening of 17 June was held at The Australia Institute Headquarters and organised by Ebony Bennett.

a fair go
for all Australians

Urgent action required

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