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The Australian and the Melbourne Institute

"Making the Boom Pay – Securing the Next Generation of Prosperity"

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Session 3. "A Fair Go For All Australians".

1. It's all about happiness – social policy and economic policy, two sides of same coin

Economic and social outlook conference.

Economic and social policy are two sides of same coin,

-it's not just about sustaining the economy to drive the economic boom that will pay a "social dividend",

-but it's equally about sustaining a social system that will drive the economy.

-a social system with at least the following characteristics:

- affordable access to quality early childhood education,
- consistently high quality public school, technical and higher education systems across the nation,
- a unified medical and dental health system that guarantees access for all and shares the burden of ill health (rather than its cost being part of the lottery of life),
- high levels of private home ownership and sufficient secure social housing,
- adequate provision for working age carers who carry the increasing burden of injury, disability and frail age in our society, and
- a Social Security system that provides adequate, above poverty line income support sufficient to sustain both body and soul, whilst people are unable to derive an income because of age, unemployment, disability or caring responsibilities.

The evidence indicates that we have failures in all these areas. This is not a doom and gloom paper that refuses to recognise the progress of the last 15 years preferring to set out a litany of failure wherever it can be found.

But it is a paper which identifies some of the areas where the boom is not paying for the right things, where we have failed to provide "a fair go for far too many", and where we have failed to ensure that the boom has achieved what it could have. Perhaps the boom will last long enough to give us the chance to remedy these failures.

Without primary, and increased, attention to these social drivers, we cannot maintain the boom, the economic prosperity experienced by many in Australia over the last 15 years, even if the resources boom continues well beyond (the Treasurer's diminished) expectations.

Equally, without greater attention to our social, cultural and political goals, we may well ask what is the point of maintaining the economic boom? The economy is not an end in itself. The end, we need to regularly remind ourselves, is that complex little beast called "happiness".

Economists are increasingly focusing on the economics of happiness. Ironically, it comes from giving much more than from getting, acquiring and having. Increased income and wealth give access to increased attainment of goods, services and assets but not necessarily happiness. This stems more from having opportunity and from fulfilment of one's potential; from what you give to others personally and professionally – including **time** (soon to be the new currency) from living in a peaceful and cohesive society and from spending time with family and friends, the greatest yearning of most workers (and their children) today.¹

To continue this soft, sooky line, the economy is our servant not our master. The boom cannot continue, nor can it pay unless we pay more attention to its social drivers and its purpose, alongside the attention that is inevitably, and necessarily, given to the micro and macro economic drivers.

This means giving more attention to a number of current inadequacies, to a number of emerging social frontiers and to committing more to ensuring "a fair go for all Australians".

2. Current inadequacies.

2.1 Economic growth leaves many behind

No one can deny that the benefits of our social investment and concomitant economic growth over the last 15 years. This would not have been possible without sufficient educated, healthy and housed workers to fill the jobs and provide the increased production necessary to achieve the growth. Increased employment levels have provided greater fulfilment and opportunity for many workers and their families, increased tax revenues and reduced Social Security outlays giving greater capacity for further investment.

But, equally undeniably, not all is well. Despite record economic growth (as ascertained by the standard but highly questionable measure of GDP) over a record period, many have been left behind and we have not laid sufficient foundations for continued development into the future.

¹ Families Australia survey, Tanya Plibersek, Upfront, Sydney Morning Herald, 28 June 2006, p11.

In a recent article in IMPACT² magazine, Heather Riddout argues that essentially nothing is fundamentally wrong. All we need is a bit of tweaking. "Nevertheless, Australia can do better as far as fairness is concerned. In particular, we can pay much more attention to those who are most at risk of being left behind in the rising tide of Australian affluence."

I don't agree – but – even on her assessment, a modest concession indeed, it is worth looking not just at those who are at risk of being left behind, but also at those who are being left behind.

2.2 Sole parents

NATSEM research³ indicates that single income couples and age pensioners with some additional private income have been big winners from the income tax and cash transfer changes of the last 10 years, along with many other working families. Nevertheless, this research also acknowledges that not everyone has been a winner. A sole parent with two young children (8 and 10) earning \$250 from eight hours work a week at the minimum wage is less well off today than a similar sole parent 10 years ago. This is because they are not only on a payment that is \$29 a week less than former sole parents, but they also have a harsh new income test and much higher Effective Marginal Tax Rates.

2.3 People with disabilities

The "Welfare to Work" legislation has also reduced by \$46 per week the rate of payment that will be paid to some 80,000 people with disabilities over the next three years, producing a saving of about \$1billion.

At the same time, the Welfare to Work regime with its positive and punitive emphasis on "participation" has nevertheless abandoned some 700,000 people with disabilities who were already on the Disability Support Pension on 1 July 2006. Very little extra assistance has been offered to these people, most of whom are not only keen to work but capable of at least part-time work but have been denied the assistance necessary to give them the opportunity to work.

This is hardly a fair go for all. It remains a massive area of neglect for which we should make the boom pay, not only for the sake of the 700,000 individuals concerned but also so that we can secure the next generation of prosperity.

2.4 People who suffer an eight week no payment penalty

At the heart of the new Welfare to Work and IR regimes is a harsh and counterproductive, first strike, eight week no payment penalty that after just three months is being applied at extremely high rates on some of the most incapable and vulnerable people in the system.

² Heather Riddout, *Industry, employment and fairness*, IMPACT, Winter 2006, pp 7-8.

³ Ann Harding, *Tax & Welfare Traps Ahead*, The Australian, 30 October 2006.

2.5 100,000 homeless people

Perhaps we have gotten used to high levels of homelessness and the view that "they are all drunks anyway". But, of all the things you might be prepared to lose, a roof over your head is one of the last and most dramatic. Once this happens, almost all other social functions become near impossible.⁴

2.6 People who suffer the decay in the dental system

Half a million Australians, whose major distinguishing feature is they are low income earners, are waiting on average 27 months with rotting teeth and aching gums for public dental care because they cannot afford a private dentist, the cost of which has risen 45% since just 1999.⁵

-while the Federal Government refuses to restore the \$100m Commonwealth dental program for low income earners that it axed in 1997, and argues that the states should pay for dental care, which puzzlingly remains outside of Medicare as if teeth and gums are not actually part of the body, it nevertheless pours \$300m each year into dental care for well off Australians who can afford dental cover through the Private Health Insurance Rebate.

-manifestly this is not a achieving "a fair go for all Australians", many of whom not only suffer pain and embarrassment but lose income from work and in many cases even the opportunity of a job.

-this is a clear area where we have a major policy deficiency with severe practical outcomes and yet a simple, achievable solution for which we should be "making the boom pay".

-it is also a classic example of the suffering that comes from our dysfunctional health care financing arrangements another manifestation of which is the scandalous waste and inefficiency that stems from competing state and Commonwealth funding responsibilities and the consequent cost shifting wars, for which the boom should not be paying.

2.7 The health and situation of Aboriginal and Torres Strait Islanders throughout Australia

-we all know the general trend – compared to the national average, Aborigines are half as likely to get to Year 12 of school, seven times as likely to be murdered, 11 times as likely to be jailed and have a life expectancy of 20 years less for males and 12 years less for females.

-whether or not you personally accept that the alienation from their land, the stolen generation attempts to completely assimilate Aboriginal & Torres Strait Islanders into White society, or the loss of billions of dollars through stolen wages from vast numbers over generations had any major or ongoing impact on the spirit or collective ability of Aboriginal Australians, the fact remains that large numbers of the rapidly

⁴ AFHO, *Homelessness and Poverty*, October 2006.

⁵ ACOSS, *Fair dental care for low income Australians*, October 2006.

increasing Aboriginal population are living short, unhappy, unfulfilled and unhealthy lives, often in Third World conditions, despite 15 years of record economic growth and at a time when our economic capacity, but not our political willingness, is probably greater than at any other time since Federation.

-there is no silver bullet, and the education, health and housing problems, compounded by the lack of a real economy in many of the areas where Aborigines live, are multi-dimensional and very difficult, but Australia is faring worse than both Canada and New Zealand, both of which countries have arrested and begun to reverse many of the adverse trends in relation to their Indigenous populations.

-we have no excuse, we have simply not made enough effort, not made it the priority that it should be, not been moved to raise even a modicum of the same alarm that we have given to the far less pressing or real issue of terrorism⁶ and our enthusiastic role in "the war on terror".

-a "fair go for all Australians" must start with our first Australians

-no one in this country can say we are doing enough

2.8 The victims of "welfare poison"?

I do not agree with Noel Pearson's headline grabbing, poisonous critique that "welfare is poison"

Is he really advocating that we should stop the payments and let them starve?

-not even in his ground breaking and very important, opt in "new deal" experiment soon to begin in four Cape York communities does he propose to remove the poison because he knows that in the absence of any real economy, Social Security payments remain the life-blood and only income source of many thousands of Indigenous Australians
-it is not the welfare income that is the problem per se, it is the lack of work, the break down of social norms, the collapse of community and even families, and the consequent inability "to choose a life that they have reason to value"

There is an urgent need to rebuild these social norms, this is Noel's plea, but as his Cape York colleague Megan Irving claims, the task is "to educate not to dictate"⁷ (and this is our enormous challenge too)

-in this, it may be that welfare payments can be leveraged, as Noel seeks to do, to educate and incentivate, as it is not "sit-down money" and has never been wherever there is any meaningful reciprocal activity that can be required.

The Government has recently expressed pleasure at, and taken credit for, the apparent doubling of the number of Aboriginal people who have gone off CDEP programs and into paid work between July and September this year compared with the same period last

⁶ "According to American political scientist John Mueller, the number of people killed across the world by international terrorists is not much greater each year than those who drown in bathtubs in the USA". Mike Steketee, *The Australian*, 26 October, 2006, p10.

⁷ Jo Chandler, *The new deal*, Sydney Morning Herald, Oct 28-29 2006, p31.

year (1,482 v 731)⁸ Taking this at face value, we can all rejoice, but over the years the CDEP has been a national disgrace, forcing thousands of Aboriginal people to work for their “dole”, sometimes at even lower rates than the “dole”, in what in many cases were the only real jobs within cooee – jobs including road construction, park maintenance and garbage collection. These should have been properly financed and paid at proper award rates all along and I have a strong suspicion that much of the claimed CDEP success stems as much from a reclassification of the jobs as from any genuine reform. We must await more detailed analysis.

This area of Indigenous restoration is so important, obviously to Aboriginal and Torres Strait Island people, but also to the character and cohesiveness of Australia, it is the first cab off the rank in my plea for an end to the wedge politics and phoney cultural wars that so dominate and debilitate public policy at present.

This is the number one area that cries out for a new national consensus aimed at bringing all our recourses and efforts together as if we were declaring war on the terror of Indigenous poverty.

3. Poverty schmoverty – halve the number

3.1 It’s just too many – or – not just, too many!

ACOSS estimates that just over two million Australians live in poverty⁹. That’s one in ten, based, not on the Henderson Poverty Line, but the more modest 50% of average disposable income line as used in the UK and Europe.

These are not just people on Social Security. 27% of households below the poverty line are headed by a wage earner, including 11% by a full-time wage earner. (The reason that a substantial proportion of people below the poverty line are in wage earning households is that there are many more wage earning households overall than jobless households).

Based on NATSEM estimates (for 2001), around 500,000 people in wage earning households lived below the poverty line. These are mainly families with children.¹⁰

There are over 700,000 children growing up in households in Australia where no one has a job.¹¹

In the lived experience of these children, they stay at school when others go on excursions, they don’t have access to a computer, they don’t experience the enrichment of an annual holiday, they rarely go to a dentist or eat out with family or friends, they don’t make it past Year 9 or 10, and they have lower health outcomes overall than those

⁸ Patricia Karvelas, *The Australian*, 20 October 2006.

⁹ ACOSS, Factsheet, National Anti-Poverty Plans – The Facts, www.acoss.org.au

¹⁰ Lloyd et al 2004, *Australians in poverty in the 21st century*. NATSEM. Poverty line is half median household disposable income.

¹¹ ACOSS, Factsheet, National Anti-Poverty Plans – The Facts, www.acoss.org.au

in families with work and income. They end up in insecure casual employment, cannot afford early childhood education and increasingly pass on their low income or poverty environment to their children.

Despite all the aggregated growth figures, this is just the reality of many lives.

Increasingly, low income families find it difficult to afford to rent or buy housing in major capital cities. Research on housing has found that 407,000 (or 10%) of all working households devoted over 30% of their disposable income to rents or mortgages in 2001.

And with interest rate rises and diminished housing investment, rent prices are on a long term upward trajectory that will only exacerbate this.

As I understand it, Bruce Heady of the Melbourne Institute argues that basing national measures of poverty on income levels is conceptually incorrect, arguing the need to also take into account household consumption and wealth. And most Australians don't accept a figure of two million anyway, so let's halve it and work on the lowest one million.

Ireland in the late 1990s devised and implemented a National Anti-Poverty Plan, key elements of which were:

- an agreed definition of poverty (imagine that!)
- an analysis of poverty and the groups most at risk;
- an overall target to reduce poverty; and
- specific targets to address causes of poverty including targets on educational disadvantage, unemployment, health, housing and income.

3.2 A National Anti-Poverty Plan in Australia by 2010

Outcomes of the Irish Anti Poverty Strategy include:

- a reduction in the overall poverty rate from 15% to 5% by 2001; and
 - a further reduction in the overall poverty rate since this target was met to 2%.
- Although economic growth was another major factor in reducing poverty and joblessness, the sustained effort and investment of anti-poverty plans were major factors in these results.

Whatever the level of poverty in Australia it is too high given the last 15 years of economic growth, and the skills shortages we are facing. Australia needs a national, consensus, anti-poverty plan by 2010 as we can no longer afford the denial and the naïve belief that the market will remedy all failures.

4. Inequality – what's it matter

Individual earnings inequality has increased in Australia since 1980s. Although the effects of greater levels of income inequality have been offset by Government policies, particularly Family Tax Benefit, income inequality among households also increased over this period.

Between 1995 and 2001, the after-tax incomes of the top 20% of households rose by 14% or \$111 per week, compared with just 8% or \$13 per week for those relying on pensions and allowances, and 11% or \$41 per week for middle income earners.¹²

In the 2003-04 tax year, the richest one per cent of individuals earned 9.2% on individual income, up from 8.8% the previous year.¹³ To enter the one per cent club a person now has to earn \$148,000, up \$12,000 on the previous year, whilst the median income in Australia still hovers around the \$29,000 mark.

While the rich are getting richer, faster and faster, it is not true to say that the poor are getting poorer. Inequality is not rising as fast in Australia as in other English speaking countries (particularly the USA and the UK) because the incomes of Australia's low income earners have been bolstered by a strong labour market, increases in family payments and generally higher minimum wage standards (although the real value of the minimum wage is only about the same now as it was in 1989.¹⁴

The point is that it hasn't got as bad as it might because of these factors and they must therefore be protected and extended if we are to ensure at least a slightly fairer go for low income Australians in the face of rapidly growing market income inequality.

The Australian Treasury's "Well Being Framework" acknowledges that the extent to which national income is widely or narrowly distributed is an important factor in community well being. The reason for this is that in assessing their satisfaction with life, people usually compare their circumstances with others.

Another reason why inequality matters is that, according to the OECD, a student's socioeconomic background is a more reliable predictor of achievement in Australia than in other parts of the developed world.¹⁵ Too much of our human capital is wasted because children from poor families don't reach their educational potential. Despite having similar high academic ability as kids from higher socio economic areas, children from disadvantaged backgrounds remain badly underrepresented at university according to a recent ANU and La Trobe University study¹⁶ despite the fact that those that do make it do as well if not better than high socioeconomic status students.

This brings us to early childhood education.

5. Early childhood education and development

Government's can't entirely compensate for economically disadvantaged backgrounds or neglectful or dysfunctional parents, but worldwide research by economists and child development experts has made a strong case for government investment in early childhood development – before opportunities are lost, problems are entrenched and a life trajectory established that ends in a poor old age.

¹² ACOSS, *Info 376*, July 2005.

¹³ Andrew Leigh, ANU, *The Distribution of Top Incomes in Australia*.

¹⁴ ACOSS, *Submission to the Fair Pay Commission on minimum wages*, July 2006.

¹⁵ Adele Horin, *Sydney Morning Herald*, 13-14 May 2006.

¹⁶ John Garnaut, *Sydney Morning Herald*, 30 October 2006, p1.

Early intervention programs in the first years of life can have a big impact. Again overseas research shows that helping children before they start school can smooth the transition to school, ensure early academic success, or at least mitigate failure, influence school retention rates and even boost lifelong earnings.¹⁷

The Nobel laureate economist James Heckman has shown that nothing is most cost effective as an investment for society than investing in early childhood development.

Yet despite all this evidence, we continue to neglect this area. Young mothers seeking to return to work have their children on 12 month long waiting lists and those who are able to get child care arranged are paying up to 15% of their after-tax income with little relief from Government subsidies to assist. Long day care, family day care and community day care centres have all been increasing their fees at rates much higher than inflation for nearly 15 years according to the Australian Institute of Health and Welfare¹⁸

The latest Government census of fees found that the average weekly fee paid by parents using private long day care centres is \$208, up from \$184 just two years ago.

Despite the overwhelming individual and national benefits of early childhood education and development programs, Australia continues to massively under invest in this vital area in terms of both availability and affordability.

6. New social frontiers

6.1. People with mental illness- a new poverty front

We are all aware of, and no doubt worry about, the increase in the prevalence of mental illness. It is estimated that about 3% of the Australian population suffers from a serious mental illness and that about one in five will suffer from a clinically defined mental illness at some stage in their lives.

All mental disorders are much more prevalent among income support recipients than non-recipients. More than 30% of people on pensions or benefits have a diagnosable mental disorder in any 12 month period. This is 66% more than the prevalence of mental disorders among Australian adults not receiving income support (18.6%).¹⁹

These figures prompt us to ask - what is cause and what is affect? Which comes first, being on Social Security or the mental illness? The causal links are very complex but what is indisputable is that poverty and mental illness can combine in a vicious cycle in which the fact of poverty contributes to the manifestation of mental illness, which in turn contributes to the risk of poverty.

The clear conclusion to be drawn here is the critical importance of ensuring that people with a mental illness are not placed at risk of poverty and disadvantage. This requires a range of policies across governments which address income support, employment

¹⁷ Adele Horin, Sydney Morning Herald, 13-14 May 2006.

¹⁸ Stephanie Peatling, Sydney Morning Herald, 28 April 2006.

¹⁹ ACOSS, Mental Health – Submission to Senate Select Committee on Mental Health.

assistance, housing, active anti-discrimination measures and access to health, rehabilitation and community support services.

Recent Commonwealth Government measures notwithstanding, we have yet to go anywhere near facing up to this issue.

6.2 Low income hips and knees will they count?

According to the Government's and the Productivity Commission's ageing and intergenerational issues reports, health care, not Social Security for the aged and disabled, is to be the major area of increased expenditure over the next 40 years.

- the trend in this area is towards greater "individual responsibility" – i.e. more individual expenditure and less provision or subsidy through the public system.

- access to health care is already a challenge for people on low income and given the emerging new frontier of knee and hip replacements, recent research is disturbing.

A recent Canadian study found that women and people from low socio-economic backgrounds have less access to hip replacement operations than the rest.²⁰

- there are numerous, obvious financial and other opportunity costs that flow from this

- such a predictable outcome can hardly be fair or desirable

- on all indications, this pattern is likely to get worse

I doubt that our health financing arrangements will rise from the parlous, wasteful state they are currently in to meet this challenge.

6.3 Wealth inequality will grow with ageing - ageing issues and the intergenerational reports

Intergenerational report – future Social Security expenditure is not the problem

- area of greatest increase (most responsible for the predicted growth in the gap between income and expenditure as proportion of GDP is health)

- yet, despite the evidence, Treasurer and others continue to fan the view that we won't be able to afford to pay for pensions; will all need to put more into super to ensure an adequate retirement income

- has lead to very generous tax / cost to revenue concessions in form of removal of tax on superannuation payouts in the last Budget

- inevitably, these concessions, as do the current super concessions, provide far more benefit to the wealthy than to low income earners

- the more you have, the more you get, and even more so in the future.**

I do not fear that we will be unable to sustain at least the current level of Age Pension (unless the Government continues to buy grey votes by providing more and more concessions to ever increasing numbers of wealthy Australians)

- and the political influence of the "baby-boomer" enlarged, self obsessed grey vote will continue to rise for a long time to come

²⁰ Radio National Health Report, 27 September 2006.

-but, the real impact of the superannuation concessions will be dramatically different retirement incomes and significantly increased inequality in retirement

-those with a life-time of less secure, casual and part-time work, despite compulsory industry superannuation, will still have little more than the Age Pension at 25% of AWE, whilst those with 40 years of high income and massive tax concession support to salary sacrifice and top up in the later, empty nest years before retirement, will have it all – massive property wealth and tax free, superannuation income.

6.4 Environment – water & fuel

Despite being one of the driest continents on earth, urban water prices in Australia are less than half of those in Europe and are among the lowest in the world.²¹ There is little doubt that the view that our water is under priced, in both the cities and in rural areas, and hence undervalued, inefficiently used and poorly managed will lead to the adoption of market solutions and higher prices.

Properly valuing water and allowing it to be traded would be as much a conservation measure as building dams or imposing usage restrictions, so it is inevitable and desirable.

Similarly, despite the Government's reluctance, it is inevitable that petrol and other energy costs will increase significantly in the face of further market solutions being introduced in the form of carbon taxes or a tradable credits system. (Ironically, this may be the only way that the Prime Minister's preference for nuclear energy becomes financially viable.)

The question we need to consider sooner rather than after the event is, how, in the face of these new applications of price signals and market solutions will we deal with the equity and redistribution issues, if at all.

The market has already priced far too many low income earners out of the housing market, to the long term detriment of our economic progress and social cohesion and the risk is that the same will happen with the daily necessities of water and petrol.

Typically, high income earners will be able to afford to go solar, to buy the latest hybrid low consumption four wheel drive and to retro-fit their properties with water tanks and recycling systems that will allow them not only to wash their cars but to revive their lawns and live in green flowery suburbs.

Low income earners will face significantly higher rents reflecting the higher costs of water, will continue to use more water and electricity because of their cheaper, less efficient washing machines and cars, and will live in even less attractive places than now without water, outer suburbs and regional towns like Goulburn, with higher commuting costs in bigger, older, gas guzzling, discarded, cheaper four wheel drives.

²¹ Steve Burrell, Sydney Morning Herald, 23 May 2006.

Experience tells us that these considerations will be at the bottom of the list, if on it at all, when the political will is suddenly galvanised to address the environmental effects of Global heating.

Typically, as the environment becomes another political football in the near future, with politicians racing around prognosticating in their desire to be seen to be responding to the problems, rather than necessarily actually solving them, the impact of the various measures adopted on those living in poverty or who are otherwise disadvantaged is unlikely to be taken into account.

But it is not too late. If we are to ensure that we secure the next generation of prosperity and ensue a fair go for all Australians in the face of these environmental challenges, we must address the equity and fairness impact of these measures up front, and not just consider some minor compensatory transfer after the entirely predictable adverse impact has taken its full toll.

But I doubt that our current political system is up to the task.

7. Time for a new consensus

It is time for a new politics which is not rooted in the divisions of the past. If it is true that we have more that unites us than divides us, as the PM has been keen to claim on a number of occasions, then why does our political system need to focus on division, creating differences and driving wedges into them to maximise the distinction between arguments, nuances, policies and parties.

Not only does this continue to alienate the vast majority from engagement in the political process and undermine our precious democracy, it results in less than the best policy outcomes, and my main concern here is that it is generally low income and otherwise disadvantaged people who miss out the most.

Three examples:

Welfare to Work.

What a tragic and unnecessary outcome. 700,000 people currently on Disability Support Pension (DSP) abandoned, weekly income reductions of \$29 for sole parents and \$46 for new entrants to Disability Support Pension, eight week no payment penalties for the most vulnerable people in the system and all in the name of needing to achieve greater participation from Social Security recipients.

Greater opportunity through greater participation in community and work is our agenda, and has been for years. There is so much more that could have been achieved in "welfare reform" through seeking or building a consensus than the chosen route of turning it into a phoney ideological battle ground to extract political mileage out of characterising one side as progressive "tough love" reformers and the community welfare sector as reluctant, head in the sand, "welfare" reformers. True, long term reform that would not only have provided real opportunity but could also have made a long-term contribution to addressing our skill shortage problem, was possible through consensus. A magnificent opportunity was lost.

Tax reform

The same was true of tax reform in the late nineties. There was a strong consensus between business and the community welfare sector around both the need for and the shape of genuine, ground breaking, equitable, long term tax reform. This was before the Government, shocked by the poor reception of its May budget, jumped in to divert attention by announcing tax reform on its, narrow, divisive and inequitable terms. Division characterised the process thereafter and the result included a significant tax mix switch with greater reliance on indirect tax, a hodgepodge GST and massive shelters and loopholes costing billions annually remaining untouched.

Once again, equity and low income Australians remain the losers from this approach.

Environment

The same could be true in relation to climate change and Global heating. There is already a consensus between business and the conservation movement (and indeed the electorate) about these realities and the direction of change. Ironically, this consensus embraces inevitable market solutions in relation to carbon trading schemes, water pricing and petrol costs to which the Government is currently blind.

Emerging from denial, the Government appears to have commenced a 23 point turn that will inevitably see it change direction, but can we afford to allow such a critical issue for our economic and social survival to once again become the tool of divisive party politics.

Having in mind that "we do not inherit the earth from our parents, (rather) we borrow it from our children"²², is not the environmental future on Australia, including such issues as nuclear or not, and the availability of adequate supplies of water at a price that is affordable to all, too important to allow a less than optimal policy outcome? It will be all too easy to play off the needs of farmers, even those on marginal land, against the urbanites for political gain. Without massive effort to build a consensus that has strong commitment from all quarters of society, desperate plundering of our environmental future will characterise our attempts to maintain the boom and extract political advantage from belated tinkering. It will not be made to pay but rather we will pay the price.

²² New Internationalist, March 2000., native American saying.