

REFRAMING AUSTRALIA'S ECONOMIC COMPASS

Thank you, Dan, and good morning everyone.

I'm Trav McLeod, I'm about 6ft tall and standing on stage in front of a lectern, wearing brown pants, a white shirt, and a blue jacket.

I want to begin by thanking Uncle Frank for his generous Welcome to Country, and by acknowledging the Kurna People, the traditional owners and custodians of the land on which we're meeting today.

I want to pay my respects to their Elders past and present, and acknowledge First Nations people in the room and those who are part of our respective organisations and communities.

I grew up on Jinigudera country on the Ningaloo Reef in Western Australia, and have lived for more than a decade now on Wurundjeri land in Melbourne. In this National Reconciliation Week, I want to call out the leadership of the South Australian government in establishing a First Nations Voice to Parliament, and the Victorian Government in creating the Yoorrook Commission, Victoria's truth telling process.

We need to build on these efforts to advance voice, treaty and truth across Australia – and a true path forward together. We have so much more to do within and across the organisations we are part of to advance genuine reconciliation and self-determination in Australia.

INTRO

I was chuffed to be asked to give this speech for Financial Counselling Australia, especially given the theme of 'Shake it Up' – not just because I love Taylor Swift and my name is Travers.

What I want to talk about is how I think we can shake up the way we talk about Australia's economic story to enrich the conversation about the health of our economy and our society, and the extent to which people living in Australia can live the lives they aspire to.

The Albanese Government has taken really important steps here by focusing on measuring what matters in terms of wellbeing and committing to leaving no one behind.

I'm going to argue 2025 provides an opportunity to step this up and reframe Australia's economic compass by adopting official measures of poverty. This would be the fourth point on our economic compass.

BACKGROUND

I know many of you here work for organisations at the coal face within communities, assisting people right across Australia who are experiencing financial difficulties and disadvantage.

The work you do is essential to advancing a fair Australia, which is something the organisation I lead, the Brotherhood of St. Laurence, or BSL, is devoted to.

For over 95 years, BSL has worked to prevent and alleviate poverty in Australia. Our team of 2,500 staff and volunteers focus on key transition points across the life course, transitions that can build capability and confidence or deepen disadvantage.

We seek to advance a fair Australia through our leadership on policy reform, our partnerships with communities, and the quality of our services.

For many of these nine-plus decades BSL has been an agitator and advocate for social change – you might say we've been 'Shaking it Up' since we started. That ongoing cause of demonstrating new ways of doing, shifting systems, and accelerating national progress is what has drawn many of us to be part of BSL.

Often that means we get it wrong, learn, and start afresh.

Our best known financial wellbeing program, Saver Plus, is a great example of this. Last year we celebrated the 21st birthday of Saver Plus. We heard then how only two people came to the first session introducing Saver Plus back in 2003 -- hundreds fewer than anticipated.

The easy thing to do would have been to accept defeat.

Instead, the team reflected and changed course.

In the 22 years since, and working alongside ANZ, The Smith Family and Berry Street, Saver Plus has become the world's largest and longest-running financial education and matched savings program.

Together we have supported over 65,000 participants to save more than \$32 million collectively since 2003.

ANZ has matched a further \$27 million of these savings.

I know many of you have referred your clients to Saver Plus in the past, and I'm hoping many more of you will be able to do so to this expanded program in the future – thank you.

OUR COMPASS

Who here likes Tim Winton books?

As I mentioned, I grew up in WA, even though Melbourne is now home.

There is a Tim Winton stanza I love because it reminds me of WA.

It goes like this:

*I am standing on the beach
With the continent behind me
As the sun makes its way to the sea
I have my bearings*

It's a beautiful stanza. It reminds us of how extraordinary it is that we can stand somewhere in this country with the whole continent behind us, and watch the sunset at the same time.

I guess some of the locals here might say you can get that at Glenelg or Henley Beach too.

But the line I want to come back to is: "*I have my bearings*".

How do we know our bearings are correct?

How can we be sure about that when we are living through some of the biggest changes to the international system in recent history, certainly the biggest change in my lifetime?

When it comes to our economy, how do we know we're on the right track?

How do we know that our economic compass is fit for purpose?

WHERE ARE WE NOW AND HOW DID WE GET HERE?

At present, there are three headline numbers or metrics that supposedly capture the health of our national economy:

- Employment;
- Inflation, and
- Growth.

Of course, productivity impacts each of these, which is why the Prime Minister and Treasurer have announced it will be a primary focus of the returned Albanese Government.

I want to suggest our compass is incomplete without measuring poverty. If we add a fourth point to Australia's economic compass – official poverty measures for Australia – I think it would generate more productive conversations about the scope of the challenges and opportunities we face, together with the prospect for real and meaningful solutions.

BSL works with many Australians who are poor. These mums, dads, grandparents and young people – whether living alone or in a wide range of household types – consistently tell us their daily struggles extend far beyond the absence of income and span other fundamental issues. They know, as all of you do, that poverty is about more than income.

Rather than me telling you about their lives and experiences, I'd like you to listen to four voices – Hayley, Mark, Sarah and Kirsty – about their challenges and their optimism that better days are ahead.

[VIDEO: BEYOND THE NUMBERS]

A YEAR FOR CHANGE

2025 is a significant year.

The end of August will mark 50 years since the release of the landmark national inquiry into the nature and extent of Poverty in Australia.

Called by the McMahon Government and then expanded by the Whitlam Government, the Inquiry was chaired by Professor Ronald Henderson, who had developed a poverty line in the 1960s.

The Henderson Review shone a light on poverty and its measurement. Since then, the Henderson poverty line helped researchers and policy makers to gauge progress (or lack of progress) in tackling poverty. The Henderson poverty line was an important development but is now outdated. This is because it solely focuses on income, fails to consider many other dimensions such as access to healthcare, housing and transport, and is based on outdated notions of family from the 1960s.

It surprises many of our international colleagues that Australia does not have national poverty measures. The failure to adopt official measures of poverty makes Australia an international outlier.

Some 156 countries already have official poverty measures – either a monetary measure, a multidimensional measure, or both. Australia has neither. Best practice is to have both.

In the absence of official measures of poverty, Australia has several different and unofficial measures, that come to varying conclusions.

Our lack of official measures makes it more difficult to understand poverty, take action to reduce it, and to mark and celebrate progress in reducing it.

Take two countries we know well: Canada and New Zealand.

Both have official poverty measures – Canada for its whole population and New Zealand for children.

Both Canada and New Zealand have made significant headway towards their common goal of poverty reduction, backed by dedicated poverty reduction strategies and multidimensional poverty measures.

Canada's poverty rates (after taxes and transfers) fell by 32% (from 14.5% to 9.9%) between 2015 and 2022.

In New Zealand, child poverty rates fell by 23% (from 22.8% to 17.5%) between 2018 and 2023.

HOW TO GET A FOURTH POINT ON THE COMPASS

Make no mistake, there is extensive poverty in Australia. The Productivity Commission last year said the unofficial poverty rate was the highest since 2001, at around 14% of our population, or 1 in 7 people.

The good news is the call for official poverty measures is getting stronger.

In late 2022 the Prime Minister established an Economic Inclusion Advisory Committee (EIAC)— a body of economists, social security experts, community, business and union representatives, to advise the Treasurer and Social Services Minister ahead of every Federal Budget on matters to address economic inclusion. I'm a member of this committee.

In our first report, in 2023, we called for national poverty measures.

Our most recent report, released in March of this year, provided more detail on how this can be done.

We called for a national definition of poverty and an approach to measuring poverty that includes a monetary measure and a multidimensional measure.

Let me explain why.

First, this is seen now as best practice.

Second, we need a nationally agreed monetary measure of poverty that identifies the number of people living below an agreed income level. The OECD has readily available monetary measures that allow for international comparisons. The most appropriate for Australia would be the 50% of median income, adjusted for housing costs and wealth.

Third, and crucially, we have suggested a monetary measure should be accompanied by a multidimensional poverty index 'to provide a more comprehensive picture of the nature and extent of poverty'.

An MPI recognises poverty is driven by a lack of access or affordability of essential services like health, housing, transports, and education. These are factors that directly impact someone's ability to live the life they aspire to.

Let me give you an example, by comparing three locations in Australia: Exmouth, where I grew up, the Adelaide CBD, where we are now, and Werribee, in Melbourne's western suburbs. Let's compare the availability of early learning in those places. In Exmouth, there are around 10 children for every childcare place. Here, in the Adelaide CBD, there is a place for every child. In Werribee, there are around five children for every place.

Put simply, an MPI helps us understand the reasons why people are poor, and what can be done to ensure they can live the lives they aspire to.

CALL TO ACTION

Last year, BSL hosted the Oxford Professor of Poverty and Human Development, Professor Sabina Alkire, for an Australian tour.

Sabina is the world's leading expert on poverty measurement. She spoke to over 1000 people across 14 events to explain what best practice on poverty measurement looks like, and how Australia can move from being a laggard to a leader. This means agreeing and legislating official measures – not targets but measures – so there is regular, official reporting against them.

Now earlier, you heard from Hayley, Mark, Sarah and Kirsty.

I want to finish by sharing words from Abby and Jennifer, two people experiencing poverty who took part in consultations with the Economic Inclusion Advisory Committee.

Abby told us: "No one wants to be on Centrelink. I think most people that are there are there because they have no other option. They have no other choice. Your cognitive capacity is extremely limited, because you are living with homelessness, pending homelessness, [with] inability to feed yourself and your children. You don't have the capacity to navigate the system."

Jennifer told us: "I think it comes down to the question of what sort of society do we want to be? Do we want to be a repressive society? Or do we want to be a progressive society that helps women and children attain some form of freedom in their life to actually be who they should be or could be?"

I know many of you are very familiar with these struggles. I imagine many of you hear from people sharing similar stories daily through your work.

Poverty is everyone's problem, and we know from our research it's an issue Australians want to respond to more effectively together.

As the EIAC report found, poverty leaves scars that extend across the arc of peoples' lives and across generations, causing health, wealth, educational, employment and intergenerational impacts.

If we are truly to have our bearings as a country, to have a compass that we can check our direction against, we need to measure poverty properly and join the nearly 160 countries around the world with official poverty measures. We want to celebrate the poverty numbers coming down just as much as we celebrate the GDP growth numbers going up and the inflation numbers being back within the RBA band.

As we move towards the 50th Anniversary of the Henderson Review, I encourage you to add your support to the call for official poverty measures, and let your representatives know. We don't want to argue about measuring poverty – a wealthy country like Australia should do that with our eyes closed. We want to debate how we can reduce poverty. But we can only do that if poverty measures are a core part of our economic compass and reducing poverty becomes a much greater national priority.

Thanks for your time today and I look forward to hearing more of your great work throughout the rest of the conference.