

# State Budget

2012-2013

## QCROSS Commentary State Budget 2012-13

The Queensland State Budget delivered on 11 September will have significant impacts for both the community services sector and vulnerable Queenslanders. Overall we have seen a reduction in the amount spent on social welfare, housing and other community services in the budget from 12.96 per cent of total expenditure in 2011-12 to 10.72 per cent in 2012-13.

The Department of Communities will reduce funding to non-government organisations receiving grants and subsidies by approximately \$65 million in 2012-13. As a proportion of total grant funding across the Department of Communities this cut is roughly 3.6 per cent. This will mean a significant cut to non-government organisations operating under the areas of child safety and social inclusion. It is expected, therefore, that this will mean significant cuts to programs associated with family support, homelessness, domestic and family violence, drug and alcohol, youth and community services, which are aimed at prevention and early intervention.

While there has been some new funding allocated for social housing, education, disability and easing cost of living pressures, the picture emerging is of a large reduction in the programs and supports available to assist Queenslanders living in poverty and disadvantage.

Most of these reductions are contained in the Grant Funding Efficiencies of \$259.7 million, over four years, through "ceasing or reducing funding for lower priority projects and services" in the Department of Communities, Child Safety and Disability, alongside the Grants Funding Reprioritisation of \$108.7 million over four years of "existing uncommitted grants funding".

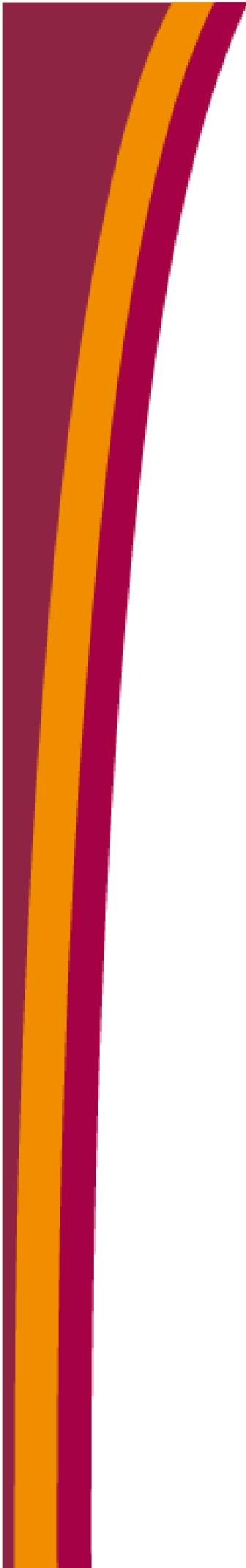
\$30.5 million of the Grant Funding Efficiencies will be found this year, coming from the cessation of emergency relief funding, the winding up of a number of Alcohol Reform Programs, the closure of the Community Development Program and a 10 per cent reduction in funding for organisations receiving more than \$90,000 per annum across the Neighbourhood Centre, and Youth at Risk and Youth Support Programs. Services funded by recurrent grants for child safety and social inclusion will have to make efficiency dividend of one per cent for those services running 24/7 and 3.75 per cent for all others.

Peaks and advocacy bodies will be asked to make efficiencies however the detail and extent of this is unclear at this stage.

Other reduction measures in the budget include the removal of state funding for Court Diversionary Programs such as the Murri Court, Drug Court, Special Circumstances Court and Queensland Alcohol Diversion Program, and non-specified grants and events funded under a number of different portfolio areas.

The budget also reiterates significant funding withdrawals announced earlier, including the closure of Skilling Queenslanders for Work (SQW), reductions in community based preventative health programs, and the closure of the Tenants Advice and Advocacy Service.

As PriceWaterhouseCoopers (PWC) pointed out in their review of the Commission of Audit,



*State of Play – Building a new Queensland*<sup>1</sup>, care is required in making budget cuts as the short-term financial benefit to government of these cuts will be far outweighed by the longer-term economic impact of a decline in essential community services. For example, the loss of preventative health programs such as public health nutrition, healthy living and chronic disease prevention programs will add further pressure to an already overburdened health system. And while the Government expects to save \$287.7 million from the removal of the SQW program, this needs to be balanced against the costs incurred through lost productivity and need to invest in tertiary services due to entrenched and long term unemployment. In their evaluation of SQW, Deloitte Access Economics<sup>2</sup> found the program to have delivered immediate quantifiable financial returns to the state.

Many organisations in the community services industry will have their viability threatened due to the withdrawal of funding for specific programs. This is a sector that is not only at the front-line supporting the most vulnerable and disadvantaged in our community it also contributes significantly to the Queensland economy. It is the State's largest industry employer, and facilitates the contribution of volunteers and carers in the industry which is valued at approximately \$10.5 billion annually.<sup>3</sup>

QCOSS has been collecting information about the impact of the cuts through a survey of affected organisations. With 65 responses up until the budget release, we estimate that some 73,000 clients across eight different programs will no longer receive support. At the time of the budget the equivalent of 247.5 full time employees have or will be made redundant. These numbers will inevitably grow with the closure of additional programs and services as a result of the state budget.

## **Cost of Living and Essential Services**

QCOSS welcomes the Queensland Government's funding for cost of living measures that provide short term assistance to help households meet the cost of essential services, such as energy and water supply. These include \$63 million to freeze tariff 11 for 2012-13; the additional investment of \$92 million to provide SEQ households with a one-off rebate on their water and sewerage bills in 2012-13, measures to limit transport cost increases through a weekly nine journey fare cap for Go Card users, reducing planned Translink fare increases over the next two years from 15 per cent to 7.5 per cent; and freezing motor vehicle registration fees for three years. While these measures are welcomed, a better investment would be a more targeted response to support the most vulnerable households who struggle with their bills.

The removal of state funding for one-off emergency relief for people in financial crisis will have significant impact on vulnerable Queensland families and households who may fall further behind without this assistance. It is also noted that tenants of rental properties will generally not benefit from the water rebate as this will be provided to the home owner. As a result, many low-income households who live in rental accommodation will effectively miss out on this package of assistance designed to assist with cost of living increases.

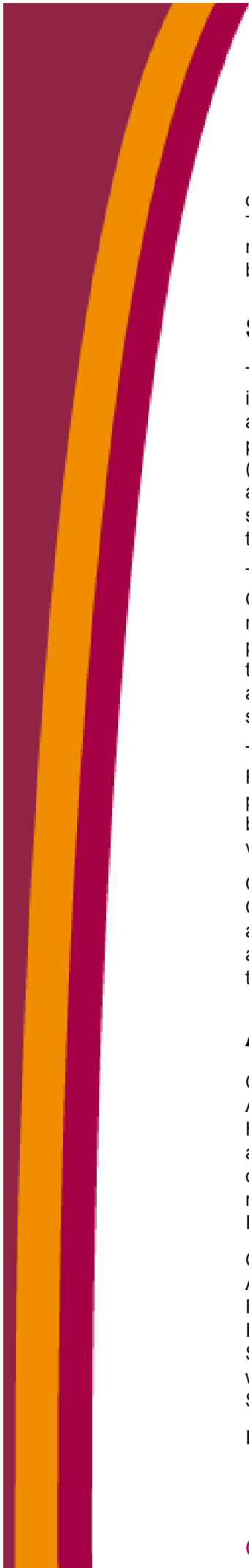
Further, the 10 per cent increase in the penalty unit for fines and penalty infringement notices, which is expected to raise additional revenue of \$20.9 million in 2012-13 and \$22.6 million per year thereafter, is likely to disproportionately affect low income and disadvantaged Queenslanders and offset any cost of living savings they may gain from

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1 PriceWaterhouseCoopers, (2012). *State of Play: Building a new Queensland*.

2 Deloitte Access Economics. (2012). *Evaluation of Skilling Queenslanders for Work*.

3 State of Queensland (Department of Communities) 2012, *The Health and Community Services Industry – Building a Stronger Economy and a Fairer Queensland*,



other government initiatives. QCOSS is also concerned that proposed changes to the Taxi Subsidy Scheme, capping discounted taxi trips at \$400 per person per year, may negatively impact on access to transport for some people with disability and may prove to be a disincentive to employment or job seeking.

## **Support for Families and Children**

The additional funding of \$4 million over two years for the trial of the Fostering Families intensive family support service in Brisbane South is welcomed as this will increase access to services for vulnerable families. QCOSS hopes that the Fostering Families program will build on the successful elements of the Referral for Active Intervention (RAI) and Helping out Families (HoF) programs. It is expected that the requirement of an efficiency dividend of 3.75 per cent for non-government organisations receiving child safety grants will negatively impact on the capacity of intensive family support programs to assist vulnerable families.

The removal of funding for Youth Support Coordinators means many young Queenslanders at risk of disengaging from senior education will not receive the support required to complete their schooling. Removing all 105 Youth Support Coordinators will put over 16,000 students across Queensland further behind in their education, and limit their future employment prospects. The discontinuation of funding for youth engagement and youth development grants will also have an impact on community organisations seeking to engage and inspire young people in their communities.

The investment of \$6 million for the Commission of Inquiry into the Queensland Child Protection System is an important commitment. It is hoped that the commission will provide the government with a blueprint for reducing reliance on costly crisis services by refocusing the system towards a prevention and early intervention orientation so that vulnerable families can better access support when they need it.

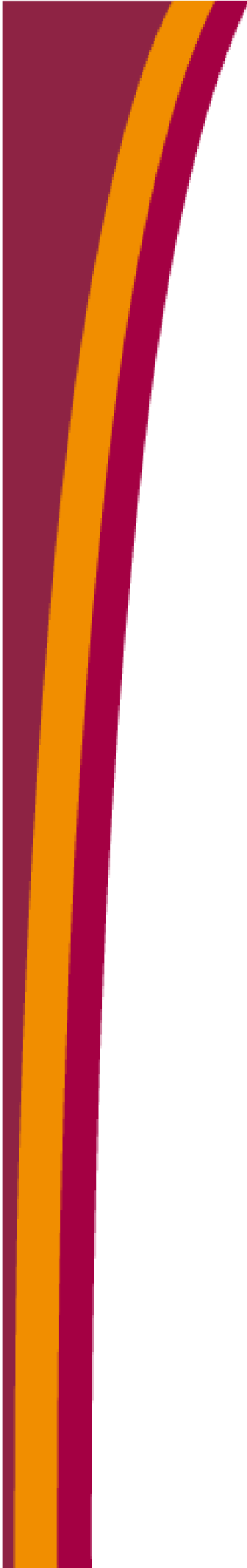
QCOSS continues to call for greater investment in prevention and early intervention. QCOSS would have liked to have seen further investment in successful programs such as the RAI and HoF to increase their capacity to meet the needs of vulnerable families and children. Such programs are critical in reducing the costs of crisis services, such as those associated with the child protection system.

## **Aboriginal and Torres Strait Islander families and children**

QCOSS is pleased to see the announcement of a revised whole-of-government Aboriginal and Torres Strait Islander justice strategy as part of the 2012-13 Budget. However there is significant concern around the withdrawal of funding of the Murri Court and other court diversionary programs. It is hoped that this justice strategy would focus on prevention and early intervention as well as a commitment to justice reinvestment to reduce the rates of incarceration and recidivism amongst the Aboriginal and Torres Strait Islander population.

QCOSS is also pleased that the government has committed to the development of an Aboriginal and Torres Strait Islander employment and economic development strategy. Finding ways to increase employment opportunities for Aboriginal and Torres Strait Islander people is critical to closing the gap in outcomes between Aboriginal and Torres Strait Islander and non-Indigenous Queenslanders. There is concern about the earlier withdrawal of funding for preventative health programs targeting Aboriginal and Torres Strait Islander people.

It is disappointing to see the reduction of \$7.8 million over five years to grant sponsorship



and events programs for the Department of Aboriginal and Torres Strait Islander and Multicultural Affairs (\$2.1 million in 2012-13). It is unclear how much of this will affect activities relevant to Aboriginal and Torres Strait Islander communities.

## **Neighbourhood Centres**

Neighbourhood and community centres play an important role in providing local solutions to build stronger and resilient communities, and are an essential part of the community, providing accessible entry points for vulnerable families to access family support programs.

While it is positive that the government is continuing to provide over \$11 million funding through the Neighbourhood Centre program, it is of real concern that there will be an overall reduction in the funding provided.

The announcement that funding to neighbourhood and community centres will be reduced by 10 per cent for centres that receive over \$90,000 per year, and that community development funding will be discontinued completely, will have significant impact on the viability of Neighbourhood Centres across the state. Some, if not many centres in areas of high need will have to close their doors as a result of these efficiency measures. These impacts will be further exacerbated by the required efficiency dividend of 3.75 per cent applied to all social inclusion grants recipients.

## **Funding for crisis services**

While QCOSS supports the need for greater investment in prevention and early intervention we are also cognisant of the need for ongoing funding to tertiary services, such as those providing support for victims of domestic and family violence, child abuse, and neglect.

Additional funding of \$139.8 million over four years has been provided for the ongoing cost of transitional placements for children with highly complex needs placed in out-of-home care. The escalating cost of out-of-home care is symptomatic of the historical failure to adequately fund prevention and early intervention programs for vulnerable families and children.

QCOSS is pleased that the government has committed to provide extra funding to the Women's Legal Service to support women who have been victims of domestic and family violence. This includes funding of \$500,000 over two years and an additional \$250,000 from the Legal Practitioner Interest on Trust Account Funds.

It is also positive that the government has committed \$1.5 million over four years to improve counselling services for children who have been victims of sexual abuse. This funding includes a 24 hour telephone support line for counselling.

It is disappointing that the state government has chosen to reduce funding to the Commission for Children Young People and the Public Guardian (CCYPPG) of \$9.6 million over four years. CCYPPG plays an important role in collecting and disseminating information about vulnerable children and young people in Queensland and advocating for improved outcomes for children and young people. The announced 3.75 per cent efficiency dividend for recurrent grants to child safety and social inclusion services could have a significant impact on community organisations, which are already facing funding cuts to programs and services.

## Early Childhood Education and Care

QCOSS supports the state government commitment of new funds to improve outcomes for young children. Funding for early childhood education and care is critical as it is a key element building the resilience and capacity of children.

QCOSS welcomes the Queensland government spending on literacy and numeracy and especially the focus on additional teacher aide hours for prep classes through an additional \$31.3 million over three years. Funding for additional speech pathologists for children with disabilities and funding of e-learning opportunities for special education are also welcomed.

The funding for the Step Up into Education program of \$4 million over four years is also encouraging, as it will support children in disadvantaged areas to be better prepared for school. The focus on encouraging parent involvement in learning is particularly important as there is strong evidence that parent participation is critical to improving outcomes for children.

QCOSS queries why a greater proportion of state funding for Building Queensland Schools for the Future is going to non-state schools than to state schools. According to the Budget non-state schools are receiving 75 per cent of the allocated \$115 million dollars for this project.

## Employment and Training

The closure of the Skilling Queenslanders for Work (SQW) program saving \$287.7 million over four years has been an extremely disappointing decision. This program was not only successful in targeting support to people experiencing long-term unemployment, it also delivered immediate quantifiable financial returns for the state.

The unique 'wrap around services' of the SQW program demonstrated strong outcomes over the 2007-08 to 2009-10 period. Of the 57,000 persons who gained employment through SQW, 8,500 of these persons would not otherwise have had positive employment outcomes. Approximately \$375 million in earnings (real wages) will be generated by these 8,500 persons in 2012-13. This increase in earnings translates (in present value terms) to \$1.1 billion over 5 years.<sup>4</sup>

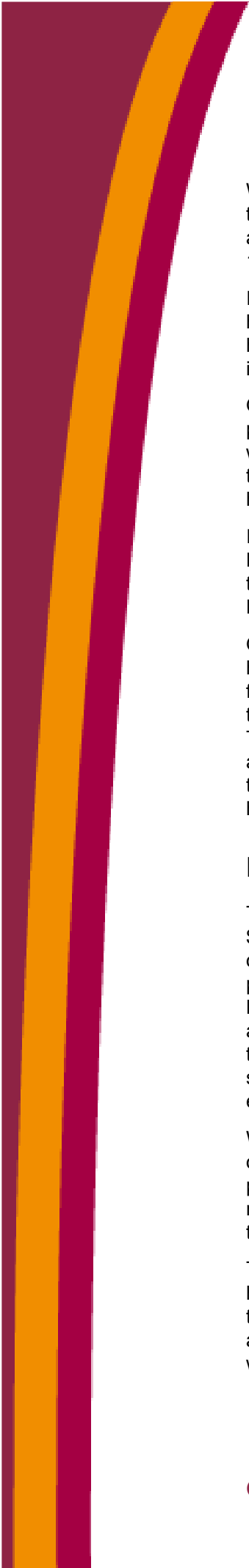
The SQW program is not a duplication of the federally funded Job Services Australia program given its emphasis on local and flexible responses. There are other clear differences in terms of service delivery, effectiveness and targeted clients.

While the \$86 million to support 10,000 additional apprentices through Pathway to a Skilled Trade and initiatives to assist women to gain employment in male dominated professions are encouraging, we would welcome a focus on programs that reach those who are most vulnerable in our communities.

## Housing and Homelessness

QCOSS welcomes the government's commitment to continue funding the National Rental Affordability Scheme (NRAS), the Nation Building social housing projects and the Indigenous housing programs (each of which are funded in partnership with the federal government) as these will contribute to an increase in the stock of affordable housing in Queensland.

<sup>4</sup> Deloitte Access Economics. (2012). Evaluation of Skilling Queenslanders for Work.



We also welcome the move to address the current shortfall in affordable housing through the allocation of an additional \$131 million for the construction of new social and affordable housing dwellings and \$116 million for Indigenous social housing in the 2012-13 Budget.

It is also positive that the state government has fast tracked the release of land for housing development in the mining areas of Moranbah and Blackwater to deliver 185 housing allotments. This increase in supply should assist in reducing the price of housing in regional areas affected by the mining boom.

QCOSS is concerned that programs aimed at assisting vulnerable families to maintain private tenancy have been cut. The Queensland Tenancy Advice and Advocacy Service, which was funded \$18.9 million over four years, assisted vulnerable families to maintain tenure in the private rental market, reducing the overall demand for public and crisis housing in the short and long term.

It is expected that the focus on reducing grants in the social inclusion area of the Department of Communities, Child Safety and Disability Services and the application of the efficiency dividend of 3.75 per cent to organisations receiving grant funding from the Department will have a significant impact on the provision of homelessness services.

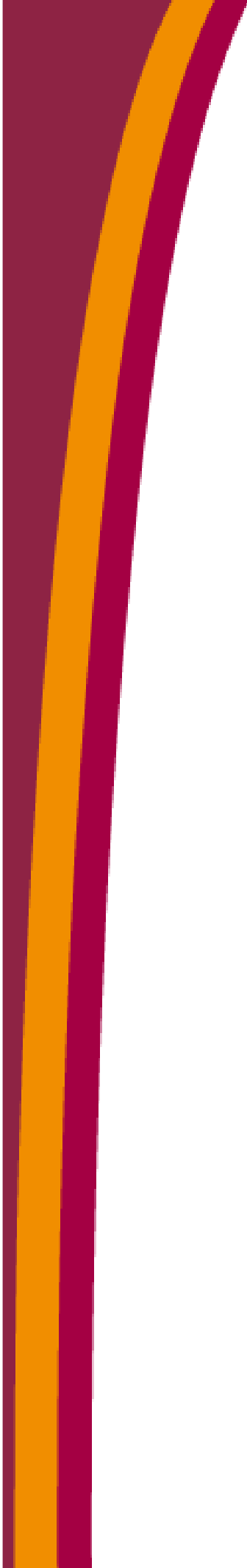
QCOSS feels that it would be extremely problematic if funding for specialist homelessness services is cut. Specialist homelessness services includes crises shelters for women and young people, domestic and family violence programs, drug and alcohol treatment programs, mental health support services, employment and counseling. These services not only provide short-term housing options for vulnerable families and children but also help to sustain tenancies in the private rental market. Sustaining tenancies reduces public housing waiting lists and the number of people experiencing homelessness.

## Health

The budget includes an \$800 million increase to the health budget (up by 7.4 per cent to \$11.9 billion) with expected efficiencies from Hospital and Health Services of \$944 million over four years. Expenditure includes additional weekend work and measures to reduce patient waiting times through private hospital partnerships. A trial of General Practice Liaison Officers will assist in improving referrals between hospitals and general practice, although longer-term funding is required to demonstrate real outcomes. An increase to the Patient Travel Subsidy Scheme is very welcome. The new maternal and child health service, a key election commitment, supports evidence based practice by investing in the early years of a child's life.

While increased health funding will contribute to meeting demand and costs, the pressure on the acute end of the health care system will continue without increased focus on preventing illness. The loss of preventative health programs such as public health nutrition, healthy living and chronic disease prevention programs will add further pressure to an already overburdened system.

The withdrawal of 80 per cent of the overall state funding for Healthy Communities will have significant impact on the health and wellbeing of the lesbian, gay, bisexual and transgender (LGBT) community in Queensland. Programs targeting HIV, Hepatitis C, and STI prevention, LGBT awareness training and development for community service workers, LGBT health resources and programs targeted at supporting LGBT people to



manage and minimise the effects of alcohol, tobacco and other drugs have all had their funding withdrawn by Queensland Health QCOSS is concerned about the long-term effects on this vulnerable group.

The devolution of public health to Hospital and Health Services is also concerning. Whilst some central functions are better managed locally, public health needs central expertise, direction and monitoring. The outcome of Queensland Health's grant review is unknown; however \$120 million over four years has been earmarked in savings. These measures will cost more in the longer term and it is the most vulnerable that will suffer.

## **Mental health**

The budget flags the establishment of an independent Queensland Mental Health Commission, although no funds are allocated. The sector has been calling for an independent commission for a long time. It is critical that mental health consumers, carers and organisations are included in the development of the governance model and priority setting for the commission, and it is noted that a lack of ongoing funding for some consumer organisations may make a coordinated consumer and carer voice difficult.

The broader impact of significant funding reduction to the community services sector will undoubtedly impact on people with a mental illness, their families and carers.

## **Disability**

There are some significant new disability support measures including the trial of an elderly parent carer innovation trial for parents of adult-age people with severe disabilities (\$15 million). The budget provides for the previously announced commitments for additional funding for respite care for people with a disability aged 16 to 25 and their families and Parent Connect program to support parents with a new born child with a disability (\$26 million over four years).


The big issue lies with the National Disability Insurance Scheme (NDIS). The Queensland Government is pursuing the Your Life, Your Choice trial of self directed disability funding. The ongoing disagreement between the Commonwealth and states over disability support funding must be resolved to deliver a nationally consistent approach to the NDIS. The Premier has publicly stated he will increase disability support funding by \$250 million when the budget is in surplus (predicted 2014/15).

## **Multicultural communities**

QCOSS is disappointed to see a 40 per cent reduction of funds to Multicultural Affairs to \$4.8 million (\$8 million in 2011-12), a move that appears contrary to the services needed to support Queensland's growing migrant and refugee communities who contribute significantly to the state's economy.

Although there is commitment to policy and program initiatives such as implementing the Queensland Multicultural Policy: A Multicultural Future for All of Us and the Queensland Government Language Services Policy, the Local Area Multicultural Partnerships and the Community Action for a Multicultural Society programs, there is no indication as to the level of changes and cuts to these initiatives.

It is also disappointing to see a reduction of \$7.8 million over five years to grant sponsorship and events programs for the Department of Aboriginal and Torres Strait



Islander and Multicultural Affairs (\$2.1 million in 2012-13). Sixty grants will be provided through the 2012-13 annual grants round to multicultural communities. This is a 65 per cent reduction from 2011-12 where 174 grants were provided to strengthen multiculturalism across the state.

Access to translators and interpreters is an essential part of achieving accessible and equitable service delivery for Queensland's multicultural communities.

## **Justice**

New initiatives in the justice portfolio include an increase in police force numbers at a cost of \$146.9 million over four years, the allocation of \$2 million over two years to deliver a Boot Camp for Youth Offenders and the reallocation of \$100,000 over four years to strengthen the School Based Policing and Adopt a School programs to strengthen the relationship between police and young people.

It is disappointing to see the removal of state funding for diversionary programs that will save the state government \$5 million in 2012-13 and \$10.2 million per annum from 2013-14. These programs have been effective in diverting some disadvantaged people from coming into contact with the criminal justice system. Diversionary programs reduce the costs associated with the prison system and the ongoing cycle of disadvantage.

The introduction of a levy on offenders sentenced in Queensland courts is likely to disproportionately affect low income and disadvantaged Queenslanders.

**We will continue to update information and specific details of budget implications as new information is released.**