

QCOSS

Queensland Council
of Social Service

QCOSS Queensland State Budget Commentary 2017-18



June 2017

About QCOSS

The Queensland Council of Social Service (QCOSS) is the state-wide peak body representing the interests of individuals experiencing or at risk of experiencing poverty and disadvantage, and organisations working in the social and community service sector.

For more than 50 years, QCOSS has been a leading force for social change to build social and economic wellbeing for all. With members across the state, QCOSS supports a strong community service sector.

QCOSS, together with our members continues to play a crucial lobbying and advocacy role in broad number of areas including:

- Place-based approaches
- Citizen-led policy development
- Cost-of-living advocacy
- Sector capacity and capability building

QCOSS is part of the national network of Councils of Social Service lending support and gaining essential insight to national and other state issues.

QCOSS is supported by the vice-regal patronage of His Excellency the Honourable Paul de Jersey AC, Governor of Queensland.

Lend your voice and your organisation's voice to this vision by joining QCOSS. To join visit [the QCOSS website](http://www.QCOSS.org.au) (www.QCOSS.org.au).

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Introduction

The 2017-18 Queensland Budget is strongly focussed on jobs - jobs through roads and rail, jobs through housing construction, jobs through renewable energy, jobs through tourism, jobs through reconstruction and jobs for frontline services. The budget aims to support around 40,000 jobs in 2017-18.

Employment is a critical path to engagement and independence and with unemployment set to remain more than six per cent, this focus is sound. But we know that many, if not most, of those jobs will go to those who are already in the workforce and that many, if not most, of those jobs already exist. To make the needed inroads on addressing poverty and disadvantage, a good proportion of those 40,000 jobs must be sustainable jobs for disadvantaged Queenslanders. We are keen to see integrated approaches to employment policy that would see pathways established to maximise outcomes for those who need it the most.

A caution: we cannot let job targets be the focal point for spending on social programs. Jobs are certainly a welcome by-product, but should not drive program design or social and economic policy.

There is other good news in the budget for vulnerable Queenslanders, particularly those needing better access to crisis services and assistance with cost-of-living pressures.

Rising prices of essential goods and services and cost-of-living pressures have been hitting our communities hard for some time. The Queensland Government has pledged to ease the cost of living through a \$400 million boost to concessions. The concessions package includes increased access to electricity rebates and easier access to information on the range of concessions and rebates available through a dedicated website.

There is also a welcome funding injection into better protecting Queensland's most vulnerable children. The budget includes funding for nearly 300 new frontline and frontline support child safety staff during the next two years and money to recruit an extra 1,000 foster carers.

Perhaps the most exciting feature of this budget is the commitment of \$1.8 billion over 10 years to deliver more social and affordable housing. This investment, packaged under the Queensland Housing Strategy, will provide pathways to safe, secure and affordable housing for thousands of Queenslanders in urban, regional and remote communities. For the next five years, 800 new social and affordable dwellings will be built each year - a doubling from 2016-17 - reaching 5,500 new homes by 2027. The housing package also includes a stronger focus on holistic, person-centred responses for vulnerable people. This is all a great start towards easing the housing crisis, but there is a lot more to do. Last year, NSW committed to build four times as many social housing dwellings in 10 years. We will continue to aspire to this level of investment in Queensland. We do acknowledge the thorough consultation process that went into developing this strategy and look forward to working with the Department to implement place-based approaches and integrated service delivery in the identified housing precincts.

Finally, we are very pleased that the government has acknowledged the pressures community services organisations are under due to increased wage costs arising from Fair Work Australia's Equal Remuneration Order. The government has committed to compensation of \$137.7 million over four years, with an ongoing commitment of \$52 million a year.

Overall, we expect this budget will be good for vulnerable Queenslanders. In implementing the new and expanded programs we hope to see that individuals, families and communities are the focal point, not buildings, roads and job targets. Supporting communities to identify their own needs and matching these with local solutions is an important way to put people at the heart of public spending.

Economic overview

The Queensland economy is forecast to grow moderately by 2.75 per cent over 2017-18 and follow a similar growth pattern in the following years. The period of high and sustained economic growth is well and truly in the past.

Economic growth has been driven by exports, housing investment and government expenditure. Housing construction is expected to peak in 2016-17. The boost to social housing construction announced in the budget will offset some of the expected fall in housing construction.

For households; wages, interest rates, inflation and employment are the key economic determinants of their wellbeing. The budget forecasts reasonably predict a continuation of the low inflation, low interest rate environment. Housing affordability is an issue in parts of Queensland, particularly the south-east. A low interest rate environment supports households experiencing mortgage stress. The budget economic outlook notes that rents have softened in some markets which improves affordability, however, stresses remain, particularly for low-income households. The budget has also introduced a housing affordability initiative.

The wellbeing of households, particularly low-income households, depends on the expected increase in wage income. Wage growth will be modest in 2017-18 with the wage price index rising by 2.25 per cent. Wage growth will remain low while employment growth (one per cent in 2017-18) and productivity remain low.

Unemployment is expected to continue to gradually decline over 2017-18 to be 6.25 per cent from 6.4 per cent in 2016-17. The budget has been framed to drive employment creation across Queensland through a combination of demand generation (infrastructure spending and employment support payments) and supply (training and skill creation) measures. Continuing to target these measures to the most vulnerable and disadvantaged in the workforce is a strength of the government's labour market policy. As unemployment falls towards five per cent, however, demand side measures will contribute to wage pressures and work against the objective of creating jobs.

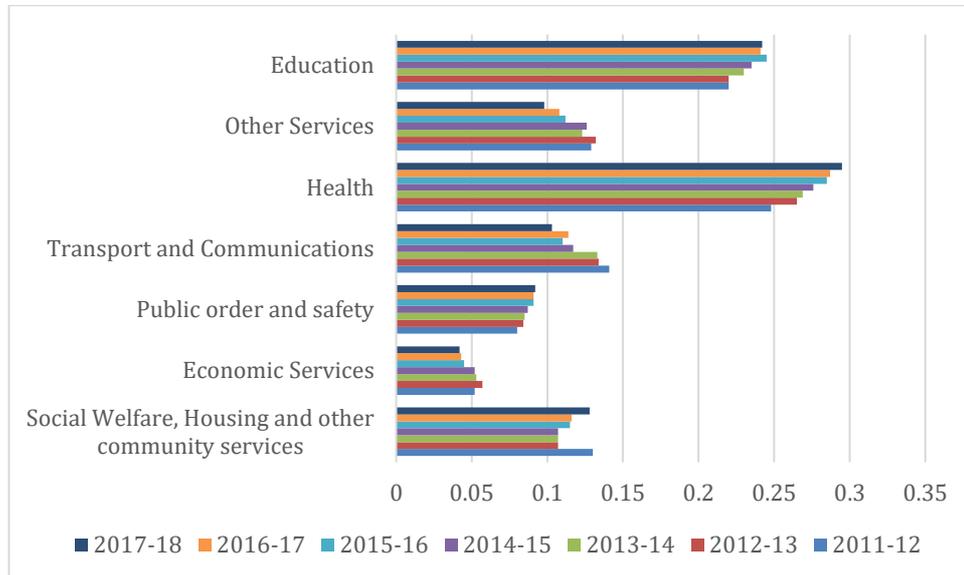
There is a substantial amount of underemployment in the workforce, with many people wanting to work more hours than they are currently contracted for. The Australian Government's economic outlook reports an underemployment rate of 8.9 per cent. Underemployment is not mentioned in the 2017-18 economic outlook and no specific measures have been framed to address underemployment. If Queensland's underemployment is like the national rate, then improvement in business activity is more likely to result in increased hours worked before more employees are hired. This reinforces the need for labour market programs to further target the vulnerable and disadvantaged who are outside the workforce at present.

Expenditure

The 2017-18 budget restores the community sector's share of budget expenditure to its 2011-12 proportion, see Figure 1. Education and health are the two largest expenditure responsibilities of state governments and important to household wellbeing and economic growth. The rising share allocated to education, health and public order and safety inevitably draws services away from the community sector. Investment in the community sector, however, supports prevention and early intervention, thereby ameliorating the social problems that later manifest through public safety, health and, to a lesser extent, education expenditure.

The expected future economic conditions will not produce revenues sufficient to sustain the continued growth in health, public safety and education. Policy priorities will need to shift to expenditure on preventive programs such as those delivered through the community sector and more emphasis on innovation in delivery of services. In the absence of such a policy shift the good work of this budget would be quickly undone.

Figure 1: Budget Allocations, 2011-12 to 2017-18, percent



Budget measures

Employment

The centerpiece of this budget is jobs. A significant infrastructure program and other job-creating initiatives are estimated to support about 40,000 jobs in 2017-18. Key features of the employment program include:

- The Back to Work program, which was announced in last year's budget, will be increased to \$150 million. This program offers significant financial incentives to rural and regional employers to hire long-term unemployed and young people. An additional \$27.5 million has been allocated to extend this program to south-east Queensland.
- A four-year capital works program will support around 29,000 jobs in 2017-18. The program is largely focused on transport (including Cross River Rail), roads and utilities projects, with schools, hospitals, justice facilities and community centres across the state also attracting capital funding.
- A new housing strategy (detailed below) is expected to create 450 construction jobs per year over 10 years building social and affordable homes.
- An additional \$200 million over two years for the Works for Queensland program, supporting local governments in regional areas to undertake job-creating infrastructure projects. This brings this program to \$400million.

We acknowledge the role infrastructure development plays in supporting employment opportunities in the economy, particularly in regional communities and welcome announcements for capital spending for projects.

We are particularly pleased to see the expansion of the Back to Work program to south-east Queensland. A significant proportion of the State's unemployed reside in the south-east corner and there are pockets of significant unemployment in this region. While this program is focused on the employers, it provides some additional support for those who historically have faced challenges finding work.

We also support the boost to the Works for Queensland program, which provides opportunities for local areas to identify needs and address employment at the local level.

QCOSS is especially focused on and concerned about those cohorts that have historically faced challenges accessing employment including: youth; mature aged; people with a disability; Aboriginal and Torres Strait Islanders; and people from culturally and linguistically diverse backgrounds. We acknowledge the continued investment in Skilling Queenslanders for Work in supporting these cohorts, but would repeat our call for an integrated employment policy that would see further support and pathways into employment opportunities offered through the Queensland Government budget measures and through the private sector.

Housing

A key element of the budget is the announcement of a new *Queensland Housing Strategy*. \$1.8 billion has been allocated over 10 years for the strategy. It includes the Housing Construction Jobs Program that will deliver more than 1,700 new dwellings in the first three years and more than 5,000 dwellings over the course of the strategy. It is also expected to support 450 full time jobs per year.

As noted earlier, this investment provides a foundation to address the growing issues of social and affordable housing and homelessness. Housing is a basic human right and we are pleased to see these issues take a central place in the Queensland Budget. While we welcome the long-term, 10-year outlook of the plan and the multi-faceted approach taken there is still more to be done. There are many components to the strategy including:

- \$1.2 billion to renew the existing social housing property portfolio
- \$420 million for a housing construction program to boost the supply of social and affordable housing (including \$3.5 million to construct two refuges for women and children escaping domestic and family violence)
- \$75 million to progress home ownership in discrete Aboriginal and Torres Strait Islander communities
- \$100 million for reforms to the housing and homelessness service system, including stronger connections between systems, a greater focus on supportive housing, early intervention and coordination and wrap around services to reduce homelessness.

The strategy has a number of innovative elements, including the introduction of inclusionary zoning requirements of 5-25 per cent for new dwellings constructed on newly released state land, and a move towards support for smaller allotments, smaller homes and 'affordability by design'. We applaud these measures as they have the potential to increase diversity of affordable housing options and to support sustainable density.

We also welcome the review of the *Residential Tenancies and Rooming Accommodation Act 2008* and hope this delivers improved security of tenure for renters across Queensland. In particular, we will be looking for revisions to provisions in the legislation that allow for 'without grounds evictions' by landlords.

QCOSS is looking forward to the establishment of the Housing and Homelessness Research Alliance announced in the strategy. It is expected that this group will be able to establish outcomes for housing and homelessness while focusing attention on what needs to be achieved and benchmarking performance measures.

The budget also includes an extension of the \$20,000 first home owners grant for newly constructed homes or apartments valued under \$750,000. This was due to end on June 30, but will now be extended until December 31, at a cost of \$30 million. This program is particularly beneficial for people in regional areas, where \$20,000 can be a significant contribution towards a deposit on a median priced home. Ideally, a more targeted approach would be taken with this program by restricting the grant to the construction of affordable and/or accessible housing.

Affordable living

Energy costs are a key cost-of-living pressure for Queenslanders. QCOSS welcomes the focus in the budget to minimise energy price increases for all households through the \$1.16 billion Powering Queensland Plan. We particularly welcome the government's contribution of \$771 million to limit electricity price increases to 3.3 per cent for an average household in 2017-18, noting that the increases of 7.1 per cent, which were originally announced, would have been too much for low-income Queensland households to bear.

We welcome the \$1.2 million pilot for solar on public housing, which delivers one of QCOSS' budget priorities to make solar available to Queensland public housing tenants. This initiative will benefit up to 2,000 households initially, and potentially more following the outcomes of the pilot.

We are disappointed there is not more focus in the Powering Queensland Plan on proactive and preventative measures to reduce low-income and disadvantaged households' exposure to rising energy costs in the longer term. As the energy market evolves and new technology is available, there is a growing divide between households who can control their energy costs, and those who cannot. Tariff reform in particular will change the way consumers interact with the energy market. Government intervention is critical to ensure there are not disproportionate cost impacts on low-income consumers who cannot respond to these price signals.

QCOSS congratulates the Queensland Government on making some key changes to concessions this year. This includes expanding the eligibility criteria for public transport and electricity concessions and the additional investment being made to limit electricity prices as mentioned above.

It is important for the government to take an approach of continuous improvement with regards to the concessions framework. There are still improvements required to ensure adequate and equitable concessions to assist those who need it most. For example, we are disappointed to see there is only a minimal increase of less than \$2 per annum for the Reticulated Natural Gas Rebate. This will do little to assist low-income households with rising gas prices and high fixed-supply charges for reticulated natural gas.

We support the government's announcement to launch a dedicated website to improve awareness of concessions. Concessions are intended to assist Queensland's most vulnerable households, many of whom may experience difficulties with digital access and inclusion, as well as literacy, language and communication barriers. It is therefore critical to ensure the all information about concessions is clear, well-promoted, that hardcopy information is available, and that information is specifically tailored to the needs of a diverse range of audiences.

Child safety and domestic and family violence

Children at risk will be better supported through the budget. The commitment includes an additional \$141.8 million over four years to further strengthen Queensland's child protection system particularly in response to increasing incidences of domestic and family violence and ice. This takes new funding for child safety to \$200 million since the 2016-17 budget.

New funding commitments include:

- \$100.1 million over four years for 218 new front line child safety officers, and support officers
- \$18.3 million over four years to support foster and kinship carers through a child care cost gap payment to provide greater access to child care and kindergarten for children in care, as well as a recruitment campaign to encourage more Queensland families to become foster carers
- \$8.9 million over four years for 20 new nurses to improve early identification of, and intervention in, issues relating to the health and wellbeing of families at risk of entering the statutory child protection system
- \$5.5 million over four years to increase the availability of Intensive Family Support service in high need locations.

The over-representation of Aboriginal and Torres Strait Islander children in the tertiary child protection system remains a priority. Previous announcements in this area include the Our Way Strategy and Changing Tracks Action Plan. It is disappointing that there has been no additional focus of this work, either through direct funding allocation, additional resourcing of the Family Matters Campaign, or identification of the new roles for Aboriginal and Torres Strait Islander workers.

Last year, a significant investment was made towards addressing domestic and family violence in Queensland in response to the *Not Now, Not Ever* report. The focus in this year's budget was funding for more specialist family violence courts, following the successful trial at Southport. The funding includes:

- \$69.5 million to continuing the Southport Court and establishing new specialist family violence courts in Townsville and Beenleigh, with circuit courts at Mt Isa and Palm Island
- \$3.5 million to create two refuges for women and children escaping domestic and family violence (as part of the new housing strategy).

There is also a new focus on addressing the issues caused by the drug ice. \$7.4 million has been allocated over three years to help families struggling with an addiction to ice.

With Queensland children and women continuing to be harmed in their homes at an alarming rate, these new investments at the front line are strongly supported by QCOSS.

Education and training

Education is a winner in this budget with a record investment of \$13.7 billion. The government has made commitments to employ more teachers to cover enrolment growth and put downward pressure on class sizes. More than 1,150 teachers and teachers' aides are set to be employed in 2018. It will also build new schools, including two Brisbane high schools, and expand on existing ones.

Continued Investing for Success (I4S) funding of \$246 million a year will alleviate some of the stress schools are experiencing due to uncertainty around agreement on the Federal 'Gonski 2.0' funding model. This I4S funding is needs-based and directed at students and schools that require the most support to achieve outcomes. QCOSS strongly supports initiatives such as these that aim to balance the scales, giving disadvantaged children a better start.

\$314.8 million has been allocated to early childhood education and care programs, strengthening their transition to school activity. A key commitment is the establishment of new integrated early years services in Tara and Redlands to ensure children and families can access the right services at the right time. Participation rates for children from Aboriginal and Torres Strait Islander and culturally and linguistically diverse backgrounds are a key concern for QCOSS and it is hoped that integrated hubs will support these cohorts.

We are pleased that the Queensland Government is continuing a focus on training as national training numbers decline. Importantly, the successful Skilling Queenslanders for Work program will receive \$60 million in 2017-18 as part of a four year \$240 million commitment. Eight thousand Queenslanders are expected to be supported in 2017-18 through this funding. This program has been critical in assisting disadvantaged Queenslanders into work. Since it started in 2015, 9,500 participants have gone on to secure jobs or undertake further study or training. In addition:

- \$9 million has been allocated over four years for the Regional Skills Investment Strategy to provide a local focus on training opportunities to develop skills for Queenslanders looking for work, and
- \$10 million has been allocated over two years for the Regional Skills Adjustment Strategy to support Queenslanders looking for work to develop skills for jobs in demand.

QCOSS supports the focus on disadvantaged job-seekers and on local areas driving training opportunities in high demand industries. This skill development funding will be important in supporting people with additional life challenges to access a proportion of the new jobs being created through the budget measures.

Aboriginal and Torres Strait Islander peoples

While there is no clear centralised approach to addressing better outcomes for Aboriginal and Torres Strait Islander people or their communities, new initiatives include:

- \$75 million to progress home ownership in discrete Aboriginal and Torres Strait Islander communities (as part of the new housing strategy)
- \$8.1 million over four years to expand the Indigenous Land and Sea ranger program from 75 to 100 positions in regional and remote communities
- \$2.9 million towards engaging Aurukun youth into career pathways in conservation and land management as part of a \$13.3 million over five years dedicated to that community
- \$2.1 million to create an Indigenous arts incubator in Cairns
- \$10.6 million to support access early education, family support and maternal health services for Aboriginal and Torres Strait Islander families through Queensland's 10 Children and Family Centres.

We recognise that the Treasurer has also asked the Queensland Productivity Commission to inquire into services delivered in remote and discrete Aboriginal and Torres Strait Islander communities. This inquiry will examine current Queensland Government expenditure and delivery in remote communities; better ways to deliver existing government services and manage, coordinate and target services; how the Queensland Government can improve services; and the best ways to evaluate services delivered in communities.

We hope that after the Inquiry reports in November 2017, we will see new strategies to close the gap in outcomes for these Aboriginal and Torres Strait Islander communities. Concerted efforts will be required in this area for a long time to come.

Disability and mental health

The Budget delivers \$1.9 billion for disability services. This includes:

- \$548.9 million for the National Disability Insurance Scheme (NDIS) including an additional \$64.3 million for the escalation costs of indexation
- \$1.338 billion for non-NDIS disability services.

As Queenslanders transition to the NDIS, it will be important that processes are not rushed in efforts to meet transition targets.

Young people with mental health issues will be better supported through a new residential facility costing \$68 million in Brisbane to replace the Barrett Centre, which was closed three years ago. Funding will also go towards four complementary services to support young people with mental health in the community. The Gold Coast University Hospital Mental Health Unit will also receive a funding boost.

With mental illness on the rise amongst Australian youth, QCOSS strongly supports investments in these new services.

Cohesive communities

A three-year Cohesive Communities Action Plan was funded from the 2015-16 budget to the tune of \$5 million help create a sense of belonging in Queensland communities and reduce anti-social behaviour and behaviour that might lead to violence. An additional \$7.4million has been allocated over four years to further build social cohesion. Social cohesion improvements can take many, many years of concerted efforts to achieve and QCOSS welcomes this additional investment in supporting inclusivity in communities, including activities that ensure residents, particularly those that might normally be left out of processes, have a voice and can actively contribute to the way that their community operates.

New funding for Multicultural Affairs Queensland is limited to an increase in operational funding of five per cent on 2016-17, however, ongoing funding in the budget includes:

- \$2.2 million for the Community Action for a Multicultural Society program to facilitate social connectedness for culturally and linguistically diverse people
- Continued funding of \$1 million for community events and projects to celebrate multiculturalism.

Justice

In addition to the \$18 million response to the drug, ice, two important justice investments have been identified in 2017-18:

- a package of \$199.6 million over four years, to transition 17-year-olds from the adult justice system into the youth justice system and to provide pathways to reduce offending behaviour.

This move has been a long time coming and brings Queensland into line with other jurisdictions and with the United Nation Convention on the Rights of the Child. QCOSS supports the investment in diversion strategies for young people and developmentally appropriate, evidence-based practices that reduce offending and reoffending.

- \$22.7 million new funding and \$9.9 million reprioritised funding to re-establish a drug court in Brisbane with support and referral services in four locations. QCOSS welcomes the return of the drug court as it offers more appropriate responses to drug-related crime, helping addicts overcome their dependence and criminal behaviour with a rehabilitation focus.

The State is also gearing up to respond to terror-related incidents with \$43.7 million for counter terrorism officers. This level of investment needs to be balanced with the support for building a sense of belonging within our communities and reducing cultural, institutional, and interpersonal racism and discrimination, which can heighten feelings of marginalisation amongst people from different cultural backgrounds.

Community services

The Budget commits an additional \$137.7 million over four years to help eligible community services organisations meet increased wage costs arising from Fair Work Australia's Equal Remuneration Order. The funding will be allocated on a prioritised basis to community services organisations which support dependent and vulnerable Queenslanders. This funding crosses government agencies including Department of Communities, Child Safety and Disability Services, the Department of Housing and Public Works, the Department of Justice and Attorney General, and Queensland Health.

QCOSS had sought the Equal Remuneration Order funding in our Budget Priority Statement. Failure to provide this funding will be devastating for communities and the organisations that support them.

Capital expenditure has also been provided for building and refurbishment of community centres including: a new centre in Moranbah; upgrade of centres in Inala and East Murgon; and land purchases in Ripley and in the Kallangar area as well as design development of Thursday Island Community Hub.

The environment

Environmental spend in the 2017-18 budget is welcome. In particular, QCOSS was pleased to see the budget expand the Indigenous Land and Sea Ranger program and the inclusion of a ban on plastic bags and container recycling in the State.

QCOSS would like to see such spending embedded within a more coherent policy framework that recognises the intrinsic importance of our environment for the health and well-being of all Queenslanders now and into the future. This would include clearly articulating both measures that seek positive impacts on climate change and environmental assets alongside those that would have negative impacts. It would also provide for a recognition of the value of the environment beyond simply the jobs and revenue that these assets support.

North West Minerals Province

There is considerable debate about the expansion of the North-West Minerals Province from a community and ecological standpoint. These debates aside, what we have learnt from previous periods of rapid escalation of economic activity is the need for coordinated effort by government, non-government organisations, the private sector and most importantly communities to support the provision of soft and hard infrastructure across the communities affected. While the details are scarce, the provision of additional funding of \$39 million and the inclusion of the Department of Communities, Child Safety and Disability Services is a promising start.

Conclusion

Overall, the Queensland State Budget for 2017-18 is a positive one. It continues greater investment in front line services and in supporting Queenslanders who are struggling.

We are particularly impressed with the 10-year Housing Strategy and the ongoing commitment to child and family services, domestic and family violence and affordable living measures. These are all areas of great importance to QCOSS and support our goal of eliminating poverty and disadvantage.

The success of these measures, and others, depend on the strength of the community services sector. Funding for increased community sector wages is critical to ensure that these organisations and their workers can continue to deliver these important services.

We also know that jobs are important. They are a lifeline for people out of poverty and disadvantage, however, it is not just any jobs, and not jobs at any cost. What is important is that these jobs are sustainable and that they are accessible for all Queenslanders. Creating pathways through employment supports - skilling and education - into the jobs created through the budget measures are how we create a Queensland that is good for everyone.

What is missing in the budget is the voice of Queenslanders. Including greater focus and investment in the place-based approaches, and citizen-led actions from our budget priority statement would have been one way the government could have made sure the voices of the community could be heard.

This is the next step for Queensland. This budget provides a solid foundation of initiatives and programs. What we now need is a clear vision and goals for Queensland. We need to engage Queenslanders and Queensland communities in a conversation about who we want to be and what we want to achieve and clearly articulate this as vision for the future. This is the challenge for us all as we move into the next decade.



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