

# State Budget 2007-08

## STATE BUDGET 2007-08 ANALYSIS

# CHILDREN, YOUNG PEOPLE and FAMILIES

The 2007-08 State Budget included a significant increase in funding for 'Early Years Services', of 9.2% after adjusting for inflation and population growth. Conversely, 'Child protection and family services' declined 1.1%. This decline in funding for 'Child protection and family services' does not include the additional funding outside the Budget process provided in October last year. A detailed breakdown of the real effective change for each of the output areas within these two areas is provided below:

DEPARTMENT OUTPUT AREA	Real effective change
DHS – Child Protection and Family Services	-1.1%
Statutory Child Protection	-0.1%
Child Protection Specialist Services	0.1%
Placement and Support Services	-2.4%
Family and Community Services	-2.4%

DEPARTMENT OUTPUT AREA	Real effective change
DHS – Early Years Services	9.2%
Child Health services	3.5%
Kindergarten and Child Care service	13.1%
Early Childhood Intervention services	5.6%

The key initiatives funded in the 2007-08 State Budget include:

### Drought assistance

The 2007-08 State Budget includes \$3.1 million over four years to assist communities affected by drought. These initiatives will help ensure that vulnerable families in drought affected areas are able to access some support and assistance, and will complement the initiatives in both the 'Early years services' and 'Child protection and family services' output areas.

The \$3.1 program includes \$1.83 million to extend counselling services for communities in the Barwon South West region and funding for the Wesley Central Mission Melbourne Drought Personal

Support Line and \$270,000 for program coordination.

While welcome, this initiative falls short of being a significant coordinated strategy to manage the devastating impact of drought in rural and regional Victoria.

### Early years services

Specific 2007-08 State Budget initiatives in early years included:

- \$11.5 million over four years (\$1.4 million in 2007-08) to improve the participation of Indigenous children

and families in early childhood and education services

- \$20 million over four years (\$5 million in 2007-08) for new not-for-profit Children's Centres
- \$28.9 million over four years (\$7 million in 2007-08) to increase the Kindergarten Fee Subsidy from \$320 a year to \$730 a year for families with a Health Care Card
- \$10 million over four years (\$2.5 million in 2007-08) to ensure all child care centres provide a kindergarten program
- \$15.2 million over four years in capital funding to refurbish existing

not-for-profit child care centres and kindergartens

- \$23.8 million over four years (\$5.7 million in 2007-08) for maternal and child health services

### Promoting the wellbeing of Indigenous children

VCOSS warmly welcomes the focus on supporting Indigenous children in the 2007-08 Budget, with \$1.4 million in 2007-08 (\$11.5 million over four years) allocated. Four key initiatives within this are:

- The expansion of the Koori Early Childhood Education Program to increase the number of preschool assistants working with Aboriginal children from 19 to 33 to support the participation of three and four year old Aboriginal children in kindergarten (\$4.1 million over four years);
- A new home-based learning enrichment program, from three sites; which will assist Aboriginal parents preparing their children for kindergarten (\$1.8 million);
- Increase in the Kindergarten Fee Subsidy, which will provide up to 10 hours per week free access to Aboriginal three year olds whose parents or carers have a Health Care Card (\$2.7 million); and
- A comprehensive study into the health and wellbeing of young Indigenous Victorians aged 0 to 18 years through a new *Victorian Indigenous Child Health, Development and Wellbeing Survey*. A similar study has been undertaken in Western Australia by Telethon Institute for Child Health Research, headed up by Professor Fiona Stanley. This study will help ensure that the available data and information is available to inform improved policy and service delivery (\$2.9 million).

VCOSS also welcomes the \$1.1 million in funding to continue to support

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pre- and post-natal services for Aboriginal women through the Aboriginal Health Cooperatives in Dandenong and Echuca.

## Children's Centres

The commitment of \$20 million over four years (\$5 million in 2007-08) is a good start to ensure that the 40 new not-for-profit Children's Centres promised in the 2006 state election campaign become a reality for Victoria's children and families.

The establishment of Children Centres to date have been a positive step in ensuring an integrated early childhood system. The availability of capital funding linked to the integration of early childhood services has prompted a fundamental shift in thinking and created new opportunities for improvements to the delivery of services to families and children.

## Kindergartens

VCOSS welcomed the initiatives to increase access to kindergarten for Victorian children, through the increase in the Kindergarten Fee Subsidy and the initiative to provide kindergarten programs in child care and extended care in kindergarten.

However, it was disappointing that there were no initiatives to ensure that children with a disability are able to attend and fully participate in kindergarten.

## Kindergarten Fee Subsidy increase

VCOSS called for and welcomes the initiative to provide free kindergarten for children whose families have a Health Care Card (\$28.9 million over four years – \$7 million in 2007-08).

Quality learning and developmental experiences for children play a major role in setting them up for success in later learning and supports their ongoing social development. Research has consistently demonstrated that cost is one of the major barriers to children from low income families participating in kindergarten. The increase from \$320 to \$730 will help

ensure that an estimated 16,000 Victorian children will have the same opportunity to participate in a quality learning program.

## Kindergarten programs in child care & extended care in kindergarten

VCOSS welcomes the recognition by the Government that many of those children missing out on kindergarten are attending child care centres. This initiative (\$10 million over four years – \$2.5 million in 2007-08) to ensure that all child care centres deliver a kindergarten program is a positive response to this. VCOSS endorses the recommendation of Community Child Care Victoria for the Government to develop clear, tight guidelines to ensure that for-profit providers do not use this investment to boost their profits.

## Maternal and child health services

VCOSS welcomes the continued investment in maternal and child health services, particularly the continuation of the enhanced support for vulnerable children and families. Maternal and child health services are an important element of a universal service system that has a prevention and early intervention focus.

The Young readers program to encourage children's reading is another positive step. This relatively small investment of \$500,000 in 2007-08 (\$2.1 million over four years) will assist families to support the development of their children. The inclusion in the program of steps to support parents who wish to improve their own literacy skills is also welcomed, as it recognises the need to support parents to support their children's wellbeing.

## Early intervention services

VCOSS welcomes the \$1.5 million (\$6.2 million over four years) for an additional 150 early intervention places and an additional 150 new enhanced early intervention packages.

The continuation of funding to provide early intervention places to children is also welcomed (\$7.6 million over four years, \$1.8 million in 2007-08).

However, this increase does not address the massive under-resourcing by successive state governments in early intervention services for children with a disability, both in the number of places and in the quantum or hours of support provided.

VCOSS welcomes the inquiry being undertaken by the Office for Children in the Department of Human Services into early childhood services. VCOSS looks forward to clear, positive actions from this inquiry, and that these will be resourced in next year's Budget so as to better support children who have a disability.

## Child protection and family services

New initiatives announced in the 2007-08 State Budget build-on the significant investment in the 2006-07 State Budget to support the implementation of the *Child, Youth and Families Act 2005*.

However, a number of key gaps remain to be addressed. These include:

- funding to support service growth, particularly for the 450 young people leaving state care each year;
- a lack of funding to expand the innovative model of foster care funded in the 2006-07 Budget;
- funding to meet the high demand for very early intervention services for vulnerable families to ensure that they receive the support and assistance they need to avert progression to the child protection system.

Strategies are also necessary to ensure that other initiatives funded in the 2007-08 budget work in the best interests of children and young people, such as the mental health services for young people and the funding for women and children

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experiencing family violence. To achieve this, these services need to work together with family support and substance abuse services, which will require planning and further funding.

Investment to support services working directly with children, young people and families also need to be strengthened if the objectives of the new legislation are to be achieved and the benefits realised from last years spending on implementation of initiatives.

## **Family and community services**

VCOSS is concerned that the target for people receiving family support services for 2007-08 has been set at 22,150, significantly below the expected outcome in 2006-07 of 26,000. Additional support services were provided in 2006-07 due to high demand, a demand that is likely to only increase following expansion of the Family Support Innovations Projects and Child FIRST.

## **Family Support Innovations Projects**

VCOSS called for and welcomes the continued expansion of the Family Support Innovations Projects statewide. Although the 2007-08 Budget papers indicate that the target for the number of operational Family Support Innovations Projects is 54, the Minister for Community Services indicated in his budget presentation on 1 May 2007 that funds are available to complete the statewide rollout during 2007-08.

VCOSS is concerned that the Family Support Innovations Projects funding does not include resources for the initial or ongoing network development and maintenance. Learnings from the existing projects indicate that this is a key gap, as the networks that help ensure improved integration require additional resources to both establish and maintain.

VCOSS also notes with concern that the Family Support Innovations Projects investment is strengthening only the

secondary service platform, rather than the primary/early intervention platform of family services. High levels of unmet need for early intervention family support services mean that the family support system is already under significant strain. This contradicts the emphasis in the reforms driven by the new *Child, Youth and Families Act 2005* on the importance of an integrated service system across prevention – early intervention – secondary – tertiary services. Given that, VCOSS expects that early intervention services will be a key priority in future budgets.

## **Child FIRST**

VCOSS called for and welcomes the investment in Child FIRST. The 2006-07 State Budget allocated funding to complete a staged roll-out of Child FIRST sites across Victoria (\$1.6 million in 2006-07, growing to \$5 million recurrently from 2008-09). Six Child FIRST sites will be rolled-out in 2007-08, with the final 10 sites to be rolled-out in 2008-09 – building on the nine that were established in 2006-07.

## **Other initiatives**

VCOSS also particularly welcomed the following initiatives:

- \$17.4 million over four years for caregiver reimbursements.
- \$1.7 million over two years to reduce waiting times for counselling services for children who have been sexually abused.
- \$1.85 million in 2007-08 to support the establishment of a new treatment service for children exhibiting sexually abusive behaviour.
- \$14.2 million over three years to continue the residential care capital upgrade program. This program enables the purchase, construction, design or refurbishment of 40 placement and support residential facilities, which provide homes for

more than 80 children and young people.

*This analysis draws on the expertise of the Centre for Excellence in Child and Family Welfare, Community Child Care Victoria, Kindergarten Parents Victoria, and the Association for Children with a Disability.*

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### DISABILITY SERVICES

The 2007-08 Budget allocates \$214.4 million over five years for new initiatives in disability services. This includes \$24.5 million of additional spending for the 2006-07 financial year for aids and equipment (\$9.5 million) and \$15 million of grants for non-government organisations to improve facilities for disability services in the non-government sector.<sup>1</sup>

The total budget allocation for disability services in 2007-08 is \$1,070.20 million. While the Budget papers cite this as an increase of 3.3% on the 2006-07 Budget, when adjusted for inflation and population growth, real spending is shown to be falling by 0.4%.

In reality, the numbers of people with disabilities is growing faster than the general population because of population ageing. If the disability budget is adjusted to account for forecast growth in the population of people with disabilities, then the 2007-08 disability services budget represents a real drop in spending of 3%.<sup>2</sup>

#### Key initiatives

Below is an overview of some of the key initiatives funded in the Budget.

These initiatives deliver on the State Government's pre-election commitments in disability services. Limited funding,

in addition to pre-election commitments was also allocated for transition planning in the Futures for Young Adults program, however this has not translated into an increase in places in the Futures for Young Adults program.<sup>7</sup>

Additional resources were also allocated to the ongoing viability of non-government disability organisations (\$26.5 million allocated over five years). However this amount falls short of the amount identified by disability organisations as necessary to cover increasing costs of service delivery.<sup>8</sup>

Early childhood intervention services	\$6.2 million over four years for 150 new early intervention places and 150 new enhanced early intervention packages. <sup>3</sup>
Aids and equipment	In addition to the additional \$9.5 million allocated for 2006/07, the budget included: <ul style="list-style-type: none"> <li>\$9.7 million over three years for home and vehicle modifications for 400 people (not commencing until 08-09)</li> </ul> <p>\$10.6 million over four years for aids and equipment. This includes \$2 million in 07-08 to assist 1,300 people to access the aids and equipment program under broader eligibility criteria.</p>
Support services	\$70 million for 1,300 Individualised Support Packages over four years to support people living independently. \$8 million of this will fund an additional 380 packages in 2007-08. <sup>4</sup>
Support for people with Acquired Brain Injury	\$12.3 million over three years for the 'Slow to Recover' program providing intensive therapeutic intervention. This funding does not commence until July 2008.
Supported accommodation	\$10 million over three years for housing options for up to 75 people with a disability who do not need 24 hour support. <p>\$5 million over three years to continue the replacement of three Shared Supported Accommodation facilities and the refurbishment of six facilities.</p>
Respite services	\$15 million over three years for refurbishment and replacement of existing shared supported accommodation facilities. <sup>5</sup>
Support for carers	\$17.1 million over four years for the 'Helping Carers' initiative. This will provide for an additional 350 episodes of respite, as well as training and support packages delivered through Carers Victoria. <p>\$15.7 million allocated over four years to continue the provision of support for 375 older carers. This is not a 2007-08 budget initiative but money that was not previously released for the Commonwealth/ State Ageing Carers Respite Initiative.<sup>6</sup></p>

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## Conclusion

Overall this was a disappointing budget for people with disabilities. While additional money allocated from the surplus in the 2006/07 financial year was welcomed, the Budget represents a real decrease in spending per person with disability as it doesn't keep up with growth in the disability population.

A key area of need for additional investment is in accommodation and accommodation supports. VCOSS is disappointed that there is little in this budget to address unmet need and plan for future need in these areas. Unmet demand for accommodation by Victorians with disabilities remains unacceptably high – as of 31 December 2006, 1,490 people were listed on the Disability Support Register as requiring supported accommodation,<sup>9</sup> and the real level of demand is much higher, as long waiting lists deter many from registering.<sup>10</sup>

Without significant investment by Government in supported accommodation options, as well as a concerted effort to further the recommendations of the Accessible Housing Taskforce, many Victorians with a disability will remain dependent on unpaid family carers in the long term, or stuck in housing which does not meet their needs.

Aids and equipment is another priority area. Although there were additional funds allocated in the Budget, it was disappointing that urgently-needed resources for home and vehicle modifications were not allocated in 2007-08. Additionally, while the expansion of eligibility for the program and increased subsidy levels were welcomed, large-scale reform of the program, accompanied by substantial investment, are required to achieve a real improvement in the quality of life for many Victorians with a disability.

- costs of the transfer of programs to the Office for Disability appears to have been absorbed in the 2006-07 Budget (see footnote (g), p 69, Budget Paper No. 3)
2. This figure was calculated by adjusting the 2007-08 disability services target by 3.86% - the conversion of the Government's estimate of 46% increase in support needs between 2005-2015 based on the ageing population and the projected growth in the number of Victorians with a disability to a per annum figure, calculated by the former Council for Intellectual Disabilities Australia (personal correspondence with Sue Jackson, 8 May 2007). See Minister Garbutt quoted in *Government running out of time - families running out of patience*, media release, Council of Intellectual Disabilities Australia (CIDA), 3 May 2005
3. These initiatives are funded as part of the 'Helping Working Families: Giving Children the Best Start in Life' initiative – see p 283, Budget Paper No. 3 (personal communication with Barry Ingot, Office for Children, 22 May 2007)
4. A detailed breakdown of the costs of these packages has not been made available.
5. This initiative will not create any new places in SSA facilities. Although the 2007-08 SSA target represents an increase of 230 over the 2006-07 target, these are not new places but are allocated to former residents of Kew Cottages as part of the ongoing relocation process (personal communication with Chris McDermott, advisor to Minister Jennings, 10 May 2007)
6. Personal communication with Gill Pierce, Carers Victoria, 10 May 2007
7. p 92, Budget Paper No. 3
8. p 18, Call to Political Parties, 2006 Victorian State Election, Coalition for Disability Rights, 2006
9. December 2006 Disability Support Register, <http://www.dhs.vic.gov.au>
10. 'Disability chief blasts heartless and short-sighted State Budget', Association of Children with a Disability, 1 May 2007

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## Notes

1. The 07-08 Disability Service Budget appears to apply solely to the Department of Human Services – the

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# EDUCATION AND TRAINING

Despite significantly increased capital funding for education, after adjusting for population growth and CPI, recurrent spending on education has fallen by 0.2%.<sup>9</sup> The new initiatives in schools in 2007-08 include:

### Initiatives to support teachers and students

Some of the key initiatives in this area that are relevant to VCOSS priorities include:

its stated commitment to improving the learning outcomes for Indigenous children and young people in Victoria.

Another concern for VCOSS in this area is the inadequacy of benchmark targets for Indigenous students. For example, there are no Indigenous-specific learning targets in the Later Years and Youth Transitions output area. Specific benchmark targets for Indigenous students are required to ensure focused steps are taken to support the

school facilities would contribute to building stronger communities in those areas.

### Other initiatives

VCOSS supports the commitment of \$11.1 million for 'Free Fruit Friday' through the *Go For Your Life* program, as it will help ensure that vulnerable children have a weekly minimum access to fruit and should support change in children's diets.

Increased numbers of Primary Welfare Officers	\$19.9 million over four years to continue the employment of 256 welfare officers at 450 primary schools in need.
Continuation of the <i>Schools for Innovation and Excellence Program</i>	\$48.7 million over three years to continue the operation of over 250 education clusters developing innovative curriculum to better engage children in years 5 to 9

VCOSS particularly welcomes the Government's ongoing investment in initiatives that have a track record of improving literacy and numeracy outcomes and school attendance rates, such as the employment of additional Primary Welfare Officers and the successful *Schools for Innovation and Excellence Program*. We note, however, that the \$49 million for this initiative does not specifically target Indigenous students.

Rather, the Department of Education intends that schools and clusters with Indigenous students are able to direct part of the resource for professional development for teachers in order to better address Indigenous student needs.<sup>10</sup> VCOSS is concerned that the lack of a central directive to support Indigenous students through this program undermines Government policy directives in this area. Focused effort is urgently required to support the literacy and numeracy attainment of Indigenous students, as evidenced in the percentage of Indigenous students reaching the national reading and numeracy benchmarks still being significantly lower than for non-Indigenous students.<sup>11</sup> VCOSS calls on the Government to specifically resource

learning outcomes of Indigenous young people in the later years of schooling.

### Victorian Schools Plan

VCOSS commends the Government on its substantial investment of \$555 million to upgrade and modernise 131 schools in total as part of Stage 1 of its Victorian Schools Plan. We particularly welcome the focus on upgrading schools in 'growth corridor' (interface) areas and in rural and regional areas of Victoria.

VCOSS recommends that the Government employ a community strengthening framework to guide the rollout of the Victorian Schools Plan. Community strengthening can be defined as:

*'Any sustained effort to increase the connectedness, active engagement and partnership among members of the community, community groups and organisations in order to enhance social, economic and environmental objectives.'*<sup>12</sup>

Actively strengthening partnerships and collaboration between the range of stakeholders in the local community through the rollout of the Victorian Schools Plan would ensure that improving

We note stakeholder concerns regarding the viability of its implementation, and urge the Government to strengthen its work with school communities in the program's implementation.<sup>13</sup>

VCOSS is concerned about the lack of ongoing funding for programs funded through the Leading Schools initiative. One successful example of a program funded through this initiative is NETschool in Bendigo. NETschool, an annexe of Bendigo Senior Secondary College, has a strong record of success in re-engaging young people with multiple disengagement factors in post-compulsory education. It is widely acknowledged that engagement in some form of post-compulsory education is fundamental to ensuring that young people have the opportunity to reach their full potential and to participate fully in the social and economic life of their communities. VCOSS calls on the Victorian Government to continue investment in both NETschool and in other successful initiatives which are effective in engaging young people at risk of marginalisation.

VCOSS is disappointed at the lack of investment in the 2007-08 Budget to address the cost barriers faced by many

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low-income families in supporting their children to participate in compulsory education. The lack of adequate resourcing of schools' global budgets means that schools continue to be reliant on the economic capacity of their community to contribute to school funding. Such an approach builds inequities into the education system, thereby undermining the Government's objectives to promote fairness, create opportunities and address disadvantage as outlined in *A fairer Victoria*. The majority of state schools levy fees and charges for students' participation in areas of the school curriculum. These fees and charges are often substantial and in many cases are

undermining participation by students from low-income households. VCOSS calls on the Government to fully fund all school activities with a learning and developmental focus undertaken within normal school hours to remove the need for financial contributions from students' families.

While VCOSS welcomes the substantial and timely investment in upgrading schools across the state and the ongoing resourcing of a number of successful initiatives, we are disappointed in the lack of effective increase in overall spending and at the lack of targeted funding in some key areas. In particular, the lack

of specific resources to improve the educational outcomes of Indigenous students is disappointing, as is the lack of investment which would remove the need for state schools to require financial contributions from parents for students' participation in important areas of the school curriculum.



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# HOUSING

### Rental housing spending

Housing received a significant boost in the 2007-08 State Budget, with \$500 million allocated for public and community housing.

A \$300 million investment fund has been set up in the 2006-07 financial year with \$60 million for public housing and \$240 million for new developments to be managed by Housing Associations. The \$60 million was Labor's pre-election commitment to public housing and will be spent over three years, and the \$240 million is an extra commitment to be spent over four years.

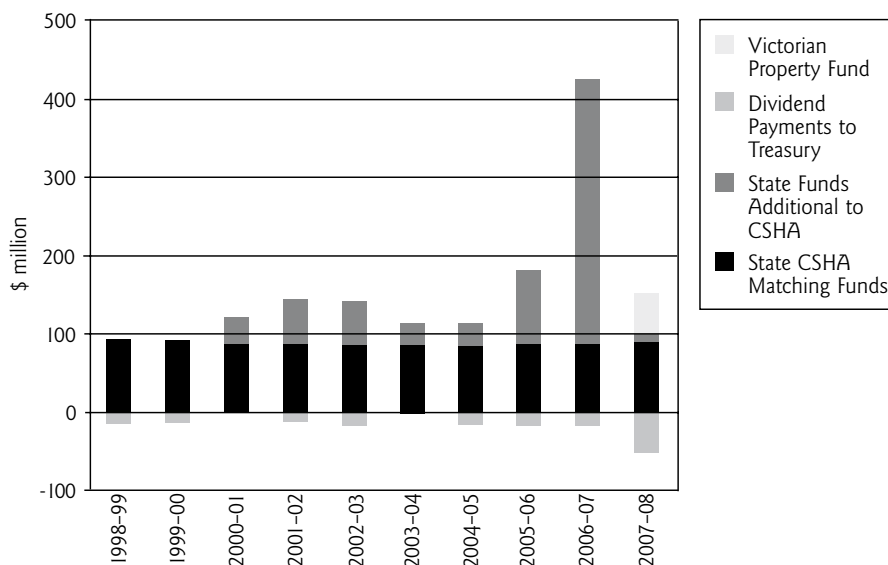
The Budget also commits \$200 million over four years for new and redeveloped public housing from the Victorian Property Fund.<sup>14</sup> These funds are roughly equivalent to repayments due to Treasury under a 1998 Deed of Agreement that commits the Office of Housing to an annual payment of \$50.5 to 2042.

In other words, the Office of Housing is receiving \$200 million, but is due to pay \$202 million over the next four years. This is reflected in the chart below.

### Impact on supply

A large proportion of the \$500 million allocated to public and housing in the Budget are to be directed to redeveloping and replacing public housing properties that are no longer in a liveable condition. Consequently, the total number of properties in public and community ownership is not expected to increase as much as half a billion in new investment might imply.

In 2007-08, the net increase in stock is expected to be 400 properties – mostly bought with capital funds from previous budgets. The net gain in both public and community housing over the life of the program should exceed 1,000 properties, with most of this gain expected in the Housing Association sector.



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## Public housing rents

### Rent increase

The 2007-08 Budget also included an increase in public housing rents for tenants who receive family tax benefit. Rents are being increased from the current rate of 11% of the family tax benefit component of income to 15%, in 1% instalments per year from April 2008.

Households with more children will be most severely affected with those with five

children paying up to an extra \$20.79 a week. The table below shows the impact on different families.

As 65% of public tenant households currently fall below the minimum standard of living after paying rent, this rent hike will only exacerbate family hardship.

### Rent assessment

The Budget also included a change in how rents will be assessed, with the current provision for rents to increase as soon as incomes increase being removed. Instead

rents will be assessed every 26 weeks and income increases in between times will not result in an immediate rental increase. This is a welcome initiative that will increase the financial return on paid work for public tenants.

However, the Office of Housing has not yet clarified the arrangements to be put in place for tenants whose income decreases between rental assessments. Not decreasing rent in line with loss of income, places tenants at risk of serious financial hardship.

	1 child aged 13-15	2 children aged 13-15	2 children aged 13-15 and one child less than 5	2 children aged 13-15 and 2 child less than 5	2 children aged 13-15, 1 child aged 5-12 and 2 children less than 5
Family Tax Benefit A	\$89.88	\$179.76	\$250.18	\$320.60	\$391.02
Family Tax Benefit B	\$42.14	\$42.14	\$60.48	\$60.48	\$60.48
Lump sum payments	\$18.46	\$30.88	\$43.31	\$55.73	\$68.16
<b>TOTAL FBT Payments</b>	<b>\$150.48</b>	<b>\$252.78</b>	<b>\$353.97</b>	<b>\$436.81</b>	<b>\$519.66</b>
Rent on FBT 11%	\$16.55	\$27.81	\$38.94	\$48.05	\$57.16
Rent on FBT 15%	\$22.57	\$37.92	\$53.10	\$65.52	\$77.95
<b>Total extra rent</b>	<b>\$6.00</b>	<b>\$10.11</b>	<b>\$14.16</b>	<b>\$17.49</b>	<b>\$20.79</b>

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# JUSTICE, YOUTH JUSTICE AND HUMAN RIGHTS

## Justice

The 2007-08 Budget includes \$110 million of new initiatives to improve justice services, including investment in courts, legal aid and community legal centres, and victims of crime assistance.<sup>15</sup>

The bulk of this money – \$91.3 million over four years – will be spent reducing court delays, improving court processes and upgrading Coronial services.<sup>16</sup>

\$18 million was allocated for Community Legal Services (\$9.6 million over four years), and Victims of Crime Assistance (\$8.4 million over four years).

VCOSS warmly welcomes the \$9.6 million allocated for Community Legal Services. This includes funding for five new community lawyers in rural and regional areas, and modest contributions for the Public Interest Law Clearing House to improve services for homeless people, and to Legal Aid to provide assistance to people affected by drought.

VCOSS particularly welcomes the initiatives to assist people affected by family violence, including a new position funded at the Aboriginal Family Violence Prevention Legal Service, and seven dedicated family violence community lawyers.

A full budget briefing on Family Violence initiatives is expected to be held on 24 May. VCOSS will provide updated information as it becomes available.

## Policing and community safety

Policing has seen a massive increase in funding in the 2007-08 Budget, with \$273 million dedicated over four years for new police, and police weapons and equipment.<sup>17</sup>

\$14 million of this is allocated for new weapons and equipment, including Tasers and semi-automatic weapons.

This funding has also provided for 350 new police officers (\$87 million), new and

refurbished police stations (\$94 million), 100 new police cars (\$10 million) and \$4 million for laptops and other technology.

This largely delivers on the pre-election Record of Commitments made by the Government to the Police Association.<sup>18</sup>

\$4.5 million has been allocated for the 'fight against graffiti'. This money will partly continue to fund clean up programs, and will partly finance new laws expected to be announced as part of the Graffiti Prevention Exposure Bill. However, as elements of the Exposure Bill are still the subject of consultation, it is premature to comment on the likely impact of this funding.

## Imprisonment and community corrections

Spending on prisons in the 2007-08 Budget is projected to increase by 3% after adjusting for inflation and general population growth – an increase to \$443 million, from an expected outcome of \$410 million in 2006-07.<sup>19</sup> This is despite a 22% reduction in the reported crime rate.<sup>20</sup>

Of this spending, \$25 million is targeted 'to increase prison capacity, get prisoners out of police cells and free up police time for police work', and will include an additional 300 prison beds.<sup>21</sup> It is concerning that the number of prison beds and average daily number of prisoners<sup>22</sup> are increasing, particularly given the decreasing crime rate.

By contrast, Community Based Offender Supervision has been cut by 6% to \$57.7 million from an expected outcome of \$58.7 in 2006-07.<sup>23</sup>

## Youth justice

The 2007-08 Budget includes \$111.1 million for 'youth services and youth justice', a real effective decrease of 0.3% on 2006-07 spending.<sup>24</sup>

Most reported deliverables in the 2007-08 Budget use new output measures,

making a comparative analysis of outputs impossible.<sup>25</sup> VCOSS is seeking clarification on comparison of output measures from previous years with the current reporting format.

However, a positive indication in the Budget is a shift of spending from custodial to community based services, reflecting increased management of young offenders through community, rather than custodial orders.

## Human rights

No new initiatives were announced for human rights in the 2007-08 Budget, and no output measures for human rights were included in the Budget papers, despite the assertion that 'human rights protection' is one of the seven key objectives of the Department of Justice's major policy decisions and directions.<sup>26</sup>

## Conclusion

VCOSS congratulates the government for honouring its commitment to increasing the funding for community legal services, especially in the area of family violence. Aside from this, there are few remarkable justice initiatives, and the bulk of Justice funding is targeted towards improving infrastructure and delivery of services.

The lack of new funding for human rights is particularly disappointing given the recent introduction of the Victorian Charter of Human Rights and Responsibilities. The massive spending on policing and the increase in prison beds is also concerning, particularly considering the disproportionate prominence it is given in comparison with justice initiatives.

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# TRANSPORT

VCOSS welcomes the continuation of funding for public transport set out in the *Meeting Our Transport Challenges* strategy and the funding of election commitments to reduce the costs of transport in Melbourne's outer suburbs and for rural and regional Victorians. However, it is disappointing that a reduction in stamp duty for new cars was prioritised over additional funding for public transport services and further accessibility improvements.

### Cooleroo station

VCOSS applauds the funding of the Government's election commitment to build Cooleroo station. The new station will provide high quality public transport to the well established and low income communities of Meadow Heights and Cooleroo.

### Rail services

VCOSS commends the government's recognition of growing congestion on Melbourne's train services through bringing forward the purchase of 10 trains and the training of 22 new drivers. This overcrowding, especially at peak times, not only inconveniences commuters but limits the accessibility of the train system for passengers with special needs including wheelchair users and parents with prams.

However, it is hoped that additional peak hour services can be provided before the new trains enter the system in 2009 to address this issue.

### Fare reductions

The funding of the pre-election *Fare Go Package*, which reduces VLine fares by an average of 20% and abolishes Zone 3, will significantly reduce the transport costs for rural and regional Victorians and residents of Melbourne's outer east and south-eastern suburbs.

However, the frequency and quality of public transport outside the metropolitan area remains a cause of transport disadvantage in many communities.

Services which adequately connect communities to their local regional centres should be a priority for future public transport investment.

### Motor Vehicle Duty Cuts

VCOSS is disappointed in the decision to use funds from the removal of the petrol subsidy to provide \$177 million over five years to reduce the stamp duty on new cars valued between \$35,000 – \$57,009. By not linking this tax benefit to the fuel efficiency of the vehicle purchased, it will have no environmental benefit. The annual cost of this initiative is equal to the Budget allocated for the construction of Cooleroo station yet will serve only to assist middle and higher income earners who can afford a car in this price bracket. These funds could have been invested in providing additional public transport infrastructure and services which would have a dual environmental and social benefit.



# State Budget 2007-08

## STATE BUDGET 2007-08 ANALYSIS

### UTILITIES

VCOSS's overriding objective for utilities policy is to ensure that all households have affordable access to essential energy and water sufficient to meet their needs. Accordingly the utilities policy framework needs to encompass pricing, appropriate protections for households in hardship, and opportunities for households to improve energy and water efficiency in order to avoid unnecessary consumption. No-one should have an essential service disconnected solely due to incapacity to pay.

The 2006-07 Budget included a raft of measures targeting energy and water hardship, including expansion of assistance schemes and some strengthening of concessions. At the same time, the legislative and regulatory framework was strengthened to ensure energy retailers took a more proactive role in assisting customers vulnerable to hardship.

The 2007-08 Budget appropriately gives more attention to domestic energy and water efficiency. Key measures include:

- The **Rebates for Being Green** program, providing rebates for purchase of ceiling insulation and high-efficiency appliances such as fridges, washing machines, heaters and coolers. (\$14 million over four years)
- Expansion of the **Water Smart Gardens and Homes Rebates Scheme** subsidising water-efficient and water-saving products. (\$20 million over four years)
- Continued funding for the **Energy and Water TaskForce** program, providing free retro-fits to households in disadvantaged communities. (\$2.1 million over four years)
- The **WaterSmart** behaviour change program to assist households reduce water use (\$4 million over four years)
- Establishment of the **Victorian Energy Efficiency Target (VEET)** scheme (\$1 million)

#### 1. Rebates

While VCOSS commends the Government for its significant attention to and investment in assisting households become more energy and water efficient, it must be recognised that rebate schemes are generally inaccessible for low-income households who do not have sufficient resources to pay the full cost up-front. Delivering the rebate as a discount would address this barrier for some households; however the size of the rebates is still insufficient to make efficient appliances affordable for many households. This is especially unfortunate because while the entire community benefits from the reduced emissions and water savings facilitated by greater energy and water efficiency, disadvantaged and vulnerable households would particularly benefit from the cost savings of lower consumption.

*To be effective for low-income households, rebates need to be of a greater magnitude and delivered as up-front discounts for eligible (e.g. concession) households.*

#### 2. The Energy and Water TaskForce

While VCOSS welcomes the continued resourcing of this excellent program, it is still too limited to be broadly effective. The Government's commitment to addressing place-based disadvantage is commendable, but by restricting the TaskForce to Neighbourhood Renewal areas many disadvantaged and vulnerable households are missing out. Additionally, having little scope to retro-fit larger appliances (such as heaters and hot water systems) and deliver an educative component limits the program's effectiveness.

*Imminent increases in energy and water prices and the growing need to address the causes and impacts of climate change demand a more comprehensive approach to enabling disadvantaged and vulnerable households to achieve energy and water efficiencies. Whether as a*

*complementary initiative or an expansion of the TaskForce, a program is needed that comprises both education and well-resourced retro-fits, can work in private as well as public rental, and meets needs outside of designated disadvantaged areas.*

#### 3. WaterSmart program

Experience in home energy audits has shown that education is hugely effective in reducing unnecessary household energy and water consumption. Thus VCOSS commends the WaterSmart behaviour-change program.

#### 4. Victorian Energy Efficiency Targets

VCOSS commends the establishment of the VEET scheme, noting that it provides an industry-wide incentive structure for addressing unnecessary consumption in both households and businesses.

*However, VCOSS cautions that the scheme must contain specific measures to target low-income households if it is to be truly effective and deliver social as well as environmental outcomes. Reliance on small programs such as the Energy and Water TaskForce is not sufficient.*

#### 5. Other matters

##### **Initiatives to improve government, commercial, industrial and agricultural water and energy efficiency**

VCOSS welcomes these initiatives; it is both thorough and equitable to pursue efficiencies in businesses as well as households. Addressing government usage provides a benchmark and also adds legitimacy to the Government's climate change agenda.

##### **Energy and water prices and the concessions framework**

Notwithstanding last year's strengthening of the concessions framework, the imminent significant increases in both

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energy and water prices (essentially attributable to the direct and indirect impacts of climate change) demand significant new investment in a stronger concessions framework. While Victoria's utilities concession framework is among the best in the nation, large price increases will still cause substantial hardship among low-income households. Of particular concern is the water and sewerage concession: that 73 per cent of eligible households claimed the full concession amount<sup>27</sup> suggests that the cap, despite indexation, is set too low.

*VCOSS recommends establishing a new energy concession to cover the non-winter period (to complement, not replace, the existing Winter Energy and Off-Peak concessions), raising the cap on capped concessions (such as water and sewerage, and non-mains energy) proportional to price increases (with an additional increase for the water and sewerage concession to realign it with need), and introducing an additional water and sewerage concession for large households to offset the additional cost of essential usage beyond the lowest tariff block.*

## Conclusion

Overall, the new initiatives targeting energy and water efficiencies are welcomed and the Government's attention to addressing the causes and impacts of climate change commended. However without specific attention, low-income Victorians will be unable to participate, thus limiting the effectiveness of the programs and leaving them vulnerable to hardship caused by higher prices and little ability to reduce consumption.

<sup>1</sup> The real effective change indicates the additional money available for new spending initiatives in excess of population and CPI growth.

<sup>2</sup> This figure was calculated by adjusting the 2007-08 disability services target by 3.86% – the conversion of the Government's estimate of 46% increase in support needs between 2005-2015 based on the ageing population and the projected growth in the number of Victorians with a disability to a per annum figure, calculated by the former Council for Intellectual Disability Agencies (Vic) (CIDA) (personal correspondence with Sue Jackson, 8 May 2007). See Minister Garbutt quoted in 'Government running out of time – families running out of patience', media release, CIDA, 3 May 2005

<sup>3</sup> These initiatives are funded as part of the 'Helping Working Families: Giving Children the Best Start in Life' initiative - see p 283, Budget Paper No. 3 (personal communication with Barry Ingot, Office for Children, 22 May 2007)

<sup>4</sup> A breakdown of the amounts of these packages has not been made available.

<sup>5</sup> p 92, Budget Paper No. 3

<sup>6</sup> p 18, *Call to Political Parties, 2006 Victorian State Election*, Coalition for Disability Rights, 2006

<sup>7</sup> December 2006 Disability Support Register, <http://www.dhs.vic.gov.au>

<sup>8</sup> 'Disability chief blasts heartless and short-sighted State Budget', Association of Children with a Disability, media release, 1 May 2007

<sup>9</sup> Adjusted for inflation and population growth.

<sup>10</sup> Personal communication with Jessica Freame, Department of Education, 7 May 2007

<sup>11</sup> pp 56-57, *Budget Paper No. 3*

<sup>12</sup> M Considine, *Building connections: Community strengthening and local government in Victoria - A paper prepared for Local Government Victoria*, Department for Victorian Communities, August 2004.

<sup>13</sup> 'Raspberry for free fruit plan', Bridie Smith, Business Day, *The Age*, 2 May 2007

<sup>14</sup> The Victorian Property Fund is a trust fund established under the *Estate Agents Act 1980*. Income for the Fund comes from estate agent licence fees, fines, and interest generated on estate agent trust accounts.

<sup>15</sup> State Budget 2007-08 Fact Sheet: '\$110 million to Deliver Justice for All Victorians'

<sup>16</sup> State Budget 2007-08 Fact Sheet: '\$91.3 million investment in modernizing courts'

<sup>17</sup> State Budget 2007-08 media release, '\$273 million budget boost for Community Safety', Minister for Police and Emergency Services, 1 May 2007.

<sup>18</sup> Letter from Hon Steve Bracks and Hon Tim Holding to Mr Paul Mullett, Secretary, Police Association, dated 6 November 2006. Re: Record of Commitments

<sup>19</sup> *Budget Paper 3*, p 167

<sup>20</sup> *Budget Paper 3*, Chap 2 Service Delivery, p46

<sup>21</sup> *Statement of Finances*, p84:

<sup>22</sup> In 2005-06, the actual average daily number of prisoners was 3,648 while in 2006-07 the expected outcome is 4,012. Budget Paper 3, p167.

<sup>23</sup> *Budget Paper 3*, p 168.

<sup>24</sup> VCOSS analysis of real spending increases, adjusted for inflation and population growth.

<sup>25</sup> Service Delivery 2007-08, p 98

<sup>26</sup> *Budget Paper 3*, p150.

<sup>27</sup> Concessions Unit, *State concessions and hardship programs 2005-2006*, Dept Human Services 2007.