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From
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Strong revenues enable Victorian Budget investments in family violence and transport; but there are lost opportunities in addressing underlying needs.

Annual Government budgets are very complex documents, which both reflect and influence developments in the society that the Government is elected to serve. So it is with Victoria's budget which Treasurer Tim Pallas brought down on 2 May, which provides for the provision of \$62bn in goods and services in 2017/18, and capital expenditure of \$10bn a year over the next four years.

A strong economy and increasing house prices, resulting in continued growth in Victorian Government revenues, has underpinned significant additional budget funding on responding to family violence, transport infrastructure and police numbers. Promotion of infrastructure and services across the State was a major theme.

Substantial initiatives over the past year by the Andrews' Government have addressed entrenched disadvantage and vulnerability in the community, including in child and family services, family violence and social housing and homelessness. Some very helpful initiatives notwithstanding, this budget did not seize the opportunity to continue this focus on disadvantage and need. Nor did it venture as boldly in addressing the underlying causes of crime as it did in funding high profile increases in police numbers and capability. The 2018 pre-election budget will be the next major opportunity to redress this.

A strong economy

The Victorian economy is, on the whole, quite strong, with population growth of 2.1% in 2015/16, economic growth of 3.3% and recent annual employment growth of 3.4%. This strength is not to be confused with the common good - within this broad picture there are major issues, and significant areas of entrenched and emerging disadvantage. But the broad economy is a sound basis on which to frame a budget that provides infrastructure and services that will underpin the development of a safe, just and compassionate society.

Victorian Government finances are strong, with revenue increasing steadily over recent years, and projected to continue to grow. This enables additional expenditure in a wide range of service areas, and expenditure on capital infrastructure at twice the level of the past ten years.

Government priorities revealed

The allocation of this spending builds on the patterns established over the years - Health, Education, Transport and public safety together account for nearly 80% of Victorian Government expenditure. These ongoing expenditures are at the heart of the budget, and of central importance to Victorians is the quality of

the services that are provided to the state. The budget is not the best way to assess such matters. The Auditor General, the Ombudsman, Parliamentary inquiries etc all provide vital information and insights over the course of a year.

Budget attention tends to be on initiatives, which are a good indication of the priorities and values of a Government.

Revenue changes were relatively modest – they included some payroll tax relief, including concessions for businesses in regional Victoria; and a reduction in the annual volatility of land tax. Land sales and land values, as well as payroll, are the main tax bases for Victoria, as well as other states.

The \$1.9bn in gambling taxes remains a problem area. Problem gambling causes significant harm to a number of Victorians, and Government reliance on revenue from gambling clouds the approach to this issue. Over the longer term, Victorians will be better off without gambling revenue forming part of the foundation of the budget.

New investments in road and rail, in Melbourne and across the State, are the major elements in a capital works program that also reaches into health, education, community safety, and social housing. A total of \$2bn on roads, including the M80 ring road upgrade, and \$556m in regional road improvement; and \$2bn in public transport initiatives across the State.

Family violence continues to be a top priority for the Andrews' Government, as it seeks to implement every recommendation from its 2016 Royal Commission into family violence. This budget commits a staggering \$1.9bn in family violence initiatives, which is added to the \$572m announced in the previous budget. Programs to be funded include 17 support and safety hubs across the state, emergency and longer term housing programs for victims, prevention programs, additional measures to enable the courts to better manage their family violence cases, and significant programs in support of children, and in prevention.

There are many other welcome announcements, including

- \$81m additional funding for maternal and child health programs
- \$20m for newly arrived student in Government schools
- \$407m boost to mental health inpatient services

Importantly, there are no major reductions in programs that reach those in most need.

Youth justice challenges

Improving community safety is consolidated as a significant Government priority, not only in relation to family violence, but in greater policy numbers, and re-investment in youth justice.

A \$2bn boost to Victoria Police will fund an additional 2,700 police officers, and expenditure of \$361m will be spent on a new youth justice facility 7km outside of Werribee.

These data reveal a massive imbalance. Community safety will be built over time by investment in the wellbeing of families and communities, before young people threaten the security of others in the community; and international evidence argues against a single, large prison for young people, rather than smaller centres where the development and rehabilitation of young people can be the primary focus.

Loose ends for the next budget

As with any budget, covering as it does thousands of program items, there are lots of unknowns, and lots of uncertainties. The budget provides, for example, that \$130m is allocated in 2016/17 for child protection and related services for children affected by family violence; but there is no provision for future years. This is an issue that it will be important for the Government to focus on in their next budget, lest a program of support commence and then come to an abrupt end.

There are many areas where further investment is badly needed: increasing investment in public housing; place-based investment focus in areas of entrenched disadvantage; adequate investment in palliative care services, for example.

In many cases it's not that the Government isn't concerned to address these community needs; rather, that programs of support seem to be based on what is affordable at the margins, rather than on what is needed to provide an adequate level of service over time, such as is the approach taken in addressing transport, energy and other physical infrastructure issues.

An investment-focused approach along those lines would be a ground-breaking contribution to building a Victorian community that was safe, equitable and compassionate.