



RESEARCH REPORT NO 4

Social Policy and Social Services in Queensland

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Summary

This report reviews evidence from a number of sources concerning the provision of social services in Australia and Queensland. The data shows that Australia and Queensland have very low public expenditure on social services compared with that of most other developed democracies. These low levels of welfare benefits reflect the fact that Australia has very low taxation receipts compared with the other OECD countries. Australian governments have been reluctant to levy the necessary taxes to provide these services.

Queensland only emerged in the 1980s from a regime of low taxes and low levels of services provision however current political ideologies and associated austerity budgets at both commonwealth and state levels are overseeing a reversion to the earlier low levels of public expenditure on services.

Survey data reviewed in the report illuminates a number of key findings:

1. Accessibility of public services is critical to the wellbeing and quality of life of Queenslanders.
2. Many people in Queensland do not have basic services available to them.
3. Some regional and remote areas have very low service provision.
4. The impact of low service provision is greatly exacerbated for lone parent households, unemployed persons, older people and people with disabilities.

A number of policy recommendations follow from this analysis:

1. An ongoing survey of wellbeing and social service provision needs to be undertaken to enable policy makers to pinpoint key areas of social need.
2. The evidence base developed from these surveys must be used to develop policies to address the needs for social and economic infrastructure to support appropriate standards of living in Queensland's urban and regional communities.
3. There is a pressing need to extend and maintain public expenditure on services to support the quality of life of Queensland families, communities and regions.
4. The state's conservative performance in revenue raising is at odds with the needs of a growing population and the requirements of economic and social development and alternative options for taxation must be considered.

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The broader context of social welfare services

Australia has long been characterised as a welfare laggard with recorded levels of social welfare expenditure significantly behind most other developed countries. There are some good reasons for this appearance of parsimony not least the existence for many decades of an arbitration system that ensured (mostly male) breadwinners were compensated through a living wage that met some of the needs filled by social services in other countries. Other reasons were associated with a political rejection of publicly funded social benefits that had become the norm in other democracies.

At present, as shown in Table 1, public social spending in Australia remains near the bottom of the list of OECD country total expenditures on health, housing, family benefits, labour market programs, aged care, disability services, and unemployment. Currently, in the absence of protection through the arbitration system for a majority of workers, many Australians struggle to meet basic living

Table 1: Total public social expenditure in OECD countries

Country	2013 - % of GDP
France	33.0
Denmark	30.8
Belgium	30.7
Finland	30.5
Sweden	28.6
Italy	28.4
Austria	28.3
Spain	27.4
Portugal	26.4
Germany	26.2
Netherlands	24.3
United Kingdom	23.8
Norway	22.9
New Zealand	22.4
Hungary	21.6
United States	20.0
Australia	19.5
Switzerland	19.1
Canada	18.2

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Source: Social expenditure: Aggregated data, OECD Social Expenditure Statistics (OECD database)

requirements. Australia also spends less on welfare in the form of cash benefits to households (Age pensions, disability support pensions, unemployment benefits and Newstart) than almost all of the major developed economies (OECD Social Expenditure database). Australia spends about 8.7 percent of GDP on cash benefits compared with 19 percent in France, 14 percent in Germany, 13.6 in Sweden and 12 percent in the United Kingdom. The OECD average is 13 percent.

With pressure on funding for income support measures in the context of an ageing population, there have been assertions that the welfare system is 'unsustainable' (Hockey 2014). However, Treasury projections show that income support recipients as a percent of the population are not expected to rise and total income support spending will be about the same (as a proportion of GDP) in 2049-50 as it was in 2009-10. This outcome is a consequence of the fact that, as the population ages, there will be greater spending on the age pension but this will be compensated to a considerable extent by relatively lower spending on family benefits such as paid parental leave and maternity services. Generally speaking, there is little evidence of unsustainability in Australia's system of social welfare provision.

Australia's welfare system is also more tightly means tested than that of any other OECD country which denotes that most services are provided not as a right of citizenship but are selectively made available on the basis of income or some other characteristic. There are three effects of this rather parsimonious approach. The first is that the ratio of benefits paid to the bottom 20 percent of income earners to those available to the top 20 percent of income earners is about 12:1. These data strongly refute the prevalent notion of 'middle class welfare' in Australia. Secondly, Australia's residualist view of welfare contrasts with the European system, where everybody contributes and everybody is entitled to draw out on the basis of citizenship. The Australian system, on the other hand, always builds pressure for lower taxes and lower levels of services from more affluent groups who do not draw on them. The final consequence of Australia's highly means tested welfare system is that any cuts to welfare provision such as those announced in the 2014 budget will have a significantly greater impact on lower income earners which, in turn, will drive greater social inequality. And as some of the biggest problems in modern societies grow worse with growing inequality - violent crime, mental illness, homelessness, educational failure and family breakup – the consequences of austerity budgets becomes manifest.

Services and taxes

Ungenerous welfare benefits reflect the fact that Australia is a low tax country by the standards of most other developed countries. In 2011, Australia had one of the lowest tax burdens of the OECD countries (Table 2) and has typically ranked in the bottom third of countries since 1965. In 2011, Australia's tax-to-GDP ratio was 26.5 percent — below the OECD average of 34.1 percent. The important point about Australia's low levels of taxation is the impact that it has on the benefits and services that government revenue in the form of taxation buys. Any large reduction in taxes comes at the expense of fewer services or higher charges for future services. Unfortunately, the reality that higher taxes are a necessary precondition for building a civilised, sustainable society, has been largely excised from contemporary political debate in Australia. This fact has been replaced with a mantra of 'the end of the age of entitlement' and a taken for granted proposition that, with an ageing population and a shrinking workforce, the country cannot afford to fund a welfare system which allows the aged, the sick, the unemployed and the dysfunctional to participate in the relatively affluent society to which many of us are accustomed. As Kenneth Davidson asserted recently, "what they really means is that they are not prepared to pay the necessary taxes to ensure this participation" (Davidson 2014).

Table 2: Total government revenue of OECD countries

Country	2011 - % of GDP
Denmark	47.7
Sweden	44.2
France	44.1
Belgium	44.1
Finland	43.7
Italy	43.0
Norway	42.5
Austria	42.3
Netherlands	38.6
Hungary	37.1
Germany	36.9
United Kingdom	35.7
Portugal	33.0
Spain	32.2
New Zealand	31.5
Canada	30.4
Switzerland	28.6
Australia	26.5
United States	24.0

Source: Taxation Revenue Statistics – OECD Member Countries (OECD Database)

Australia's taxation regime and welfare spending is very low by the standards of most advanced economies and is expected to decline further as a result of measures that are part of the 2014 budget. The changes to Medicare designed to limit access to GPs and the reluctance to finance the Gonski schools reforms where the resourcing needs for education are most acute are ideological policy responses that will impact on the maintenance or enhancement of human and social capital for a significant proportion of the population (Davidson 2014). Similarly, the decision to make the comparatively inadequate dole for the under-30s unemployed available for only half the year means without more jobs, the choice for job-seekers will involve family support, private charity, malnutrition or crime. There is no crisis of economic sustainability concerning Australian social services. There is, however, an emerging crisis of social sustainability as unemployment relief, disability payments and other cash benefits are pared back from already low levels and the rising tide of inequality begins to threaten economic performance and political and social stability (Stiglitz 2014).

It is against this background that, as a result of the 2014 Commonwealth Budget projections, Queensland policy makers will need to come to terms with major cuts to Commonwealth funding that has sustained expenditure on services in health care, education, criminal justice, and transport infrastructure.

Social expenditure in Queensland

Some states spend considerably more per person than others. Queensland spends a much larger proportion of its budget on infrastructure, transport and planning than other large states do in part due to the higher costs of servicing regional and remote populations. Some other increased pressures for expenditure in Queensland are associated with its above average share of: population growth; government school enrolments; indigenous people; people living in remote areas; and road use. However, expenditure on infrastructure and transport masks major shortfalls in expenditure on public health services, school and tertiary education; and health and community services for indigenous people, people with disabilities, older people, and other vulnerable groups. Queensland's demographic and employment trends have placed increasing demands upon public services and infrastructure provided or supported by the State Government especially in key areas such as transport, water supply, health, education, housing and human services.

During the 1980s, revenue and expenditure in Queensland were about eighty percent of the average for Australian states. Over the past several decades successive State Governments of Queensland have made a gradual transition from an economic strategy based on low taxes, low levels of public investment, low levels of expenditure on service provision and exploitation of natural resources to what was termed a 'Smart State' strategy based on government support for high value added in manufacturing, mining and services by a highly skilled and educated workforce (See Boreham et al 2007). However, a 'Smart State' strategy, based on attracting and retaining a highly educated, highly skilled workforce also required higher expenditure on education and research and development and the provision of high-quality public amenities and community services.

The strategy anticipated high quality infrastructure and service delivery. However, the transition from a low tax, low service provision strategy has been more complete in relation to expenditure than to revenue. The widely publicised shortfalls of the state's hospital system, which have their origins in the culture of low spending, underline the need for Queensland to raise higher revenue in order to spend more on the services that are of most importance to the everyday life of its citizens. The current 'four pillar' strategy the government has identified, that focuses investment on mining, construction, agriculture and tourism as the future drivers of State economic growth, appears to be a reversion to the 1980s model.

The state's conservative performance in revenue raising - reflecting the continuing importance of the previous low tax – low expenditure regime - is at odds with the needs of a rapidly growing population and the requirements of economic and social development. Ultimately, it is not possible to maintain the status of a low-tax state while endeavouring to provide public services to a standard comparable with those of other states, as the Queensland public clearly deserves to expect. The low revenue raising effort is significant given that the current and projected shortfall in Commonwealth funding intensifies the burden placed on all State Governments especially Queensland. As Jon Stanford has recently argued, there appears to be an urgent need to review taxes to bring them to the levels of other states (Stanford 2014).

In the current structure of Commonwealth-State financial relations, state governments have only a limited capacity to raise revenue and reorder expenditure priorities. A large proportion of revenue is

derived from Commonwealth taxation and much of this is tied to specific expenditure programs. However, these constraints only enhance the importance of careful consideration of the costs and benefits of alternative policy options available to Queensland. In the long term, it is not possible to reconcile the provision of public services at levels at or above the Australian average with a tax effort somewhat below the Australian average.

The long-term deterioration in budget balances is a result of successive Commonwealth governments collecting ever less tax revenue, as a percentage of GDP. The fact that the Commonwealth is largely implicated in the funding problems facing state governments does not absolve the state governments of their responsibility for the basic services expected by all Australians. Rather, the shortfall in Commonwealth funding intensifies the burden of responsibility on the State Government. The impact of inadequate provision of services has long been observed by front-line practitioners: provision devolved to inadequately resourced families and charities; individuals often forced into homelessness or fringe criminal activities; poverty and family disintegration. However, much broader evidence of the social outcomes of an inability to access services is available from a recent Queensland study to which we turn in the following section.

Social wellbeing and social services in Queensland

During the past decade Queensland has experienced a range of social, economic and environmental changes that have had wide-ranging consequences for the wellbeing and standard of living of individuals and families:

- Population growth (1.8 million 1970 – 4.73 million 2014) has placed considerable pressure on social and economic infrastructure, on public services and on public finances.
- Economic and industrial restructuring and the decline of some industry sectors has had significant consequences for regional economic development and employment security.
- Queensland's recent natural disasters have been significant in terms of social impact and are likely to alter the profile of economic activity in the state in the short to medium term.

These factors have also had a differential impact on quality of life in regions, localities and communities.

Many of these changes have had a direct impact on the financial capacity of households, however, there are many such issues that cannot be measured in strictly financial terms but which reflect aspects of people's life circumstances. These include matters such as access to public services, employment security, housing, personal security, and family stress. Accordingly, the measures of wellbeing that are discussed in the following paragraphs are derived from survey-based evidence that records what people in Queensland care about and how satisfied they and their families are with the things that they consider important for the quality of their lives (Boreham & Povey 2012). The data were obtained from the *Study of Social Wellbeing* which involved a representative survey of Queensland households (Boreham et al. 2009). The study was undertaken over the three year period from 2008 to 2010, using a random probability sampling method stratified by region, age and gender. The sample was comprised of 2,143 respondents aged 18 to 65 years.

The survey results provide us with reliable measures of Queenslanders' *wellbeing* or life satisfaction across a number of key domains such as: health, housing, work and leisure, financial security, family

and community ties and personal security. The study allows us to see how this measure is affected by a range of factors such as where you live, the type of family you have or your employment circumstances. Most importantly, we are able to show how wellbeing is affected by five key elements of the social environment, in particular: measures of *economic deprivation* defined as an inability to satisfy basic living needs; *social connections*, defined as social participation and maintaining strong networks of social support; *social cohesion*, manifested by trust and reciprocation within neighbourhood communities; *social exclusion* defined as lack of access to important public and private services such as health and education; and, *household income*. The analysis of the relationship between wellbeing and the other quality of life measures is presented below in Table 3. The first column shows the correlations between the measures of quality of life and wellbeing. The factor exhibiting the highest level of association with social wellbeing was 'social exclusion – access to services'. The correlation is substantial and statistically significant. In order to quantify the strength of the relationship between the five quality of life variables and wellbeing the second column shows the results of a linear regression model. The data in column 2 show that the model fit is quite strong (adjusted R² of 0.43) and that all of the Quality of Life variables are highly significant predictors of wellbeing. In particular, social exclusion, or lack of access to important public services such as health and education, is shown to exclude individuals from participating in activities crucial to their quality of life and is significantly and negatively associated with wellbeing. In summary, the data emphasise the critical importance of access to public services for the quality of life of Queensland families and communities. Changes that reduce the availability of public services are likely to have a profound impact on standards of living and general wellbeing.

Table 3: Relationship between wellbeing and other quality of life measures

Quality of life measure	correlations	regression estimates
Wellbeing	1.00	β
Social exclusion – access to services	0.54**	0.38***
Economic deprivation	-0.42**	-0.23***
Social cohesion	0.35**	0.17***
Household income	0.23**	0.09***
Social connections	0.22**	0.11***
Adjusted R ²		.43
N	2069	2069

p < 0.05, ** p < 0.01, *** p < 0.001 β are standardised regression estimates

The data reported above provide survey research evidence based on individuals' assessments of how satisfied they are with various aspects of their lives that they deem to be important contributors to their overall wellbeing. The results suggest a complex network of social capacities that enable people to take advantage of their social and human capital and material resources. This is an important finding for policy makers and it suggests that more attention needs to be paid to the

social circumstances of individuals and families, and not just their material circumstances if the quality of their lives is to be addressed by policy intervention.

Access to services and facilities is vital for the health and wellbeing of the community but there remain some substantial gaps in the accessibility of services and facilities. As Table 4 demonstrates, medical services and public transport are not widely accessible for a significant proportion of the population. Further analysis of the data also shows that these circumstances are considerably

Table 4: Accessibility of services and facilities in local area

<u>Services and facilities</u>	<u>% of sample reporting services inaccessible</u>
Public transport	28.7
Medical specialist	16.2
Hospital	11.8
Local police station	10.0
Doctor in a public hospital	9.6
Counselling services	8.8
Dentist	8.5
General practitioner	7.7
Child care facilities	7.0
Community health centre	6.8
Secondary school	6.1

exacerbated for lone parent households, unemployed persons, older people and people with disabilities. These and other disadvantaged groups are substantially excluded from public services that citizens of an advanced democracy ought to view as a normal expectation and there is a strong case for greater expenditure to close the gap.

Queensland has a diverse and dispersed population in which location has a significant impact on social wellbeing and social disadvantage. Table 5 illustrates how there is a maldistribution of public services across the state and that remote and some regional populations lack access to services and facilities. As discussed above, the combination of remote and regional access and other categories of disadvantage such as unemployment, age and disability places many individuals and families in a parlous state when they are confronted by other adversities such as ill health.

The data demonstrate that wellbeing depends on a range of social conditions that have value for individuals, families and communities such as health, housing, personal security, employment and

Table 5: Percentage of respondents indicating that health services and facilities are broadly inaccessible, by region

Health services and facilities	Fitzroy & Darling Downs %	Northern (including Mackay & Cairns) %	Remote %	South East Queensland %	Ipswich SSD & West Moreton %	Wide Bay-Burnett %
Doctor	10.4	1.9	7.5	0.7	0.7	6.7
Community health centre	16.5	5.9	11.9	7.9	10.4	10.1
Doctor in a public hospital	13.6	10.3	16.6	10.2	8.3	14.5
Medical specialist (e.g. Gastroenterologist)	34.6	19.9	47.2	8.1	20.8	31.6
Counselling services	20.6	10.8	31.0	7.1	13.9	17.0
Other health professionals (e.g. Physiotherapist)	13.0	5.8	22.6	2.7	6.9	11.5
On-line services and health websites	9.6	3.9	12.3	5.9	7.4	6.9
Dentist	17.9	10.1	27.0	3.5	7.1	14.9
Optometrist	7.4	3.0	18.1	2.1	3.6	5.9

access to public services. A number of circumstances are evident in these survey results that are clearly associated with lower wellbeing and poorer quality of life. These factors include single parent households; unemployed people; people with disabilities; families with sub-standard accommodation; people who reside in unsafe neighbourhoods; and individuals who live in regions that lack access to services and facilities. For many families and individuals these conditions tend to accumulate which makes breaking out of disadvantaged circumstances all the more difficult.

These findings make a significant contribution to a range of important policy questions by providing a scientific evidence base on which to develop policies to address the needs for social and economic infrastructure to support social wellbeing in Queensland's urban and regional communities. The data discussed above pinpoint the demographic and geographic factors associated with wellbeing that may allow these policy interventions to be better targeted. Many of the issues which are positively associated with wellbeing such as health, housing, employment, personal security and access to public services such as hospitals, public transport and policing are amenable to policy intervention - albeit in the context of government finances and the willingness of the community to support higher expenditure on public services through taxation.

Policy Responses

A number of policy recommendations follow from this analysis:

1. An ongoing survey of wellbeing and social service provision needs to be undertaken to enable policy makers to pinpoint key areas of social need.
2. The evidence base developed from these surveys must be used to develop policies to address the needs for social and economic infrastructure to support appropriate standards of living in Queensland's urban and regional communities.
3. There is a pressing need to extend and maintain public expenditure on services to support the quality of life of Queensland families, communities and regions.
4. The state's conservative performance in revenue raising is at odds with the needs of a growing population and the requirements of economic and social development and alternative options for taxation must be considered.

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