Submission to the South Australian Government's 2024-25 State Budget

SACOSS 2024-25 State Budget Submission

ISSN 1836-5035

First published in November 2023 by the South Australian Council of Social Service

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Introduction

The South Australian Council of Social Service (SACOSS) is the peak body for the non-government health and community services sector in this state. It represents 80 member organisations, including peak bodies and some of South Australia's largest charities, plus individual members drawn from across the sector.

Our vision is clear: justice, opportunity and shared wealth for all South Australians, and our policy advocacy is focused on the interests of vulnerable and disadvantaged people.

This submission to the 2024-25 State Budget process comes at a time when the state faces a number of major challenges. Cost of living pressures are hitting many households, but particularly those on low incomes, and there is a rental crisis putting many South Australians in housing stress or at risk of homelessness. The health system remains under stress, particularly in mental health where there is an alarming level of unmet need, and there are additional challenges in all these areas for those in regional areas.

The submission is divided into four broad headings:

1. Human Services
2. Housing
3. Concessions
4. Regional South Australia

Within this framework, the submission identifies 9 priority areas for budget expenditure or taxation reform, with 15 specific policy proposals in total.

In proposing new measures, SACOSS is mindful of government processes already underway (for instance, in public housing, concessions and regional planning), and where possible, we have included estimates of the magnitude of expenditure sought. However, we leave it to government to fully cost the proposals, or to consult and develop alternative proposals to address the issues identified.

Summary of Recommendations

The specific recommendations of this budget submission are as follows:

1. Human Services

1.1 Mental Health

SACOSS proposes two parts to providing additional mental health funding in the 2024-25 state budget:

- Ensuring that the $62.5m per annum called for by the Mental Health Coalition of SA is delivered in full by supplementing any shortfall that is not provided for in the mid-year budget review; and
- Working with the Commonwealth to ensure that the remaining gap is fully funded.

1.2 Child Protection
SACOSS proposes an additional allocation of child protection funding for preventive expenditures, set at a 5% increase each year in the combined preventive services allocation, approximating an additional $30 million over four years.

2. Housing
2.1 Public and Community Housing
SACOSS recommends an investment in social housing sufficient to:
- build around 1,000 public and community houses per year over the next four years;
- address the maintenance backlog in existing housing.

2.2 Property Taxes
SACOSS proposes the introduction of a "vacancy tax" – essentially an increased rate of land tax and council rates on land and buildings that are not being utilised.

SACOSS proposes that an opt-in scheme of replacing stamp duty with an annual land tax be introduced for low-income earners (at the very least).

2.3 Energy
SACOSS proposes that the South Australian Government matches retailer/customer funding for an amended Retailer Energy Productivity Scheme.

SACOSS is also calling for an allocation of funding to:
- adequately resource the development of a comprehensive communication strategy to educate South Australians about the deployment of smart meters; and to
- consider the future budget implications of providing financial support for customers to address site remediation issues and ensure an equitable deployment of smart meters.

3. Concessions
SACOSS recommends that:
- Money is set aside in budget planning for the more ambitious change proposals that are recommended through the government's concessions reform process, with cheaper options to be considered later in the process depending on the outcome of public consultation; and that
- The simple reforms be fully funded in the budget.

4. Regional South Australia
4.1 Regional Digital Inclusion
SACOSS proposes that $10 million be allocated annually to a regional digital inclusion fund, administered primarily by the state's regional libraries and community centres, with leadership from Local Councils.

4.2 Remote Water Supply
SACOSS proposes the State Government extend the 'state-wide pricing' principle to minor and intermediate water retailers in the State, or

alternatively, that the State Government establish a 'Remote Area Water Supply Scheme', modelled on the scheme for energy.

4.3 Upper Spencer Gulf Social Services Planning

SACOSS proposes funding for the first stages of a 3-stage process to analyse future need and plan for demand for social services in the light of development opportunities in the Upper Spencer Gulf.

1. Human Services

1.1 Mental Health Service Funding

This submission draws on and supports the Mental Health Coalition SA (MHCSA) advocacy for significant additional investment in community psychosocial support services.

Background
Community-based psychosocial supports are a vital service for people with severe mental illness. Such services provide immediate relief and support to people battling ill-health and enable them to stay well or avoid crisis support.

However, many South Australians are not getting access to these psychosocial supports. The Productivity Commission estimated that in 2020 some 11,000 South Australians had severe mental illness and a need for psychosocial support. It called for an increase in funding from state government to meet the shortfall in services.

Since then, according to the landmark "Unmet Needs" report commissioned by the Office of the Chief Psychiatrist, the number of people needing and not receiving psychosocial supports has increased substantially. The Report compared the services provided against the required service levels benchmarked by the National Mental Health Services Planning Framework. It found that in 2021-22 some 19,000 South Australians were not receiving services they need.

Government Funding
This shortfall in service provision is alarming in its own right and it also has impacts on the broader health system. Investment in psychosocial services dramatically reduces the need for hospital-based crisis and emergency services, reducing ramping and wait times related to mental distress, and therefore, saving the health system overall. We estimate that investing to close the gap in psychosocial service provision could reduce mental health admissions to SA hospitals by up to 11,000 per annum.

An independent evaluations, of the SA Intensive Home Base Support Service program found that 51% of people overall and 61% in regional SA reported that the intensive home based support service helped them to avoid a future hospital admission. A separate evaluation of the South Australian Individual Psychosocial Rehabilitation and Support Service (IPRSS) found that the IPRSS demonstrated a reduction in admissions of 39% and length of stay by 16%.

To deliver on these acute system savings, the Unmet Needs report estimates that an additional $125m per annum is required to fix the shortfall in psychosocial service provision to people with severe mental health illness in South Australia.

Proposal
SACOSS supports the Mental Health Coalition's call for the State Government to begin closing this gap in psychosocial services by investing 50% of the $125m in the 2023 mid-year budget review ($62.5m).

However, SACOSS members have also expressed concern that in the wake of the Disability Royal Commission and the NDIS review, the Federal government may look to re-orient its expenditure and decrease funding for psychosocial supports. If this happened it would create an additional shortfall in funding and increase the service provision gap.

Therefore, ***SACOSS proposes two parts to providing additional mental health funding in the 2024-25 state budget:***

- ***Ensuring that the $62.5m per annum called for by the Mental Health Coalition of SA is delivered in full by supplementing any shortfall that is not provided for in the mid-year budget review;***
- ***Working with the Commonwealth to ensure that the remaining gap is fully funded.***

1.2 Investment in Child Protection

Background

The South Australian population of children in state care continues to rise, with the bulk of care services expenditure in 2021-22 directed to residential care services. This increasingly high demand for care services reflects a collective failure to provide timely and high-quality protective supports for children and families before they reach a crisis point, and for those children living in care.

The UN Committee on the Rights of the Child expressed serious concern about 'persistently high' numbers of Australian children and young people in care, urging governments to:

- invest in measures … aimed at avoiding the removal of children from their families; to limit removal, when it is deemed necessary, to the shortest time possible;
- enhance preventive measures in order to avoid children drifting from care into crime;
- invest in measures developed and implemented by Aboriginal and Torres Strait Islander children and communities to prevent their placement in out-of-home care, provide them with adequate support while in alternative care and facilitate their reintegration.[1]

This sets a clear challenge for the government to direct resources to keep children safe and well in families and out of state care, while at the same time appropriately investing in the wellbeing and quality of support for children in care, with specific funding for Aboriginal Community Controlled services. Calling for investment to expand preventive services should not jeopardise the appropriate allocation of expenditure for those already living in care – noting that actual expenditure per child in care has decreased over the past three years.

Current Government Approach and Expenditure

The table below, derived from the 2023 Productivity Commission's Report on Government Services,[2] shows total expenditure on child protection services in SA in 2021-22 at $704.7 million, 80% of which was spent on care services (out-of-home and residential care). The expenditure on care services grew faster than spending on preventive interventions.[3]

Service	2021-22 Expenditure $000	Change over 2020-21
Out of Home Care	564,400	+10.5%
Protective Intervention Services	71,379	-9.9%
Intensive Family Support Services	41,807	+7.4%
Family Support Services	26,880	
Total Child Protection Expenditure	**704,687**	**+7.7%**

1 UNCRC, Concluding observations on the combined fifth and sixth periodic reports of Australia, (2019).

2 Office of the Guardian for Children and Young People (2023), Child Protection in South Australia, from the Report on Government Services 2023.

3 Definition of four program areas of child protection services: FSS – identification and assessment of family support needs with initial non-intensive service delivery/referral; IFSS – intensive support services, focused on family preservation and re-unification; PIS – assessment, investigation, response to reports of suspected child abuse/neglect, including referrals & intervention responses; Care services – the provision of out-of-home care and other supported placement services.

Child protection expenditure is not only dominated by care services (mainly residential care) but these services are claiming more of the budget, potentially at the expense of other preventive expenditures. Expenditure on child protection services continues to increase in SA, with an emphasis on the tertiary end and care services. In 2021-22, expenditure on protective intervention services decreased and remains the lowest in Australia. While expenditure on combined FSS and IFSS increased for this period, investment in this area remains below the national average.

This emphasis on the tertiary-end and care services expenditure results in the State allocating only $378.32 per child to support and prevent them and their family from 'failing' and being caught up in the care service system, while it spends nearly four times that amount ($1,524.47) in the tertiary response and provision of out-of-home-care services, once the child and family has been deemed to have 'failed'.

Service	**South Australia 2021-22 per child expenditure $**
Care Services	1,524.47
Protective Intervention Services	378.32
Intensive Family Support Services	
Family Support Services	
Total Child Protection Expenditure	**$1,902.80**

While noting that increased investment in the lives of children cannot be achieved through the child protection portfolio alone and requires significant investment in the connected areas of social services such as health, housing, education, social security, food security and courts, it is clear that expenditure on properly caring for children and their families ultimately reduces demands on social services throughout the remainder of their lives and has an inter-generational impact. The current failure to invest in 'front-end' services means that future demand and cost will continue to increase, and will create a worsening trajectory for young South Australians and their futures, as well as those of subsequent generations.

Proposal

Noting the above figures, the increased child protection expenditure of $127.7 million over three years in the previous state budget was insufficient to keep up with the growth in the number of children living in care, let alone enabling expenditure for more preventive measures and the provision of quality care.

To address this trend, a re-direction of part of the total child protection budget towards the 'front-end' is therefore necessary. This will require additional funding as a corrective measure until the preventive interventions have a remediating effect, through fewer children being placed in care services.

SACOSS proposes an additional allocation of child protection funding for preventive expenditures, set at a 5% increase each year in the combined preventive services allocation, approximating an additional $30 million over four years.

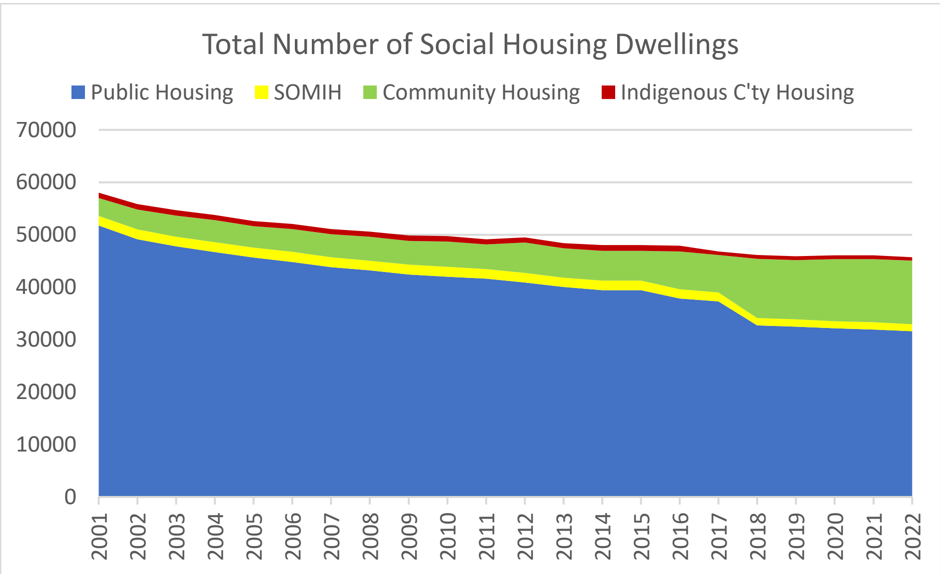
2. Housing

2.1 Public and Community Housing

Background
There is little doubt that South Australia, like the rest of the country, is facing a rental crisis. Those in the market struggle to find available rental properties. Vacancy rates are at historically low levels, and rent prices are increasing rapidly. The September Quarter CPI data showed that Adelaide rents had gone up by 7.1% in the last year which was above the general inflation rate and was the largest annual rent increase since 1990.

In this context, social housing, that is, government owned-and-run public housing and community housing run by not-for-profit housing providers is vital. It provides housing for those who are locked out of the private rental market, and is a broader intervention that increases housing supply overall and puts downward pressure on rent prices.

However, as the graph below (derived from Productivity Commission data) shows, the numbers of social housing dwellings in South Australia has declined significantly over recent decades.



These social houses represented just 5.5% of all occupied houses and around 20% of all rental houses in the 2021 Census. This is a significant decline from the 1980s when social housing represented around 11% of the housing market. This a particular problem when there are around 15,000 applicants on the public housing waiting list.

Current Government Approach
On coming to office in 2022, the current government promised to reverse the decline of public housing stock, as well as upgrading existing stock. In February 2023, the government announced a series of new housing measures in its policy document, *A Better Housing Future*. Along with a series of private rental reforms, there was an additional commitment to new public housing construction which, on top of funding already committed, would see

564 new public houses by 2026. In addition, funding from the Federal government's $2bn national Social Housing Accelerator Program will see "at least" 230 new social housing dwellings built in South Australia.

The state government's Public Housing Improvement Plan currently has planned land allocated for 437 new public houses across 48 suburbs and regions. Just over one-third of these are in regional areas, dominated by 87 houses in Port Augusta and Whyalla. While this focus on the Upper Spencer Gulf is important given planned development there, it means that there are small numbers of new public houses planned in other regional areas. For instance, the Yorke Peninsula is slated to get just 10 new builds from the PHIP, Port Lincoln only three and Clare two new builds. Similarly, some areas in Adelaide have little growth planned with only 38 new public houses planned for the western suburbs, with 25 of these at Woodville.

Finally, it is well-known that much public housing is in poor condition and is energy inefficient, costing tenants significant amounts in heating and cooling costs. The last SA Housing Authority Triennial Review found that the Authority had a maintenance backlog of $310m at the end of 2020-21. The previous government's Our Housing Future strategy promised $75m over the long term to begin to address this backlog, and the 2023-24 allocated $72m over the forward estimates. While this additional expenditure is welcome, it will not overcome the maintenance backlog or keep pace with demand which (the Triennial Review noted) is expected to grow with ageing housing stock.

Proposal

While reversing the decline of public housing construction is certainly welcome, the number of new social houses planned is still small by comparison with need. SACOSS calculates that the new public and community housing will struggle to keep pace with projected population growth. Using data from the Australian government's Centre for Population, SACOSS calculates that just to keep pace with population growth, South Australia would need to build around 400 new public and community houses per year to maintain current social housing rates. To begin to rebuild social housing assets at the rate they declined in the preceding 4 years (that is, to return to the public housing/population ratio of 2018), we would need to build around 3,600 new public and community houses by 2025-26.

Investment at this level would begin to impact on market supply more broadly, easing pressure on the private rental vacancy rates and putting downward pressure on rent prices across the market.

While investment on this scale would stretch the budget and physical resources, it is not unprecedented. Between 1950 and 1967, South Australia built an average of 3,250 public houses and flats each year, so it is clearly possible to be more ambitious in public housing investment than current policy settings.

Accordingly, ***SACOSS recommends an investment in social housing sufficient to:***

- ***build around 1,000 public and community houses per year over the next four years; and***
- ***address the maintenance backlog in existing housing***.

2.2. Property Taxes

2.2.1 Vacancy Taxes

Background
It is an outrage that South Australia has homeless people and unaffordable houses while there are housing properties sitting empty. The 2021 Census data showed that there were nearly 84,000 unoccupied dwellings in South Australia on census night. Obviously, many of these may have been vacant with people simply being on holidays, in hospital or otherwise away for a short period, or properties could be in disrepair or vacant for a short period in transition from one owner-occupier or renter to another. However, with rental vacancy rates at historic lows, any properties left vacant that could be let are desperately needed on the market.

The rental availability situation is made worse by the rise in recent years of short-stay accommodation driven by internet platforms like Airbnb and Stayz. In some areas the transfer of properties from permanent rental to the short-stay market has had significant impact on rental availability.

Proposal
SACOSS is proposing the introduction of a "vacancy tax" – essentially an increased rate of land tax and council rates on land and buildings that are not being utilisied after a set period. Such a tax could be designed in such a way as to capture houses used for short-stay accommodation, as happens in other jurisdictions – or it could be supplemented by an additional tax on short-stay platforms.

The idea is not new or radical. In 2017 the Victorian government introduced a vacant property tax (1%) on homes in Melbourne that were vacant for more than 6 months, and in September this year they announced their intention to tax short-stay rental platforms 7.5% of the platform's Victorian revenue from 2025.

There is also international experience with vacancy taxes. SACOSS' supplementary submission to the State Parliament's Economic and Finance Committee Inquiry into Housing Availability summarised that experience. Taxes ranged from 0.5% to 12.5% of land tax, usually based on vacancy periods of between 6 months and a year. While the models differed, overall there was some evidence that a vacant property tax could make a contribution to bringing more rental properties on to the market. It would not solve the housing crisis, but it should be part of a suite of policies responding to the rental crisis.

Some vacancy taxes (such as Victoria's short-stay accommodation tax, or Vancouver's vacancy tax) are used to raise funds to spend on social housing, but SACOSS does not envisage such a tax as a big revenue earner. Its primary function is to provide an incentive to bring all available potential property to the market.

2.2.2 Land Taxes and Stamp Duty

Stamp duties on real estate transactions are the major source of own-tax revenue for the South Australian government, but they are volatile and are generally regarded as economically inefficient tax in that they create a barrier for people purchasing housing for the first time or moving to the most suitable accommodation. The Revenue SA stamp duty calculator shows stamp duty on a modest $500,000 property adds over $21,000 to the purchase cost, a significant burden for those on low incomes.

Further, stamp duties can be unfair as they are based on transactions rather than capacity to pay. Thus, people who need to move house because of employment, family growth, relationship break-down or other reasons, pay more tax than more sedentary households with potentially greater capacity to pay. Similarly, current land taxes (with an exemption for people's primary place of residence) are unfair because the tax is paid by investors, but the costs can be passed on to renters. Ultimately, this means that renters pay a tax that home-owners on similar incomes do not pay.

Replacing stamp duty with a broad-based land tax paid by all property owners would be fairer and enable people to move houses more easily as their life changes. This proposal has sometimes been derided as a "tax on the family home". However, this ignores the fact that stamp duties are also a tax on the family home. In any case, such concerns could be alleviated by the opt-in model proposed here where home-buyers elect either to pay stamp duty upfront and have no annual land tax (if it is their principal place of residence), or they could buy the property with no stamp duty but pay an annual land tax.

The previous NSW government adopted such an opt-in model for first-home buyers, and it proved relatively popular. Revenue NSW data shows that 4842 first-home buyers used the scheme after it was introduced, including more than 1000 buyers who took up the scheme in the month before the government moved to cut-off the option as part of broader stamp duty reform. The new reforms (increasing the purchase price thresholds for stamp duty exemptions and discounts) may be of some help to first home buyers and are similar to stamp duties in South Australia, but they do not address the other shortcomings of stamp duties as an unfair transaction tax.

Proposal
SACOSS proposes that ***an opt-in scheme of replacing stamp duty with an annual land tax be introduced for low-income earners (at the very least) to remove the stamp-duty barrier to purchasing first or more suitable homes.***

We see no reason why this option should be limited to first-home buyers (as it was in NSW – especially given the current exemptions available to those buyers). The ability to opt-in to paying land tax rather than stamp duty should be available more widely – at a minimum for other low-income earners, but potentially across the market. Indeed, it could possibly be used as the base for a market-wide transition in the long term to a fairer system based on annual land taxes. However, that proposal is beyond the scope of this submission and the opt-in scheme has merit on its own as a useful policy measure which could assist people into home-ownership.

2.3 Energy

2.3.1 Energy Efficiency Retrofits for Low-Income Housing

Household access to the technologies – and subsequent benefits – needed for energy efficiency upgrades and electrification is unequal. SACOSS emphasises the need to support and prioritise access for low-income households, and renters in particular. The role of subsidy schemes is vital in enabling access to energy efficiency upgrades for those on low-incomes. A recent report from the Brotherhood of St Laurence shows that upfront costs are the most significant barrier to people – particularly on low incomes – upgrading their homes and appliances. More must be done to encourage these upgrades as households face both a cost of living crisis and the impacts of climate change.

Current Government Approach
The Retailer Energy Productivity Scheme (REPS) offers incentives for South Australian households and businesses to improve their energy productivity via their energy retailer. The objective of REPS is to "improve energy productivity for households, businesses and the broader energy system, with a focus on low-income households. This will reduce energy costs and greenhouse gas emissions". Yet despite aiming to focus on low-income households, at present low-income households are actually paying disproportionately more for the scheme while receiving fewer benefits.

Over the initial five-year stage of REPS the priority group sub-target does not increase, while the total energy productivity target does. Therefore, the proportion of energy priority savings from priority households diminishes from 20% of the total target to 13.3% over time. However, the cost of REPS is recovered from all consumers' bills. Energy bills are already regressive, so from an equity perspective, the scheme as it stands represents an inefficient and inequitable distribution of scheme costs and benefits.

Proposal
SACOSS proposes that the South Australian Government matches retailer/customer funding for an amended Retailer Energy Productivity Scheme. This is a simple method to double the number of households and businesses that benefit from the scheme without putting additional pressure on household energy bills. Unfortunately, due to the lack of reporting on scheme costs we are unable to provide a clear estimate of the budget impact this would have for the Government, but we estimate it to be between $10-16 million[4].

As part of this, SACOSS proposes that the scheme be amended so the eligibility criteria for priority group membership is changed to more accurately capture households that would benefit from the scheme, including both private and public renters, and that the sub-targets for the priority group are amended to grow proportionately with the scheme.

[4] The overall cost of REPS is difficult to estimate: on the one hand, reporting suggests that approximately $13 of annual energy bills from each household go towards REPS, suggesting an annual cost of just under $10.5 million. However, annual reporting on REPS also indicates that the average cost per gigajoule saved is $13.85, or an annual expenditure of about $16.1 million.

2.3.2 Accelerated Smart Meter Roll-out

Background
The Australian Energy Market Commission (AEMC) has recommended a 100% uptake of smart meters in National Energy Market (NEM) jurisdictions by 2030, with the accelerated deployment to commence in July 2025. SACOSS is concerned about the risks for South Australian energy consumers on low-incomes or experiencing disadvantage, including:

- Lack of awareness and education around smart meters and tariffs, and
- Site remediation costs for customers on low-incomes or in vulnerable circumstances.

The AEMC has recommended the development of a communications strategy on the smart-meter roll-out, driven by the Energy and Climate Change Ministerial Council, and actioned now. The strategy is to include state contributions to develop a Smart Energy Website, and information on the deployment, role, benefits and tariff changes associated with smart meters. The AEMC has also determined the significant costs associated with site remediation works required for the smart meter deployment are outside its responsibility. The AEMC suggests jurisdictional governments could put in place arrangements to help support customers to meet remediation costs, and recommends state governments examine remediation obligations now, with a view to safely minimising the cost burden on consumers.[5]

Current Government Approach
The South Australian Government's website currently provides separate pages of information on smart meters, tariff structures and time of use tariffs, there is no broader communication strategy in place to ensure the South Australian community is proactively educated on smart meters and tariff implications. Further, there is no state government funding arrangement in place to support low-income households to meet site remediation costs association with the accelerated deployment of smart meters in 2025-30.

Proposal
SACOSS is calling on the Minister to prioritise addressing risks for South Australian low-income households associated with the accelerated smart meter roll-out and to include ***an allocation within the 2024-25 State Budget to:***

- ***adequately resource (potentially in conjunction with the Federal Government and other state governments) the development of a comprehensive communication strategy to educate South Australians about the smart meter deployment; and***
- ***consider the future budget implications of providing financial support for customers to address site remediation issues and ensure an equitable accelerated deployment of smart meters.***

[5] AEMC, Final Report: Review of the Regulatory Frameworks for Metering Services, 30 August 2023. Specifically, see pages 76, 89, 98.

3. Concessions

Background
The South Australian government provides a range of concessions (i.e. discounts, subsidies, rebates or exemption from fees) to assist low-income households deal with cost of living pressures. These concessions are important financial supports for those struggling with prices increases and lack of affordability of basic goods and services.

Yet SACOSS' major State of Concessions report, published in 2021, found that the concessions system is poorly targeted and inefficient: a patchwork of different payments with varying and sometimes arbitrary criteria that create unfairness and barriers to access. When people who need support most are eligible for fewer or lower concessions than those who are better off, the system is broken.

Government Response
In response to the SACOSS report, the state government promised a comprehensive review. That review has been progressing throughout 2023 with input from SACOSS and other stakeholders. Alongside the government review, SACOSS commissioned DemocracyCo to convene a broadly representative Citizen's Panel to gauge community attitudes to concessions and reform. The Citizens' Statement arising from that process clearly identified the importance of concessions, the need for reform, and a need to prioritise support for people on low incomes and people with disability.

Unfortunately, the current system does not always match those priorities and new investment will be needed to expand eligibility for some concessions. The government's review has costed a range of reform options, but the review still has to go out to public consultation and the timelines will be tight for consideration within the 2024-25 state budget.

Major Reforms and SACOSS Priorities
Based on our State of Concessions report, last year's budget submission and our knowledge of the direction of the government's review, SACOSS' priorities for concession reform are to:

- Increase the Cost of Living Concession for renters to the level paid to homeowners
- Expand eligibility for private transport concessions (motor registration, driver's licence fees and stamp duty exemption) to those with Health Care Cards (including the Low Income Health Care Card)
- Expand eligibility for Ambulance Cover Concessions to those with Health Care Cards
- Introduce a Cost of Living/energy/water concession for share-house residents
- Replace the current flat-rate energy concession with a usage-based payment to better reflect need.

While there are cost-neutral options possible for these reforms, they are politically complicated and may result in lower concession support for large numbers of current concession holders. Further, while the change to a usage-based energy concession could be done on a cost-neutral basis, the expenditure on the energy concession needs to increase (regardless of whether it is usage-based or a flat rate) to maintain the value of the support in the face of rapidly rising energy prices (and the expiry of the Energy Bill Relief payments in 2024-25.

Accordingly, while there is scope in some concessions to remove some anomalies and adjust eligibility for concessions where support is not needed, addressing the problems in these major concessions will generally require new investment from government.

SACOSS acknowledges the difficulty of finding new funding to fix all these concessions, and recognises that a mix of options may ultimately be required. However, given the current review and budget timelines, we are concerned to ensure that budget options are not closed off simply because final decisions on concessions could not be made early enough in the budget process. It would be disappointing to have the review identify the need for change and the public to support change options, and then to have the government be unable to find the funds late in the budget process. Accordingly, SACOSS is advocating that sufficient funding to cover these major reforms is included in the budget planning, with the option to reduce or remove the funding allocation if the government subsequently rules out or scales back individual reform proposals.

Simple Reforms

Alongside the major reforms discussed above, there are a range of improvements to concessions which impact on a small number of people, are largely uncontroversial and would cost the budget very little. These include:

- Expanding eligibility for the Glasses SA program to current non-qualifying payments
- Providing concession support for asylum seekers who are not eligible for Centrelink payments
- Removing the debt cap and increasing the maximum payment in the Emergency Electricity Payment Scheme
- Updating and indexing the Home Dialysis Electricity Concession
- Increasing the “accessible funds” cap for Funeral Assistance support.

All these are important supports to people with particular needs, but given the nature of these reforms and limited number of recipients, it is unlikely that any substantial barriers to reform would be identified in the public consultation. The government has costings for these proposals, and most are modest. Accordingly, the government should simply start the process to fund these reforms in the 2024-25 state budget.

Summary of Proposal

Given the current state of the government review of concessions and the tight timelines involved, ***SACOSS recommends that:***

- ***Money is set aside in budget planning for the more ambitious change proposals that are recommended through the government’s concessions reform process, with cheaper options to be considered later in the process depending on the outcome of public consultation; and that***

- ***The simple reforms be fully funded in the budget.***

4. Regional South Australia

4.1 Regional Digital Inclusion

Background
The ability to access the online world, and effectively navigate that world, has never been more important, with digital skills essential for interacting with key public and private services, as well as employment and education opportunities. Some community members – including older people, low-income people, First Nations people, and people in regional areas – are more likely to be digitally excluded i.e. to lack the skills to be able to do what they need to do and/or lack access to data or suitable devices.

According to the Australian Digital Inclusion Index[6], regional SA is well behind Adelaide (7.1-point gap), and the rest of Australia, including other regional areas (4.2-point gap).

Aspect of digital inclusion	Adelaide	Regional SA	Regional Australia	Australia
Access	72.4	**63.5**	69.3	72.0
Affordability	95.0	**95.0**	95.0	95.0
Ability	62.0	**54.7**	59.7	64.9
Index Score	**72.7**	**65.6**	**69.8**	**73.2**

As SACOSS' recent "Keys to the Digital World" project (report forthcoming) has highlighted, in regional communities especially, libraries and community centres perform a vital but under-resourced role: they provide WiFi, computers, printing, classes, and one-on-one assistance. This work is a lifeline for community members struggling to manage their devices, perform digital tasks, interact with MyGov, banking, health, and other services, or who have little online access at home, but it can also be a significant burden for these small organisations.

In regional communities, the pressures on libraries and community centres are exacerbated by the loss of essential face-to-face services. This increases pressure for people to access services digitally, which in turn increases pressures on libraries and community centres, as one of the last face-to-face community supports, to be their area's 'digital jack-of-all-trades'. In a sense, library and community centre staff are now having to do work that previously would have been the work of Centrelink workers, bank workers, or telco workers.

Current Government Approach
The state government has significantly invested in its ICT and online services in recent budgets, including, most recently, $200 million over 5 years, for the Digital Investment Fund. However, there has been a lack of dedicated investment in programs to build digital ability in the community, and address other barriers to getting online, such as lack of access to data and devices.

[6] The Australian Digital Inclusion Index models levels of digital inclusion across the community, with 100 representing the perfectly-digitally-included person.

In the 2021-2022 budget, there was a $1 million, one-off fund for digital skills programs for the libraries sector, 'Being Digital'. This was not new funding, but funding reallocated from the existing libraries' budget. The funding was not adequate to address the significant pockets of digital exclusion in regional SA, and being distributed per capita, meant tiny allocations, just a few hundred dollars, for SA's smallest communities and libraries.

Proposal – Regional Digital Inclusion Fund

There is an urgent need for significant, long-term funding to reduce digital exclusion, with funding targeted at the most digitally-excluded communities. This proposal arises from our 'Keys to the Digital World' project and focuses on regional SA where a range of interventions are needed: programs to build confidence and skill; mobile and roaming services to reach those communities where there are not dedicated digital inclusion services; outreach work to connect with community members who might not feel always feel comfortable seeking support in existing settings; and programs for people who cannot afford the devices and date that they need.

SACOSS proposes that $10 million be allocated annually to a regional digital inclusion fund, administered primarily by the state's regional libraries and community centres, with leadership from Local Councils. This initiative would include:

1) Funding for drop-in services and community education
2) Funding for mobile and roaming digital inclusion services
3) Resourcing to ensure even the smallest regional communities have at least one all-weather space where there is access – with reasonable opening hours – to free Wi-Fi, computers, and related facilities
4) Funds for targeted device-loaning and data-loaning programs for community members on low incomes.

Fair Funding for Regional Digital Inclusion Services

A per capita approach to funding means that the smallest communities, often the most digitally-excluded and with the fewest face-to-face services, receive tiny sums. At times this has been barely enough to purchase an iPad. Therefore, we also propose:

5) Treasury develops (or funds the development of) a new funding model to allocate this funding in the fairest and most effective fashion[7]

[7] Funding could be based on a range of relevant factors, including levels of digital exclusion, existing community resources, availability of non-digital services, and demographic and geographic factors.

4.2 Remote water supply subsidies

Background
The water supply arrangements for residents of remote towns and communities in South Australia is inequitable and leads to significant costs and debts for many households and communities in the state. Residents in communities and towns not supplied by SA Water face significantly higher drinking water tariffs as they fall outside the 'state-wide pricing' policy that applies to all households supplied by SA Water. [8] There is no alternative scheme to subsidise water, as there is for electricity.

Under the 'state-wide pricing' policy all households pay the same for drinking water across SA Water's supply areas, irrespective of the cost of supplying water to different regions. The cost difference is paid by the South Australian Government in accordance with a 'State-wide Pricing Facility' made pursuant to a Ministerial Direction. In the 2020-24 regulatory period, the State Government paid around $269.7m for drinking water services, and $160.65m for sewerage services under the State-wide Pricing Facility.

Under current arrangements, an SA Water customer living in Whyalla would pay around $2.126 per kilolitre for drinking water, whereas households in Coober Pedy currently pay $6.43 per kilolitre and will be paying $8.36 per kilolitre by December 2023 – nearly four times as much as an SA Water customer. Similarly, households supplied by the Ceduna Kooniba Water West Scheme pay $5.20 per kilolitre if living outside the town boundary, and $4.76 per kilolitre if within – more than double the amount paid by an SA Water customer. Put simply, water is unaffordable for residents of these townships and communities, and accrued debt has become insurmountable. Debt levels not only have invidious impacts on households – leading to water restriction, but also call into question the viability of small-scale water retailers, often local councils.

The State Government does have a Scheme in place to ensure residents of remote townships and communities receive subsidised electricity, known as the Remote Area Energy Supply Scheme. Under that Scheme, residents and businesses pay the average 'on-grid' market rate for electricity, with the State Government paying the retailer the difference in the cost of generating and supplying electricity to remote customers.

All South Australians have the right to access essential services on fair and just terms, and SACOSS is extremely concerned about the economic, social, health and environmental impacts on residents living in remote communities who are experiencing the impacts of unaffordable essential services, such as water. This is important now, more than ever, given the increasing impacts of climate extremes in these regions.

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[8] ESCOSA's performance summary for 2021-22 indicates there are 70 small-scale networks licensed under the *Water Industry Act 2012* providing drinking and non-drinking water services to 10,498 connections, and sewerage services and Community Wastewater Management Systems (CWMS) to 105,133 connections.

Opportunity
The State Government has the opportunity to support the equitable and affordable sale and supply of water to all residents of state, irrespective of their location. This will ensure the ongoing viability of small-scale water retailers and local councils, and the sustainability of remote communities.

Proposal
SACOSS proposes the State Government extend the 'state-wide pricing' principle to minor and intermediate water retailers in the State, potentially implemented through licensing arrangements and regulated by the Essential Services Commission of South Australia.

Alternatively, SACOSS proposes that the State Government establish a 'Remote Area Water Supply Scheme', modelled on the scheme for energy, administered by the Department for Environment and Water. A Remote Area Water Supply Scheme would ensure remote residents pay the same average 'on-grid' (or SA Water) rates for water, and water retailers (largely local councils like the District Council for Coober Pedy) receive government-funded subsidies for the difference in the cost of sale and supply.

4.3 Upper Spencer Gulf Social Services Planning

Background
The availability and development of critical minerals in the north of the state, combined with renewable energy and potential hydrogen power to facilitate the development of downstream processing and other industry, represents a significant opportunity for major development of the Upper Spencer Gulf region. Planning SA estimates that this development could see between $20b and $70b in capital investment in the region, creating up to 20,000 jobs in the construction phase and at least 3,000 additional long-term jobs with a population increase of up to 69,000 by 2036. To manage and promote this development a range of plans are being developed by state government and local councils.

This is the type of big-picture, forward-looking government intervention in the economy that SACOSS called for in our last budget submission. However, while we welcome this approach, we have identified some limitations in the planning work undertaken to date. Most of the plans focus narrowly on economic growth and the infrastructure and workforce required to enable that growth. They do not consider the social implications of that growth or the health and community services needed to ensure that no one is left behind and the growth makes a positive contribution to existing communities.

Planning Gaps
Planning in SA is subject to the *Planning, Development and Infrastructure Act* 2016, the State Planning Policies (2019) and regional plans prepared by the State Planning Commission. This legislative and policy framework does not include social services, with the sole exception of public and affordable housing.

In relation to the Upper Spencer Gulf, a substantial planning effort for the region is underway, with State Planning Commission regional plans in development, and a set of council plans:

- Spencer Gulf Cities – Regional Partnership Priorities (2022)
- Whyalla City Council – Economic Development Strategy (2022)
- Port Pirie Regional Council – Master Plan (not yet available)
- Port Augusta City Council – Growth Plan (not yet available)

Most of the actions in the council plans are directed towards stimulating investment and supporting industry, although noting an intent to use economic growth to foster social initiatives, such as training for long-term unemployed and the expansion of aged care facilities. While attention to these issues is welcome, it falls well short of a comprehensive planning effort for social services. It is also concerning that social planning is being largely left to councils – the tier of government with less resources than the State government.

Planning is needed to consider and provide for a broad array of social impacts and services, including:

- The local economic impacts of booms and busts in the construction phases of the development plans;
- The impact of increased population on:

    - Demand for childcare, schools and the qualified staff in those professions
    - Demand for health services including GPs, community health services (including mental health supports) and hospital infrastructure;
    - Demand for other community services such as disability supports, homelessness services, gambling help and family supports;
- The impact of increased demand and inflationary pressures on current residents on low and fixed incomes, and the support services for those residents;
- Additional social services demand likely to arise from an influx of people with limited connection to the area and fewer support networks.

Even if it is considered that much of the new workforce will be FIFO workers, this still has implications for local communities and for social services there. As one local service provider told SACOSS, FIFO workers will take up hotel and temporary accommodation that we need and would normally use to temporarily house people in crisis.

Proposal
Ideally these social impacts should have been considered as part of the initial planning and development process. Given that did not occur, this planning is now urgently needed. Accordingly, in consultation with our members who provide health and community services in the USG region, SACOSS is calling on the state government to commit to the development of a collaborative social service plan for the region. ***In this budget we seek funding for the first stages of such a planning process and propose the following approach.***

Phase 1: Audit of all USG Plans and Modelling of Future Needs
The first phase of the project would be a full audit of all USG plans to identify where they deal with social planning and the provision of health and community services, where there are gaps, and a full scoping of social service areas where further planning is required. This would be accompanied by modelling of future social service needs based on the projections for increased population and investment.

SACOSS anticipates that phase 1 is largely desktop research and would take about six months. It could be done by a relevant government agency (e.g. Planning SA, or DHS in collaboration with SACOSS and key sector organisations in the USG), or as an outsourced project, but the aim is to provide the necessary data for the planning.

Phase 2: Consultation on an ongoing planning and engagement mechanism
Phase 2 of the project would use the research from Phase 1 and begin a process of consultation with health and community service organisations operating in the Upper Spencer Gulf, USG councils, regional development boards and other relevant stakeholders. This consultation may include or culminate in a major regional conference, and would have the aim of agreeing the scale and prioritisation of issues and making recommendations for the best mechanisms for ongoing engagement in service planning and coordination.

Phase 3: Implementation of the plan – uncosted and ongoing.
This would depend on the outcomes of Phase 2 and is beyond the scope of this budget submission.