



SACOSS

*South Australian Council
of Social Service*

SACOSS

State Budget Submission

2014-15

SACOSS STATE BUDGET SUBMISSION 2014-15

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Our Vision

Justice, Opportunity and Shared Wealth for all South Australians

Our Mission

SACOSS does not accept poverty, inequity or injustice.

We will be a powerful and representative voice that leads and supports our community to take actions that achieve our vision.

We will hold to account governments, business, and communities for actions that disadvantage vulnerable South Australians.

Our Goals

All social and economic policy in South Australia ensures all South Australians have their basic human needs met.

South Australia has strong, cohesive community services and health sectors driving social change.

SACOSS is a sustainable, independent organisation, equipped to support the community services and health sectors to achieve our vision.

Introduction

SACOSS, on behalf of its members and constituency, is seeking a state budget for 2014-15 that implements key government election commitments in relation to cost of living and community sector support, as well as taking on board new initiatives which will benefit vulnerable and disadvantaged South Australians.

During the recent election, SACOSS developed and advocated for a comprehensive platform of policies, and following so soon after the state election, this budget submission streamlines and refines policies from our Election Platform.

As with our “Without Taxes, Vital Services Disappear” campaign in the election, this budget submission raises concerns around the decline and narrowness of the state revenue base and suggests key revenue areas that need to be looked at.

Cost of living issues are a key part of this submission. SACOSS recognises that such pressures impact most on low income households and so our proposals are aimed at tackling cost of living issues for South Australians living on low/fixed incomes. SACOSS notes the good initiatives in this area announced by the government in the lead up to the state election and we look forward to this being a continuing priority in the 2014-15 budget.

In keeping with our role as the peak body for the community services sector, this budget submission also contains proposals for strengthening our sector to enable the ongoing provision of high quality and much needed services to the most disadvantaged and vulnerable South Australians. A number of the initiatives here are drawn from our *Better Contracting and Red Tape Reduction Plan*, presented before the last state election. However, this section also includes funding for key parts of the sector, including:

- Guaranteed funding for SACOSS and peak bodies;
- Seed funding for the Aboriginal Coalition for Social Justice; and
- Gambling advocacy agreed by the Parliament in 2013.

A Fair and Sustainable Revenue Base

A fair and sustainable tax system is necessary to provide the essential public services and infrastructure that enables us to live, learn, age and work safely. Taxes pay for hospitals, schools, roads and a range of vital community and business services that allow our country to prosper. While tax revenue underpins the government's ability to operate in all areas, it is especially important for vulnerable and disadvantaged people who rely on community services and support. But revenue has been falling, creating structural budget problems for government and bringing into question the sustainability of a range of government spending and programs.

The state tax base is small and falling alarmingly. In 2006-07, South Australian tax receipts plus our share of GST was 9.6% of the state economy, by 2011-12 this was down to 8.8%, a difference of some \$735m in revenue in the later year.

Beyond the simple quantum of revenue, state taxes are based on a narrow range of often unstable, inefficient or unfair taxes. For instance: land taxes get passed on to poor renters; home sales stamp duties are unstable and not based on ability to pay; and payroll tax is economically inefficient and does nothing to secure work for South Australians. This creates difficulties for government economic planning and undermines public support for the tax system.

We need to rethink the tax system to make it fairer and more efficient. Most immediately though, given the fall in revenue and the constant cutting or inability to fund vital services, SACOSS' budget submission here repeats our election call for *the restoration of state government revenue to pre-GFC levels (as a % of Gross State Product) in the next term of government.*

The 2013-14 SA State Budget forward estimates projected state revenue to increase over coming years and return to pre-GFC levels in 2015-16. We will look with interest at the forward estimates of revenue in the 2014-15 budget papers, but we believe that it is imperative that the government aspires to a progressive revenue goal so that if revenue estimates are adjusted down, vital services will not be cut further.

Given the long term structural issues of both quantum and narrowness of the revenue base, we recommend the Treasurer establish and chair a small, high level task force made up of key stakeholders to track revenue changes and pursue the creation of a long term revenue base which is fair and sustainable.

Cost of Living

The SACOSS *Cost of Living Updates* over the last four years have shown that the cost of basic goods and services such as food, transport, health and utilities have been rising alarmingly, and that this impacts disproportionately on those on low incomes because a greater proportion of their income is spent on necessities than on other goods and services reflected in the generic consumer price index. Those on low incomes already have little or no room to move in the household budget and cost of living pressures are an increasing driver of poverty.

While much of the direct income support for people on low or no waged incomes is provided by the federal government, the state government provides concessions for low income recipients on a range of fees, charges and expenses. Much state government revenue is provided by flat fees (e.g. driver's licenses, vehicle registration, fines) which impact disproportionately on the poorest. Therefore, concessions and rebates are crucial for those on low incomes and are an important equity measure in protecting them from increasing cost of living pressures.

Similarly, state government has an important role in providing services to assist those on low incomes in managing their financial issues and avoiding or dealing with crisis, particularly where accident or illness create immediate or unexpected hardship.

SACOSS welcomes three key initiatives announced by the government in the lead up to the state election to address some of these cost of living pressures and we look forward to seeing these reflected in the 2014-15 State Budget.

SACOSS is also proposing a further five initiatives, three of which are around indexation to maintain the value of the announced increases in concessions, while the other two are key supports for people in hardship and facing cost of living pressures. More details on each of these additional initiatives are provided on the following pages.

Election commitments to be implemented in the 2014-15 budget

- \$2.5m per year increase in the Patient Assisted Travel Scheme (PATS) to assist with transport for regional people to obtain health services
- \$50 per year increase in the energy concession for low income households
- Establishment of a Good Money Store to give people access to one-stop financial assistance, including no-interest loans and debt relief.

Additional priority proposals for the budget

- Indexation of PATS to ensure that the value of the assistance provided is maintained over time
- Indexation of Energy Concession from 2015-16
- Increase and index the Access Cabs Subsidy
- Establishment of an “EEPS-equivalent” scheme for telecommunications
- Free Public Transport between 9am and 3pm *and* Free Public Transport for people with disabilities on International Day for People with Disabilities.

Indexation of PATS and the Energy Concession

SACOSS welcomes the government’s election commitments to increase the Patient Assistance Transport Scheme and the \$50 increase in the energy concession for low income households.

PATS provides much needed subsidies for people having to travel more than 100km to access medical treatment, although the value of the support provided has diminished as payments have not been increased for many years. The extra \$2.5m to expand PATS will make a significant difference for people in regional areas needing to access medical care. However, to maintain the value of PATS and avoid repeating problems encountered in the past, the payments and caps should be indexed.

Similarly, energy concessions are vital in maintaining access to electricity and gas for many low income households and SACOSS welcomes the announcement of the \$50p.a. increase in the concession from 1 July this year. On a \$165 concession, we recognise that this is a significant increase. However, as the recent ACOSS report on concessions, *Preventing Shocks and Addressing Energy Poverty* shows, the SA energy concession will still be one of the lowest in the country while our electricity prices are among the highest (ACOSS, 2014, p.11). The value of the substantial increase therefore needs to be maintained by indexing the concession in subsequent years.

In relation to both PATS and the low income energy concession, SACOSS welcomes the government’s election commitments and looks forward to their inclusion in the 2014-15 budget. The indexation proposed here would then apply from 2015-16 and should be reflected in the forward estimates in the budget.

Increase and index the SA Taxi Subsidy Scheme

The South Australian Transport Subsidy Scheme (SATSS) provides those with permanent and severe disabilities but who are able to walk a 50% subsidy on taxi fares and a 75% subsidy for those confined to a wheelchair. The subsidy is limited to the first \$40 of a trip for those with a 50% subsidy, or the first \$30 for those with a 75% subsidy. These caps are not indexed (and have not increased since December 2006) which means that as taxi fares have risen, the value of the subsidy has been progressively eroded.

SACOSS calculates that, based on daytime fares, five years ago a person using SATSS could have travelled 26km before reaching the cap and having to pay full fare. Now they could only travel 19km. There are also a range of other equally important issues around SATSS and access cabs, including inflexibility and insufficient training for drivers. However, the diminishing value of the subsidy should be addressed in this budget.

The Urban Transport Fares CPI for Adelaide has gone up over 23% since December 2006, so to restore the original value of the subsidy *there should be an initial rise in the caps to \$49 and \$37 respectively. In addition, to prevent further diminishing of the value of the scheme, the SATSS caps should be indexed from 2015-16 and provision made in the forward estimates to reflect this.*

Establishment of an “EEPS-equivalent” scheme for telecommunications

The Emergency Electricity Payment Scheme (EEPS) is a one-off payment to assist people at risk of disconnection. It has been a lifeline to many families in need. However, the SACOSS *Cost of Living Update* in August 2013 noted that households spend more on telecommunications than on energy, and that phone and internet bills had many of the same problems as the other utilities – they are rapidly rising, lumpy expenditures that impact more on low income households (SACOSS, 2013a).

The recent Adelaide University cost-benefit analysis of financial counselling in South Australia found that 14% of those seeking assistance had telephone or internet debts causing crises. While this was below utility debts (40%), it was more than rent arrears, or mortgage repayments, car costs or payday loans (Mahmoudi, Hordacre and Spoehr, 2014, p.7).

With government, education and cultural communications increasingly packaged electronically, *an EEPS equivalent scheme is needed to keep struggling households connected to communications and should be funded in the 2014-15 budget.*

Free Public Transport between 9am and 3pm and Free Public Transport for people with disabilities on International Day of People with Disability (3 December)

Effective and affordable public transport is vital to provide opportunities for social and economic participation for vulnerable and disadvantaged South Australians. It provides access to a range of services, including medical services, child care and shopping, as well as social interactions which keep vulnerable people feeling and being part of the community (everything from family visits to trips to the local library, community centre, cinema or beach). Access to public transport is also often vital for people wishing to take up training and employment opportunities.

The non-peak period between 9am and 3pm is a time when the metropolitan public transport is under-utilised, but almost by definition many of the people using public transport in this period are not working: students, pensioners, carers, and unemployed people. Aged pensioners have free public transport in this period, and many others travel on concession cards. The extension of free public transport to all off-peak commuters would be a further benefit to those on concessions, as well as a benefit to those who are not in work but may not have concession cards. It would also give greater incentive to use public transport, providing positive health and environmental benefits and decreasing car usage and traffic congestion.

In addition, public transport for people with disability (on presentation of their concession card), on the International Day of People with Disability, 3 December, should be free for the entire day. SACOSS believes this would be an appropriate and significant symbolic gesture to better enable people with a disability to participate in activities in their community on that day.

The proposals for free public transport between 9am and 3pm and free public transport for people with disabilities on 3 December were put forward in previous SACOSS budget submissions and in our Election Platform and remain a priority for helping vulnerable and disadvantaged South Australians deal with cost of living pressures.

Support for the Health and Community Services Sector

The non-government health and community services sector supports South Australia's most vulnerable citizens. It does this through a combination of functions and programs resourced by federal and state government funding, private philanthropy and other fundraising. Much of the extensive growth of the sector in recent decades can be attributed to the outsourcing of services, once provided directly through governments. This shift provides benefits for government and those who utilise the services. However, even in this system of subcontracting, the government retains primary responsibility to ensure that vital services are available to those in need.

Despite the pivotal role of community service organisations, they continue to struggle to keep up with demand caused by under-resourcing and a funding model which is onerous, piecemeal and short-sighted, and hinders cooperation and innovation in the sector. In the lead up to the state election, SACOSS consulted with a range of sector organisations and produced a set of 20 recommendations for reducing red tape and making service contracting more efficient for both government and the sector.

We were pleased to see that during the election period, the government committed to the headline proposal that the default term for service contracts be set for three years with two automatic renewals (without competitive tender) – provided that the organisation is delivering the service according to the contract and the social need is still present. We also welcome the commitment to implement a minimum six month notice rule regarding long term contracts. (Government of South Australia, 2014, p. 19)

The government also committed to a range of other initiatives from SACOSS' *Better Contracting and Red Tape Reduction Plan* and we look forward to working through these and the remainder of the package with the government.

Many of these initiatives, and in particular the move to longer term contracts with fewer tender processes, will save money for the government through more efficient procurement processes, and this should be reflected in the budget estimates unless they are incorporated into the efficiency dividend required from government departments.

Beyond the better contracting and red tape reduction initiatives, SACOSS is advocating for three initiatives to support particular areas of the sector. All three would require expenditure in the 2014-15 budget, but they are very modest in scale and would address specific important issues.

Election commitments on better contracting and red tape reduction

- Penalties for late payment of contracts (in legislation passed in 2013 but not yet commenced)
- Implementation of simple low risk contracts developed through the Human Services Partnership Forum
- A minimum six months' notice rule regarding whether long term contracts are going to be renewed to prevent unnecessary loss of staff and impact on those people who rely on these services
- Establishment of whole of government grant guidelines through the Human Services Partnership Forum
- Expansion of the tender-ready program for small and medium-sized businesses to include non-government organisations with Aboriginal and multicultural community organisations targeted first.

Additional budget proposals to support our sector

- Funding for SACOSS and other peak bodies
- Seed funding for the SA Aboriginal Coalition for Social Justice
- Mandated funding for gambling harm prevention advocacy.

Funding of SACOSS and other Peak Bodies

As the peak body for non-government health and community services in South Australia, SACOSS, alongside sector specific peaks, plays an important role in providing a voice for vulnerable and disadvantaged South Australians and in supporting the provision of services to those people. The roles of such peaks is well-understood as entailing

- Research, policy development, advice to government and their sector
- Advocacy and representation to government and other decision makers
- Information dissemination within their sector and to the community
- Sector consultation and coordination within their sector
- Sector capacity building to enable better service delivery and functioning of community organisations.

A number of peak bodies (SACOSS, the Youth Affairs Council of SA, Community Centres SA, Children and Family Welfare Association, Multicultural Communities Council of SA, and Volunteering SA&NT) receive core or significant funding from within the Family and Community Development Program. While current funding has been rolled over for another year pending the review of that part of the F&CD program, two issues raise alarm bells. Firstly, there is a concern that this funding could be utilised by non-peak organisations and secondly, there appears to be

a move to spread the limited funding over additional organisations, such as the SA Financial Counsellors Association (SAFCA).

While there is no doubt that long term funding for SAFCA is well overdue given the important role they play in a sector which provides direct and beneficial services to those in financial hardship, this funding should be additional to the funding provided to the currently funded peaks.

Any attempt to spread the existing modest peak body funding provided by the F&CD program to other organisations will result in a loss of funding and services from those currently funded peaks.

We therefore ask that *the government guarantees at least current funding levels to SACOSS and the other peaks funded from the F&CD, and that additional money be allocated in the budget to fund secretariat services for the South Australian Financial Counsellors Association.*

Seed Funding for SA Aboriginal Coalition for Social Justice

In 2012, the South Australian Aboriginal Coalition for Social Justice (SA ACSJ) was established, growing out of concern for the funding of Aboriginal social welfare organisations and a perceived lack of support and advocacy for these services. An initial meeting was held with over 30 representatives from Aboriginal services and supporters, where numerous attendees reported fears that government was withdrawing support for Aboriginal organisations. From this meeting the ACSJ was formed with the objective to provide a state-wide collective voice for Aboriginal people in South Australia and to build community capacity to address issues that are important and relevant to Aboriginal people.

The SA ACSJ represents a membership of Aboriginal organisations and individuals flanked by associates from supporter groups and other interested parties. This group has been growing over the past two years and is reliant solely on the pro bono support of members and associate organisations.

SACOSS has provided some assistance to the SA ACSJ to help it achieve its foundation work, but this has been limited due to a lack of dedicated resources to offer such support. However, we fully endorse the group's ambition to seek positive outcomes for Aboriginal people and we are enthused by the interest that the group has garnered. The SA ACSJ desperately needs a sustainable funding base to leverage the momentum created and further its important work.

SACOSS asks that *the government provides seed funding for executive support of the SA ACSJ. The main purpose of the executive role would be to seek a sustainable funding source for the ongoing work of the Coalition.*

Mandated funding for advocacy on gambling issues

SACOSS has repeatedly pointed to the asymmetry of power and resources in public policy debates on gambling.

In our 2012-13 Budget Submission, SACOSS highlighted the need for funding of community advocacy in relation to gambling harm prevention. While many people enjoy gambling as a periodic recreational pursuit, it can also be addictive and can have devastating impacts on the most vulnerable and disadvantaged members of society. The harm can flow over into the families of problem gamblers, to their employers and to the wider community through anti-social and at times illegal behaviour borne out of gambling addiction. Given this, it is important to get gambling regulation right, and yet the public policy debates are dominated by the gambling industry.

By comparison to the vast resources of industry, our 2012-13 Budget Submission noted that the community services sector in South Australia did not even have one full-time staff position dedicated to policy analysis and sector consultation in relation to gambling issues. This remains the case, and since that submission SACOSS has not had the resources to put submissions in to a range of government and Independent Gambling Authority consultation processes.

The problem of the asymmetry of advocacy resources in other areas such as energy and water has been addressed by funding of consumer advocacy, and we were pleased that last year the South Australian parliament recognised the problem in relation to gambling. The *Statutes Amendment (Gambling Reform) Act 2013* inserted clauses into the *Gaming Machines Act 1992* establishing a gambling advisory committee and gambling advisory officer. These advocacy functions are to be funded from the Gamblers' Rehabilitation Fund established under the Act.

At the time the Act was passed, it was believed that the changes to the Act would lead to greater industry contributions to the Fund and would therefore cover these advocacy expenses. As things currently stand, SACOSS is not aware of any move to establish the mandated Gambling Advisory Committee or to fund a Gambling Advisory Officer.

The Committee and the Advisory Officer position should be established now as per the Act, and if the anticipated extra funding has not eventuated, an additional budget allocation needs to be made to underwrite the advocacy and not detract from funding of frontline services.

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