

Jobs and prosperity in our digital world

SACOSS 2017–18

**State Budget
Submission**



SACOSS

*South Australian Council
of Social Service*

Jobs and prosperity in our digital world: SACOSS 2017-18 State Budget Submission

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Executive Summary

The Digital Future Is Now: No-One Should Be Left Behind

Digital technologies are now taking a key role in economic and social life, yet large numbers of people don't have the online access to help them with job hunting, education and training, social interaction and other supports that can improve their lives.

Indeed, South Australia is lagging behind the rest of the country for digital inclusion, particularly for significant groups of people – people with disability, seniors, Aboriginal people, people who have not finished secondary school and people living in country regions.

SACOSS calls on the State Government to develop a broad strategy to address digital inclusion. Immediate measures include making access to government websites free, investing in a comprehensive digital information and communication workforce re-engagement course and assisting the digital readiness of providers of community services.

Growing Employment Opportunities

Too many people continue to face workforce exclusion through unemployment or have a tenuous link to employment because of insecure jobs, underemployment or casual work. SACOSS proposes two economic stimulus packages that would provide jobs and social benefits at the same time. Package one would provide the funds to build or renovate community centres in new and emerging communities to provide a range of programs for engagement in wider society. Package two would provide new houses for disadvantaged people through a loan scheme for community housing providers.

Further government assistance to help jobless people develop their capacity to take advantage of the opportunities in growth industries includes increased investment in adult and community education alongside the digital course noted above, broadening the WorkReady training places within the health and community services sector and supporting transitions pilots.

Social Justice Initiatives

While continuing to have conversations on a range of issues relating to supporting people living in poverty and facing disadvantage in South Australia, in its 2017-18 Submission SACOSS highlights three important priorities – child wellbeing, Aboriginal youth justice and cost of living.

An effective child welfare system that supports children to develop their full potential as future adults would include a Commissioner for Aboriginal Children and Young People, a commitment to allocate significant funds to NGOs for early intervention and support for young people in care as they face independence. SACOSS remains committed to a restorative approach to radically reduce the over-representation of Aboriginal youth in our justice system. Further measures to alleviate the burden of poverty include a percentage based energy concession and income-based fines and charges.

Revenue - State Tax Reform

SACOSS calls for a continuation of the state tax reform process because in noting the ongoing state taxation and revenue challenges, SACOSS recognises that much of what it is proposing requires government investment. SACOSS will continue to call for an adequate and sustainable revenue base that improves both the fairness and efficiency of the state tax base and provides the services our community needs.

List of Priorities

Section One

Growing Employment Opportunities for All South Australians

Digital Inclusion

1. Establish a high-level stakeholder taskforce to develop and oversee a whole of government digital inclusion strategy.
2. Convene a digital inclusion summit in the second half of 2017.
3. Provide un-metered (free) access to state government websites.
4. Provide project funding to SACOSS to assess the digital readiness of the community services sector, to scope opportunities to better utilise digital technologies and to build capacity within the sector to support digital inclusion both internally and among vulnerable and disadvantaged people.
5. Invest \$5 million per annum in an adult and community education Becoming Digitally Ready Workforce Foundation Course program.

Job Creation and Training

6. Generate new community infrastructure across rural and metropolitan South Australia by investing \$20 million in a Community Centres Building Scheme.
7. Build new digitally equipped houses for disadvantaged people by establishing a \$250 million Community Housing Loan Scheme through a rolling fund of the South Australian Government Financing Authority.
8. Revisit SACOSS 2016-17 State Budget training, skills and employment support proposals.

Section Two

Social Justice Initiatives

Ensuring the Wellbeing of Children

9. Establish a Commissioner for Aboriginal Children and Young People.
10. Allocate \$100 million from the funding committed in the government response to the Nyland Commission, over four years, for early intervention in child protection, including \$50 million to assist NGOs to participate in Child and Family Assessment and Referral Networks and resource NGOs to provide vital early intervention services.
11. Allocate \$1.5 million per annum to provide extended support services to young people in out of home care until age 21.

Addressing the Cost of Living

12. Transition to a percentage based energy concession.
13. Introduce income-based rates for fines and charges.

Creating an Effective and Efficient Justice System

14. Engage with local Aboriginal experts to establish an educational based alternative sentencing program for Aboriginal young people, possibly based on the UK Campus Educational Trust.

Section Three

Revenue - State Tax Reform

15. That the Government Response to the State Tax Review not be seen as the end of state tax reform: that proposals put forward by stakeholders in the course of that review continue to be considered.

Introduction

Focusing on Inclusion in a Digital World

Last year SACOSS' Budget Submission (SACOSS 2016a) focused on employment, job creation and training. At that time South Australia had one of the highest rates of unemployment in the country, significant underemployment and pockets of long-term and inter-generational unemployment. The closure of the car manufacturing industry loomed large as a threat to the state's economic base. All these things remain true with state unemployment still around 7%, with 10% of those employed seeking more work (November 2016, seasonally adjusted: ABS, 2016) and the final car manufacture at Elizabeth due in 2017.

Accordingly, this Budget Submission builds on our submission of last year, but with a particular focus on the future economy and the need for digital inclusion. In all developed countries digital technologies are disrupting traditional industries and displacing entry level jobs. There is little doubt that the jobs of tomorrow will be in the digital economy, if not directly in digital communications, then at least in industries and occupations that require the use of digital technologies. It will be vital that everyone has the access and ability to participate in this digital economy and in the digital world more broadly.

As with our Submission last year, this focus does not negate the need for government action in other key areas like health, justice and other social policies and particularly early intervention in those areas. However this Submission is focused on employment and digital inclusion priorities for the 2017-18 Budget.

Digital Disadvantage and Its Compounding Effect

Digital inclusion is part of a broader social inclusion agenda, but is particularly important because exclusion from digital technologies both reflects and compounds other areas of disadvantage. As noted in the recent SACOSS report *Connectivity Costs* on telecommunications affordability, access to the internet is vital for looking for jobs, access to training and education and for fulfilling reporting obligations to Centrelink to ensure basic income support (Ogle & Musolino, 2016).

It is a cliché that most of the jobs of the future have not been invented yet. The extent to which that is true and over what period may be contested, but it is clear that a child growing up in a household without digital devices, good internet access or support to go online is likely to have fewer digital skills and less job prospects in ten years' time than a 'digital native' whose life has been spent online.

Similarly, people living with disability already face a variety of physical and cultural barriers to full participation in work and society. They are also likely to have significantly less access to digital technology and engage less online despite the potential of digital technologies to improve their lives. The same is true for senior and Indigenous Australians who are also more likely to be digitally excluded.

Overall, Thomas et al (2016) concluded that digital inclusion tends to increase as income, education and employment levels rise.

In short, exclusion from the digital economy and society is both a marker and a cause of social inequality and exclusion.

In recent years, more Australians have gone online, thus narrowing the 'digital divide' between those who are online and those who are not part of the online world. However, as governments, businesses and community groups increasingly move services online and decrease other forms of interaction, and as technology advances further into life and culture, the digital divide will get deeper. Scott Ewing notes that the divide may be getting narrower, but "the kicker ... is that as more and more Australians are online, the disadvantage of being offline grows" (Ewing, 2016).

Sharing in the Digital Prosperity: Ensuring No-One is Left Behind

The dimensions of the digital divide in Australia have recently been mapped in the landmark Australian Digital Inclusion Index (Thomas et al, 2016). The ADII measures household and personal use of digital technologies and scores are reported in relation to access, ability and affordability.

Alarmingly South Australia rates significantly below the national average and is the second worst performing state or territory in Australia (only ahead of Tasmania). Further, on current trends South Australia will fall further behind the national average over the coming years.

It is vital that we address this deficit if we are to build a modern economy and ensure that everyone can share in future prosperity. This is both an economic and social imperative. If we do not have a digitally-equipped workforce we will not be able to take advantage of the job opportunities that new technologies bring and our economy will suffer. But as noted above digital inclusion also reflects and further entrenches other forms of disadvantage so we risk becoming a more unequal and a more divided society, which itself has economic costs.

This Budget Submission therefore highlights the need to address digital inclusion as part of a broader social justice strategy of ensuring that no-one in our society is left behind.

Submission Structure

Section One: Growing Employment Opportunities outlines the need to develop a broad strategy to address digital inclusion. It puts forward four concrete proposals which could be begun immediately to address the state's digital divide.

Beyond digital inclusion, this Submission builds on the broader employment and training issues and strategies raised in the SACOSS 2016-17 Budget Submission, proposing local economic stimulus packages and training courses for re-engagement.

Section Two: Social Justice Initiatives puts forward a number of social policy proposals which would assist vulnerable and disadvantaged people in this state. These include proposals in relation to the energy concession, law and justice, and child protection and well-being particularly for Aboriginal children and young people.

Section Three: Revenue: State Tax Reform calls for a continuation of the state tax reform process because in noting the ongoing state taxation and revenue challenges, SACOSS recognises that much of what is proposed requires government investment.

Section One: Growing Employment Opportunities For All South Australians

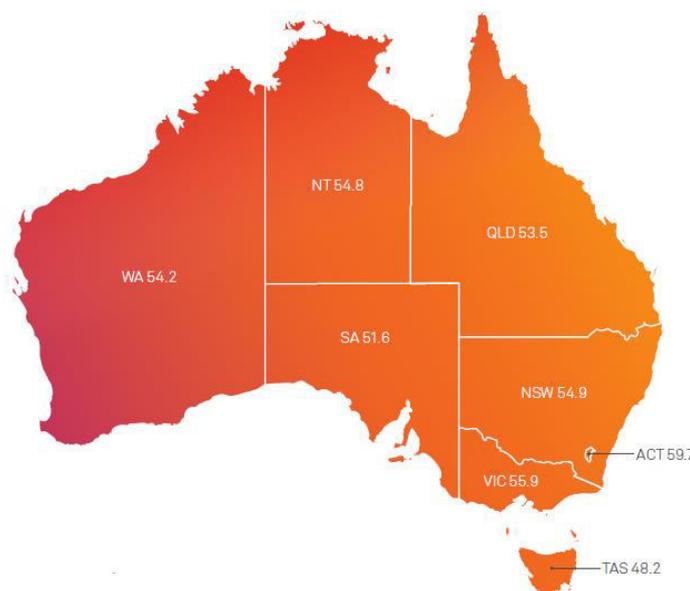
Digital Inclusion

Introduction

According to the Australian Digital Inclusion Index (ADII), digital inclusion is based on the premise that: All Australians should be able to make full use of digital technologies – to manage their health and wellbeing, access education and services, organise their finances, and connect with friends and family, and with the world beyond. (Thomas et al, 2016, p 6).

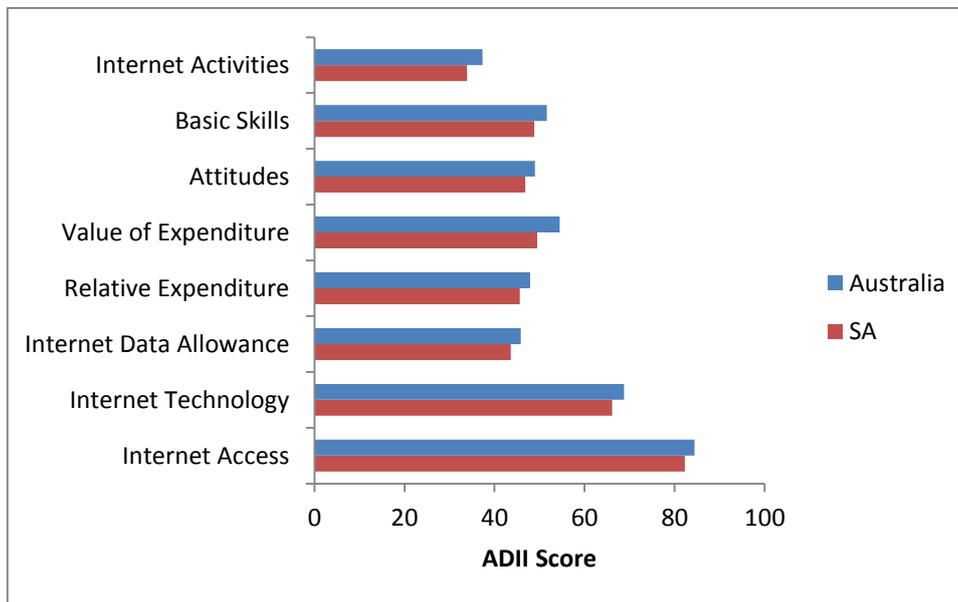
As the ADII notes, this is about more than simply owning a computer or smartphone. It is about social and economic participation. It is about using online and digital technologies to “improve skills, enhance quality of life, educate, and promote wellbeing across the whole society” (Thomas et al, 2016, p6).

Figure 1: Digital Inclusion – National Comparison



Source: Roy Morgan Research in Thomas et al, (2016).

Figure 2: ADII Sub-indices – South Australia and National



Source: SACOSS graph derived from data in Thomas et al, (2016).

The ADII measures three key dimensions of digital inclusion (access, affordability and digital ability) on the basis of a range of survey questions relating to internet products, services and activities. The answers are then benchmarked against a “perfectly digitally included” individual, a hypothetical person who scores in the highest range for every question. The result is a score out of 100. Higher scores mean higher levels of inclusion. The 50-60 range represents a medium level of digital inclusion, though the range varies for sub-indices.

South Australian Performance in the Australian Digital Inclusion Index

As noted above, South Australia performs relatively poorly in digital inclusion. The South Australian ADII summary figure is 51.6 points, significantly (5.3%) below the national average of 54.5, and 13.5% lower than the ACT which is the best performing jurisdiction.

South Australia’s score is the second lowest of any state or territory in Australia. While the overall South Australian score is at the bottom end of a medium ranking, at 43.2 our score for digital ability is rated as “low”.

In absolute terms the South Australian digital inclusion score has increased over the last three years (by 1.6 points), but this increase in digital inclusion failed to keep pace with the national increase of 1.8 index points (Thomas et al, 2016, p26). Thus, despite this modest closing of the digital divide, we are falling further behind the rest of the country.

It is also important to note that, as Figure 2 shows, South Australia lags behind the national average not just overall, but on every one of the eight indicators of access, affordability and digital ability (Thomas et al, 2016 p10). Clearly the digital inclusion challenge is multi-dimensional and not simply a product of remoteness or lack of access to broadband.

Geographic and Demographic Differences Within South Australia

There are also marked differences in digital inclusion within South Australia. There is a clear geographic difference in the ADII between Adelaide and SA country areas, with digital inclusion scored 5.5 points lower in country areas, that is, about 10% lower than the Adelaide score.

The area referred to in the ADII as “Eyre”¹ ranks the lowest in the state, but it should be noted that even the best Adelaide figures (the Eastern side of Adelaide) rated 1.2 points below the national average for digital inclusion.

Table 1: The Adelaide-Country SA Gap, 2016

Area	ADII Score
Adelaide	52.8
SA Country	47.3
• Yorke & Murray	48.5
• South East	46.8
• Eyre	45.6

Again, the city-country gap was present across all the sub-indices, but the biggest difference was in internet data allowance and value for money, with the gap at 8.2 and 8.5 points respectively.

The demographic differences within South Australia largely echoed the patterns in the national figures with digital inclusion increasing with increases in income, education and employment levels. Similarly, reflecting the national figures, people with disability, seniors, people with less than secondary education and Indigenous people were all more likely to have lower levels of digital inclusion. As Table 2 shows, these lower levels were both by comparison with the rest of the state and with the same cohort nationally.

Table 2: Demographic Differences, 2016

	ADII for SA Cohort	ADII for National Cohort
People with disability	38.1	44.4
Seniors	40.4	41.6
Less than secondary education	43.2	44.6
Aboriginal people*	44.2	46.6
All people	51.6	54.5

* ADII warns that this is a small sample size so figures should be treated with caution

Particularly alarming here is the digital inclusion of people with disability in South Australia. The SA

score for people with disability is very low in absolute terms. This cannot simply be seen as a product of their disability or the generally lower South Australian figures. If it was simply a product of disability the SA scores should reflect the national figures, but nationally people with disabilities scored 81% of the average ADII score, while in South Australia the figure was significantly lower at 74% of the (state) average. Similarly, if the issue was simply the lower South Australian base, the disability figures should reflect the state figures, but the ADII for SA is 95% of the national average, while for those with disability it is 86% of the national average.

The score for people with disability in South Australia is in fact the lowest of any cohort measured in the ADII across the country and has declined over the last three years (again, in contrast to the gains in SA and nationally). Clearly South Australia is not doing enough to support digital inclusion for those with disability.

A Major Effort to Improve Digital Inclusion is Needed

All of the above suggests that a major effort is needed to improve digital inclusion in South Australia. We have significant pockets of specific disadvantage within our state. We lag behind most of the country and the situation is not improving. As noted in the Introduction, this has significant economic and social costs and constrains both our path to prosperity and our ability to be a fair and inclusive society.

While telecommunications regulation and much of the digital infrastructure (eg the NBN) is the responsibility of the federal government, state governments still have a role to play.

Again, if we take the ADII as a starting point, these federal government responsibilities will drive much under “Access” and “Affordability” headings, but specific geographic infrastructure or initiatives at the state level (eg. public Wi-Fi, free services) can play an important part in ensuring access and affordability.

More particularly, supporting digital ability, the willingness and competence to use digital technologies, is very much underpinned by

¹ In the ADII Eyre includes not only the Eyre Peninsula, but the entire north of the state (from around Port Pirie). As the data base did not include remote communities there would be limited data from much of this area.

education and community development approaches where the state government has primary responsibility.

Accordingly, this Budget Submission proposes a number of initiatives for state government action to improve digital inclusion:

- Establishing a high-level stakeholder taskforce to develop and oversee a whole of government digital inclusion strategy;
- Convening a digital inclusion summit;

- Providing un-metered (free) access to state government websites; and
- Providing project funding to assess the digital readiness of the community services sector, scope opportunities to better utilise digital technologies and to build capacity within the sector to support digital inclusion both internally and among vulnerable and disadvantaged people.

A Digital Inclusion Strategy

A Clear Need for an Overall, Big Picture Digital Strategy

Despite the importance of digital inclusion and our state's relatively poor performance (detailed above), South Australia has no strategy to improve digital inclusion.

In 2009 Adelaide's "Thinker in Residence", Genevieve Bell, completed a report on South Australia's digital future (Bell, 2009). The report discussed maximising the use of the (then proposed) NBN capacity building in government and the community, digital literacy and the need to reach beyond the home.

The report had thirteen specific recommendations. In its formal response the state government highlighted many programs that were being developed in response to the directions in the Bell report, including the Digital Literacy Framework rolled out as part of the Skills for All program, the New Information Communications Technologies for Older People program and the *youthconnect* program (DFEEST, 2012).

Similarly, the government's *Information Economy Agenda 2009-14* (Govt of SA, 2009) looked at strategies to develop the digital economy under the headings of connectivity, capability and content. The connectivity initiatives were largely around access to and maximizing the potential of broadband, but also included affordability issues, while the content heading was around the government's own digital output. The capability section aimed to "build a

confident, educated and digitally literate population". It had a number of programs and initiatives under it. One of these was a proposal to "map the SA digital divide and develop a Digital Inclusion Strategy and response to issues" (Govt of SA, 2009, p22). The mapping has now been done independently of government through the ADII, but the strategy was never developed.

The eight years since the Bell report and the Information Economy Agenda's publication is an age in the digital world. Telecommunications usage patterns and data needs have changed spectacularly.

For many in South Australia the NBN is now a reality not a possibility (although it might be available but not affordable for some households). Finally, many of the Departments and programs referred to in the government's response to the Bell report have ended or changed substantially. The Information Economy Agenda expired in 2014 and has not been replaced or updated.

According to the Department of State Development website, the Department maintains a focus on digital technology, including strategies to ensure that every South Australian has access to broadband, to promote digital literacy as foundation skills and to build digital skills capability across the state (DSD, 2016a).

While these stated priorities are welcome, there is no detail on the website, nor does the Department's 2015-16 Annual Report contain any reference to digital inclusion or the ongoing digital divide. Further, initiatives like the continuing push to develop Adelaide as a "Smart Digital City" (DSD, 2016b), may in themselves be good steps towards a digital future, but will do nothing to alleviate (and may exacerbate) the city-country digital divide noted above.

More broadly, regardless of the merits of any individual programs, the ADII figures suggest more needs to be done. Given the time and technological and social changes since the Bell report and the Information Economy Agenda, there is a clear need for an overall, big picture strategy to redress our relatively poor digital inclusion performance.

Echoing the unfulfilled action proposed in the Information Economy Agenda, SACOSS is proposing that the South Australian government establish and fund a high level stakeholder taskforce to develop and oversee a whole of government digital inclusion strategy.

We envisage that such a taskforce would consist of academics, business and community sector representatives, information and communications technology experts and high level government officials, with the secretariat provided by the either Department of Premier and Cabinet or the Department of State Development

Aim of the Digital Inclusion Strategy

The stakeholder taskforce should oversee the development of a whole of government strategy to address issues of digital inclusion with the goal being to see the ADII rating for South Australia:

- Increase in absolute terms each year for the next ten years;
- Equal the Australian ADII average in five years; and
- Be the leading state or territory in ten years.

Further, the strategy should aim to increase the ADII for regional South Australia to match the Adelaide index figure within the life of the strategy.

These goals are ambitious, but SACOSS believes that with sufficient purpose and funding they (or something like them) are achievable and are the sorts of outcomes that we should be aspiring to if we are not to see our state slip further behind in the digital future.

The Role of the Digital Inclusion Taskforce

While the full role of the Taskforce would need to be developed in consultation with key stakeholders, the broad functions could be considered as:

- Researching where we are now, including an evaluation of the strategies and outcomes under the Information Economy Agenda;
- Identifying opportunities to boost existing digital inclusion programs, in particular those aimed at workforce participation and training;
- Identifying gaps in access, affordability or digital ability and the programs to address those gaps;
- Developing the whole-of-government strategy; and
- Monitoring outcomes of the strategy.

While there are a number of concrete proposals (below) which the state government should be investing in immediately, the taskforce may consider including in its investigation any or all of the following:

- The schemes currently in place to address digital inclusion in South Australia, their effectiveness and any gaps in provision for particular demographic groups or people in particular geographic locations.
- Schemes in other jurisdictions that promote digital inclusion and whether they could be extended, replicated or adapted to South Australia.
- The current level of availability of public internet access and services available through libraries, community centres and other community hubs and the costs and benefits of ensuring that each facility was able to offer free community access to digital communications. In suggesting this we note that Recommendation 10 of the Bell report (2009) was for such investment in community hubs and that Infoexchange's www.godigi.org.au/ website provides a good online starting point for where training is available. However, there

is clearly scope for developing an overview of what is currently available and the gaps in this community provision of access.

- The current level of internet connectivity of all public and community housing and the costs and benefits of providing free internet access in those residences.
- The costs and benefits of the provision of free public Wi-Fi in areas of highest digital exclusion (the Adelaide CBD has free public Wi-Fi, so it would be about replicating this for example).
- The outcomes of the public Wi-Fi 'white list' scheme currently being trialled in Ceduna as part of Cashless Welfare Card trial. Essentially the scheme provides several Wi-Fi points where the (Federal) government pays the data charges for accessing government and certain white

listed essential service sites when accessed via these Wi-Fi points. If the results were positive, the state government could look at replicating this in areas of highest digital exclusion.

Again though, these are only suggested starting points. The real issue is to develop and fund an overall strategy that can turn around South Australia's relatively poor digital inclusion record and meet the goals stated above.

Priority 1

Establish a high-level stakeholder taskforce to develop and oversee a whole-of-government digital inclusion strategy.

Immediate Proposals

While an overall Digital Inclusion Strategy is needed for South Australia, this will take time to develop and implement. There are, however, a number of necessary measures that can begin immediately.

A Digital Inclusion Summit

Either as an early part of the work of the Taskforce noted above, or as a stand-alone activity, the state government should convene a stakeholder summit on improving digital inclusion in South Australia. The summit should take place in the second half of 2017 and would consist of consumer, business and government stakeholders' agencies with an interest in issues of digital inclusion or the digital economy, as well as academics with relevant expertise.

This list is superficially similar to the Taskforce list above, but the summit would be broader and could bring in people and ideas from a wider range of different demographic groups because it is likely that, for instance, the challenges and paths forward for remote Aboriginal communities in the north are very different from those facing unemployed youth in Adelaide or those facing people with disabilities.

As with this Budget Submission, it would be useful to start with the data and framework of the Australian Digital Inclusion Index. Against this backdrop, the summit would be aimed firstly at building awareness

of the need for a comprehensive approach to digital inclusion and secondly at putting ideas on the table for how to improve digital inclusion in our state. These ideas need not be limited to government action and so again, the networks, agenda and outcomes may be broader than the government-wide strategy proposed above.

For this reason, SACOSS proposes the summit even if the proposal for a taskforce and whole-of-government strategy is not accepted by the government. The summit would be a productive contribution to digital inclusion, even without the broader proposal, but obviously it would have its maximum value if it were a precursor and key input into the development of an ongoing strategy.

Ideally, the government would host the summit itself as a measure of the government's recognition of the importance of digital inclusion, but alternatively, and at a minimum, the government could partner with SACOSS and others to make the summit happen. SACOSS would be happy to discuss the logistics of this proposal further with the government.

Priority 2

Convene a digital inclusion summit in the second half of 2017.

Access to South Australian Government Websites to be Non-metered

Governments, both state and federal, reap the benefits of the cost savings in providing information and services online, but this often transfers the cost of access onto the consumer or clients who have to pay the data (and printing) costs of downloaded or uploaded information. By definition, government websites provide vital access to government services and also provide information for people to be active as citizens (for instance, through the YourSay website and associated online public consultation initiatives), so those sites and that information should be free to browse and download.

The SACOSS *Connectivity Costs* report (Ogle & Musolino, 2016) noted the cost of mobile data, the small data allowances on the most affordable plans and the stresses for those on low incomes managing their data limits. Those struggling with telecommunications affordability should not miss out on state government services or concessions (or any local or federal government service or payment for that matter) because they can't afford to freely browse the government website to find the right information and access points (or because their data runs out mid-download!).

Similarly, if the government is serious about developing new digital forms of democratic participation, which it has done through the YourSay website and the "Reforming Democracy" agenda (Govt of SA, 2015a), it needs to address the costs of participation in such services. If we would not accept a property qualification on voting in state elections, we should not accept an income/affordability barrier on participation in digital democracy.

Accordingly, SACOSS is calling for all sa.gov.au websites to be free to users. Considerable investigation and negotiation would be needed as to how to provide non-metered access to sa.gov.au websites, but in theory this could be done through arrangements with the various retailers, or perhaps via the NBN wholesale when it becomes universally applicable.

In proposing this SACOSS notes that various telecommunications providers have agreements with entertainment providers like Netflix, Stan, Foxtel Play etc for non-metered content (presumably with the retailers wearing the cost in the hope of market share). We also note Telstra's non-metering of the homeless services "Ask Izzy" site (Caneva, 2016).

If similar arrangements were not possible for the state government, then the government should look to pay the telecommunication providers for the browsing, uploads and downloads to and from its websites. Again, the federal government has managed to do this in a limited way in the Ceduna trial, so there must be a technical ability to separate billing of different sites. By encouraging online dealing with government, the state government would save itself staff time and money and allow better access to government for citizens.

This arrangement is proposed rather than a straight concession payment not only because it has a universal scope befitting the democratic participation arguments above, but it is also better targeted to communications usage rather than simply an eligibility based on low incomes. It also avoids those on low incomes having to register and/or pay up-front and then get some form of payment later or the costs for government of maintaining a register of concession entitlements.

Overall, this proposal should also be more efficient because the price per unit of data paid by the government should be far less than the top rates paid by many on low incomes who pay poverty-premiums in their telecommunications plans (on this poverty premium see Ogle & Musolino, 2016).

Priority 3
Provide un-metered (free) access to state government websites.

Digital Inclusion in the Community Services Sector

The community services sector is an important part of the South Australian economy in its own right. On the figures that SACOSS pulled from the first tranche of data from the ACNC and noting the qualifications on that data, the community services sector employed more than 30,000 South Australians in 2012-13. On a conservative estimate it had a turnover in excess of \$2.5 billion, representing some 2.7% of Gross State Product.

But even more important than the size and economic impact of its own operations, the non-government community sector has a vital role in supporting vulnerable and disadvantaged people in our state. For many, the community sector is a first point of contact and a key provider of services, but those providing the services are often volunteers (who may have older age profiles than the rest of the population) or are low paid workers, professionally trained in human services rather than in technology. Further, small charities often have little money for infrastructure and may be accessing only limited or dated digital technology.

These are all indicators that the community services workforce itself may not be the most digitally-included group. However, if vulnerable and disadvantaged people are to be digitally included it is vital that those providing services that are aimed at overcoming that exclusion are themselves digitally savvy and resourced to assist with digital inclusion.

SACOSS is therefore proposing that the state government fund community sector development to ensure that the sector is digitally savvy and resourced, or at least given the modest size of the funding envisaged, to identify the current state of the sector and the opportunities that exist.

Specifically, the government should fund SACOSS, as the sector's peak body, for a three year project to:

- Assess the use of digital technology and level of digital literacy in our sector;
- Scope opportunities for increased/better use of digital technology in community services; and
- Build digital capacity in our sector.

The need for a similar sector capacity-building approach has been recognised by the SA government in relation to energy and water where there have been important “train the trainer” programs funded through the successful Utilities Literacy Program. SACOSS is keen not only to investigate the potential for extending this to telecommunications, but also to investigate broader digital inclusion strategies.

SACOSS is well-placed to conduct this project. There is our peak body connection to the service-providing non-government organisations and our past record of similar “service-need scoping” exercises which led to the funding of the consumer credit legal service (SACOSS, 2013a).

There is also the knowledge and policy background we have developed in our cost of living work focusing on telecommunications (SACOSS, 2013b, 2015) and the more recent survey and focus group research with low income South Australians on telecommunications affordability (Ogle & Musolino, 2016).

SACOSS is also connected to national initiatives in the field through ACOSS and the state and territory COSS network and more recently through discussions around the national Digital Inclusion Roundtable.

The funding required would be in the region of \$150,000 per year for the next three years.

Priority 4
Provide project funding to SACOSS to assess the digital readiness of the community services sector, to scope opportunities to better utilise digital technologies and to build capacity within the sector to support digital inclusion both internally and among vulnerable and disadvantaged people.

The Outreach Capacity of the Adult and Community Education Sector

As noted above, digital literacy and confidence is vital for people to be able to engage in work and in society at large, yet not everyone has those skills or the ability to attend traditional formal training institutions. Community based providers such as the adult and community education sector with the outreach capacity that more formal institutions do not have are well placed to expand the range and depth of their foundation programs to enable the engagement or re-engagement of the cohorts currently missing out.

SACOSS acknowledges that the funding and outcome priorities for the Adult and Community Education Foundation Skills Program includes a 25% digital literacy target (Govt of SA 2016c). This aims to raise awareness and engagement in developing digital literacy skills by ensuring 25% of projects funded through the Program deliver digital literacy training, including training for the skills and confidence to use the internet and online resources to access opportunities in training, further education and work.

However, 25% is still a low target and the total funding for the program is modest at \$2.4 million per annum. Given the limits of the program in terms of numbers of participants and the range of the program's curriculum, this is nowhere near enough. SACOSS therefore proposes a stand-alone Adult and Community Education Becoming Digitally Ready Workforce Foundation Program to complement the Foundation Skills Program.

The expansion of digital preparedness elements in all WorkReady programs would further strengthen the job-ready capacity of vulnerable and disadvantaged cohorts.

Priority 5
Invest \$5 million per annum in an adult and community education Becoming Digitally Ready Workforce Foundation Course program.

Job Creation: Growing Infrastructure and Training for Employment

Introduction

The ongoing challenge facing our community is to provide the opportunity for every person, irrespective of their background, to develop their skills, knowledge and abilities in particular so they can gain and hold meaningful, secure and well paid employment.

However, as stated above, many people continue to face workforce exclusion through unemployment, in particular long term unemployment or have a tenuous grip on workforce inclusion due to insecure employment, underemployment or casual employment. Both unemployment and a tenuous link to employment can have a devastating impact on people's lives. Disconnection, loneliness, lower standards of living, financial crisis, homelessness, poor physical and mental health and contact with the justice system are all too common, undermining community cohesion.

The focus on employment issues as a priority must be maintained. SACOSS continues to support the government's goal of providing a positive employment environment for business, complemented by its leadership role in job creation through spending on public infrastructure, community strengthening programs and public sector employment.

Strategies are needed in particular to redress the imbalance in job opportunities between geographic regions, age cohorts and cultural backgrounds. Residents of low income regions, redundant breadwinners, long term unemployed and Aboriginal people are all severely disadvantaged by current patterns of job opportunities.

In its particular focus on employment and training, the SACOSS 2016-17 State Budget Submission (SACOSS 2016a) sought an increased employment expenditure on infrastructure, the doubling of the Jobs4Youth intake and the re-introduction of the payroll tax exemption for trainees and apprentices.

As stated above, this year's Budget Submission builds on the proposals of last year by proposing infrastructure based economic stimulus packages to build community centres and community housing.

We have proposed re-engagement digital readiness courses (above), but in addition we note our disappointment at the lack of take up of our 2016-17 training proposals and revisit them.

Developing Community Infrastructure

In many communities across the state community centres, by assisting many thousands of individuals, play a central role in enabling social and economic participation by people living with poverty and disadvantage.

The economic contribution of the network of community centres is significant (South Australian Centre for Economic Studies 2013). These include, among other things, enabling people to engage in further learning and work through volunteering, foundation skills courses and breaking down barriers to participation for example through literacy and numeracy programs and the provision of childcare that enables engagement and participation. A significant role is providing venues for adult and community education, important for the delivery of digital, utility and literacy programs.

However, building the capacity of these centres in areas where there are gaps, mainly in regional South Australia, has proven challenging as it has become apparent that there are a number of areas of high vulnerability where the basic physical and social infrastructure required to enable social connection and active participation is limited.

Community Centres Building Scheme

SACOSS proposes the establishment of a Community Centres Building Scheme of \$20 million to build new community centres or expand or renovate existing ones.

Across South Australia rural centres in particular are in need of either new purpose built community centres or the provision of additional capacity for existing centres to meet current and emerging community needs. Broad consultation across the state with local, regional and state organisations and government agencies would identify appropriate sites.

The Community Centres Building Scheme would be an economic stimulus package for local communities, particularly in rural areas, as well as providing a much needed boost to community social infrastructure.

A further consideration would be to ensure that any centres built or renovated under such a scheme were fully digital ready using best quality digital technology (refer roles of Digital Taskforce proposal above). Coupled with other support outlined in this Budget Submission, this would provide a further access point into information and communication technology for participants in community centre activities.

Priority 6
Generate new community infrastructure across rural and metropolitan South Australia by investing \$20 million in a Community Centres Building Scheme.

Building Community Housing

Stable, Secure Housing Provides a Platform for Economic and Social Participation

Stable and secure housing is the primary platform for connection to economic and social community life. High housing costs limits people's opportunities more than any other factor. Increasing rents and house prices mean people struggle to stay housed, are forced to live in sub-standard homes or live far from jobs and services. Excessive housing costs make it difficult for them to cover other basic living costs. Whether by helping people find a job, engage in education or training, overcome family violence, avoid homelessness, manage chronic illness, avoid contact with the justice system or protect children from harm, safe and secure housing helps people overcome challenges and lift themselves out of poverty (Bankwest Curtin Economics Centre 2014).

Homelessness is largely an issue because people cannot find safe, secure affordable housing. There are 37.5 homeless people per 10,000 population in South Australia (Homelessness Australia 2014). The Report on Government Services (Productivity Commission 2016) found that 35% of South Australians on low incomes were experiencing housing stress. Providing more affordable housing in South Australia would assist in meeting the needs of people who are homeless or who are at risk of homelessness because there are limited or no housing options.

Community Housing Loan Scheme

Community housing serves a crucial role in the provision of stable housing and support for those transitioning out of homelessness as part of the social housing mix, providing flexible options that meet a diversity of needs and securing joint ventures between public and private investors (Eardley & Flaxman 2012).

As a second economic stimulus package for physical and social infrastructure, SACOSS proposes a \$250 million Community Housing Loan Scheme to enable registered community housing providers to build and deliver more and enhanced affordable housing. The scheme would be financed through a rolling fund of the South Australian Government Financing Authority similar to the facility offered to non-government schools in the 2016-17 State Budget for construction of new or updated learning facilities (SACOSS 2016b page 6).

SACOSS recommends that only community housing providers registered under the National Regulatory System for Community Housing would be eligible for these loans. Regulated community housing providers have demonstrated that they are professional organisations that have a demonstrated track record in developing new housing and providing excellent tenant services, with strong credentials in sound financial and asset management.

An important consideration is to ensure that any houses built under such a scheme are fully digital ready using best quality digital technology. Coupled with other support outlined in this Budget Submission, this would enable the tenants to access information and communication technology for life's economic, social and community activities in the digital world.

Further assistance is required to upgrade existing community housing stock for digital inclusion.

Priority 7
Build new digitally equipped houses for disadvantaged people by establishing a \$250 million Community Housing Loan Scheme through a rolling fund of the South Australian Government Financing Authority.

Training for Opportunity in Growth Industries

With stubbornly high long term unemployment levels (ABS 2016) continuing efforts are needed to overcome barriers to return to work. The focus on supports for unemployed people to enter or re-enter the workforce needs to be on skills development, including retraining, as well as strategies to counter barriers that inhibit the transition to employment.

As stated, this Budget Submission is highlighting information and communication technology skills due to the growing importance of digital technology in our economy and day to day living.

Particular focus needs to be given to youth, given the high proportion of 15-29 year olds not in employment, education or training, alongside the mature aged and Aboriginal cohorts that face significant and different barriers in obtaining and maintaining employment. Foundation courses, for example, enable access to more formal education and training opportunities.

Building Capacity to Take Advantage of Opportunities

Growth industries include health care and social assistance, in particular in ageing and disability, professional scientific and technical services, construction and education and training. This was reflected in the most popular course areas by first preference TAFE applications in January 2017 (The Advertiser 2017).

Table 3: TAFE Courses First Preferences Applications 2017

Course Area	Number of First Preferences
Nursing and Pathology	1062
Children's Services	897
Aged Care and Disability	765
Community and Family Services	728
Business and Administration	664
IT and Electronics	630

Of particular interest in this Budget Submission is for assistance to be made available so that people are ready to take advantage of opportunities arising from the increasing need for a digitally skilled workforce, in particular within growth industries: refer above to our proposal for a 'becoming digitally ready' foundation course.

The centrality of digital based information, knowledge and accessibility across the health care workforce is but one example of the growing importance of being digitally skilled.

A 2013 South Australian Centre for Economic Studies report, *Economic and Social impact study: Community and Neighbourhood Centres Sector*, stated that it was well documented that raising the skill level of those with the least skills and those who have had little workforce experience was more important for economic development than improving the skills of those already advantaged.

There are numbers of older workers, for example those coming out of manufacturing jobs, who have very limited digital technology skills if any. Prior to losing their jobs they have generally not had a need to be exposed to digital technology, did not need these information and communications technology skills. There is a significant culture shock when they are faced with having to engage in a digital world, including with such government agencies as Centrelink that use digital technology extensively. Many are at 'square one', needing to learn how to use computers, email and smart phones. This lack of digital literacy is often coupled with lower levels of general literacy.

Other barriers to inclusion include the assumption by government agencies of people's capacity to utilise digital technology including their access to, ownership of and ability to use computers, smart phones and other devices.

Revisiting 2016-17 Budget Proposals

In its 2016-17 Budget submission SACOSS sought a range of measures to equip South Australians with the training, skills and employment support they needed to gain and maintain secure employment. As noted in the SACOSS State Budget Snapshot (2016b), SACOSS was disappointed that none of these measures were supported.

The 2016-17 Budget did not contain initiatives that were specifically designed and targeted to address the needs of vulnerable and disadvantaged jobs seekers, such as younger or older workers, those from Aboriginal communities or from non-English speaking backgrounds.

These measures remain in need of consideration:

- Increase investment in Adult and Community Education:
 - Increase the funding available to ACE providers through the Foundation Skills Grants;
 - Develop a new ACE Preparation Program to prepare participants for classroom based learning;
- Ensure WorkReady better addresses the needs of vulnerable and disadvantaged South Australians:
 - Reinstate subsidised training places for community sector RTOs who have demonstrated an excellent track record of delivering high quality specialised 'niche' training for vulnerable and disadvantaged South Australians;

- Ensure the Funded Training List/ Subsidised Training List includes all courses that are essential for workforce development within the health and community services sector, including the Certificate IV Mental Health Peer Work;
- Provide time limited wage subsidies to employers who employ jobseekers who have previously participated in WorkReady's Jobs First employment projects;
- Expand the exemption for student course fees to include unemployed South Australians receiving Centrelink benefits;
- Commit to ongoing funding of the Building Family Opportunities program of \$2 million a year for at least three years spread across the existing location sites; and
- Expedite the evaluation of the 12 month Successful Transitions pilot, and if found to be successful, commit ongoing funding to the program.

Priority 8
Revisit SACOSS 2016-17 State Budget training, skills and employment support proposals.

Section Two: Social Justice Initiatives

Ensuring the Wellbeing of Children in South Australia

An Effective Child Welfare System

SACOSS has long maintained an interest in issues of child wellbeing and safety. SACOSS accepts that children, as vulnerable members of our society, must be supported to develop their full potential as contributing adults of the future.

Where there are failures in our ability to provide opportunity and protection to our children in our families and communities, there is both individual suffering and significant flow on effects, feeding other areas of social breakdown and disadvantage.

An effective child welfare system should support families and children to thrive through measures that react meaningfully, flexibly and considerately to them. It should seek to diminish the wider societal drivers of social disadvantage and dysfunction. It should provide timely intervention where necessary to improve children's opportunity to thrive.

Commissioner for Aboriginal Children and Young People

Advocates welcomed the passing of the Children and Young People (Oversight and Advocacy) Bill 2016 after having long called for the establishment of a Commissioner for Children and Young People since it was recommended in the Layton Review into child protection in 2003. However prior to the legislation becoming an Act of Parliament a coalition of social service peak bodies including SACOSS, child advocates and the Australian Medical Association called on the government to make changes to the draft legislation, including asking for the inclusion of provisions for an Aboriginal Commissioner for Children and Young People (SACOSS 2016e).

Given the poorer outcomes of Aboriginal children and young people in the areas of poverty, education, health, justice and child protection, there is good reason to establish a Commissioner who would focus on Aboriginal children and young people, working side by side with the Commissioner for Children and Young People. The Victorian model with the Commissioner for Aboriginal Children and Young People as a strong advocate, bringing the lived experience of Aboriginal children and young people to the forefront, particularly in the child protection milieu, is an example.

The Victorian example indicates that issues to be addressed by a Commissioner for Aboriginal Children and Young People (Jackomas 2014; Commission for Children and Young People 2016) would include:

- The strong nexus between child protection and justice systems with current high levels of progression of Aboriginal children and young people from out of home care (OOHC) to the youth justice system;
- The development of systems, in conjunction with stakeholders, to better resource the number of Aboriginal people working at all levels in child protection, kinship care and prevention and early intervention programs, particularly in addressing family violence; and
- Connection to culture and community networks: children who become isolated from culture and community networks when placed in OOHC are more vulnerable to being abused. They are less able to seek help, falling into further disengagement, hardship and suffering.

In establishing a Commissioner for Aboriginal Children and Young People reference needs to be given to the Charter for Human Rights and Responsibilities as well as to the United Nations Declaration on the Rights of Indigenous Peoples (UNDRIP). Aboriginal leadership is needed across the roles and functions of oversight and advocacy bodies including their involvement in all aspects of decision making, consultation, planning, strategic development, policy and program development and implementation, community engagement, monitoring, evaluation and reporting.

The new Commissioner for Children and Young People in South Australia will cost \$6 million. We expect that there will be some savings in the establishment of a Commissioner for Aboriginal Children and Young People because they would be able to share some resources.

Priority 9
Establish a Commissioner for Aboriginal Children and Young People.

Early Intervention

It is absolutely critical that as we move on child protection reform we look to strengthen the capacity of families who are struggling to care for their children. This is the only way in which we can be sure to stem the flow of children into the system. We must make early investments so families can do better and so their family situations won't deteriorate to the point where children must be removed.

The Government has committed \$432 million of extra resources over four years to fund its response to the Nyland Royal Commission. Of this, \$45 million has been earmarked for early intervention. SACOSS believes that this is woefully inadequate and would expect, given our lack of early intervention services, that at a minimum the government should allocate 25% of new money to early intervention (i.e. over \$100 million).

SACOSS welcomed the November 2016 announcement of the Child and Family Assessment and Referral Networks (CFARNs) by the state government. We agree that in order to succeed, the CFARNs must be a collaborative effort between the

government and NGOs. With the capacity to direct resources where they are needed, we believe the CFARNs have the potential to become an important frontline in ensuring appropriate early intervention for children and families whose needs are currently not met by our child protection system.

A twelve month trial of the CFARNs will begin this year in three pilot sites. SACOSS understands that the three pilots are to be undertaken across metropolitan Adelaide, even though Nyland recommended at least one be placed in a rural location. SACOSS considers it important that at least one site is located outside the metropolitan area.

In the current framework one agency is to take the lead for each pilot site. Given the importance of community connection and local knowledge, consideration should be given to local networks identifying the most appropriate agency to host each pilot. It is likely that this would be an NGO given the public's perception of their independence from government.

Initially, the networks will provide referral for families who do not meet a statutory threshold for intervention to relevant services, for example: drug and alcohol treatment, mental health support, children's services, housing, health and education.

Many of these early intervention support services are provided by NGOs. However, it is our understanding that many of the services within the non-government community sector that would be appropriate referral points for children and families in need of support, are presently at or near capacity at current resourcing. Government announcements are unclear as to how much funding will be received by NGOs who provide services to families referred through the CFARNs. SACOSS believes it reasonable that 50% of money allocated to early intervention should be directed to the NGO services sector.

NGOs must receive adequate resourcing to participate and contribute to the CFARNs and to provide the necessary service support to children and families in need. Without adequate resourcing there is a risk that children and families may not receive the support they need to divert them from our tertiary child protection system.

Priority 10

Allocate \$100 million over four years from the funding committed in the government response to the Nyland Commission, for early intervention in child protection, including \$50 million to assist NGOs to participate in child and family assessment and referral networks and resource NGOs to provide vital early intervention services.

Independence Following Protective Care

Young people in OOHC are often ill-equipped to cope with an abrupt transition to independence at age 18 (Uniting Care 2014). Because of their individual experiences with biological families and then within the care system, they are at greater risk of housing instability or homelessness, unemployment and low incomes, poorer educational achievement, justice system involvement, poor physical and mental health, substance abuse, social isolation and early pregnancy and parenthood (Mendes, Snow & Baidawi 2012).

Their peers outside of the care system typically access parental support and resources well into their mid-20s, certainly during post-school education and training and their first experiences of employment. It is now typical for young adults to leave and return to the family home several times while they navigate study, employment and housing independence. But the state, as the effective parent, does not provide this important supportive environment for young people who have been removed from biological families because of inadequate parenting.

There have been many calls to bolster support for young people in the OOHC system in their preparation for independence. SACOSS believes support for this group in early adulthood is essential to align our standards of support with those provided for the general population and to ensure that this group of young people who have already been subject to the disadvantage of inadequate parenting are provided with the same opportunities as other young people to study, train and work towards independence and wellbeing.

Research commissioned by Anglicare Victoria (Deloitte Access Economics 2016) found there was a

significant economic case for bringing our supports in line with international comparators. Investment leads to better outcomes in education and employment with significant savings in housing, drug and alcohol, health and criminal justice areas.

The national Home Stretch campaign has highlighted (Baidawi 2016) that all Australian jurisdictions including South Australia are behind international comparators in the UK, Canada, New Zealand and some states of the US in their transition planning and post-care support. Currently, young people aged 18 and over who were under the Guardianship of the Minister and who were in OOHC have no legislative right to care or support beyond the age of 18. The Child Protection Act 1993 (SA), while indicating in Standard 7.3 of the Standards for Alternative Care that “post-care support will be provided to all care leavers, regardless of age”, provides that support as entirely discretionary.

In addition to the legislative amendments needed to ensure the rights of young people in care to transition planning and support beyond the age of 18, financial investment is needed.

Using figures from the Anglicare Victoria report (Deloitte Access Economics 2016) approximately 25% of care leavers will utilize extended support services. AIHW data cited by Deloitte Access Economics (2016) shows that in 2013-14, 205 young people left care between the ages of 15 to 18 in South Australia. Based on these two starting points, we could expect 50 to 60 young people should be costed for.

The Anglicare Victoria report estimated that in Victoria extended support services would likely cost \$20,000 for each child per year for three years. This cost will be higher in South Australia due to our higher use of more expensive forms of care eg residential care. We have added contingency for this.

Priority 11

Allocate \$1.5 million per annum to provide extended support services to young people in out of home care until age 21.

Addressing the Cost of Living

Concessions

The high cost of utilities in South Australia and the rising cost of living continue to be very serious and concerning issues. SACOSS' analysis (SACOSS 2016d) indicated rises in the living cost indexes for aged pensioners and other social security recipients over the year ending September quarter 2016 as greater than the generic CPI.

In addressing poverty and vulnerability, state governments provide a range of concessions to help people on low or fixed incomes with the cost of household and other expenses. However, the real value of concessions is constantly challenged by inflationary impact and rising costs. This is particularly experienced by consumers of essential services.

SACOSS has welcomed the government's commitment to introduce annual indexation of concessions by CPI on utility-related concessions from July 1 2017, as announced in the State Budget 2016/17 Mid-Year Budget Review (Govt of SA 2016b).

SACOSS has consistently argued that reform of the utility-related concessions is a top priority and is necessary to ensure the most vulnerable South Australians are not left without access to essential services as we move to a low carbon economy.

SACOSS will continue to actively work on concession reform to ensure these essential safety nets keep pace with federal and state government policies, emerging trends and market developments.

Percentage Based Concession for Energy

The indexation of utility-related concessions is an important measure that will help many families offset the most recent price increases. SACOSS has long been concerned that a significant proportion of the community has been unable to keep up with these price increases for energy.

The SACOSS cost of living analysis for the September Quarter 2016 indicated an annual increase for electricity of 11.6% as compared with the general CPI increase across all groups of 1.2% (SACOSS 2016d). In this environment, flat rate concessions payments rapidly lose their value relative to the size of the bill. SACOSS continues to advocate that a transition to an energy concession based on a percentage of the bill is a key complementary measure as the energy market continues its extremely rapid transformation.

In South Australia, SA Power Networks is moving to incentivize customers to manage their demand during summer in the afternoon/early evening peak period. The low voltage residential monthly demand tariff has been available to eligible residential customers taking supply at less than 1kV since 1 July 2014. It is expected that customers will increasingly move to the monthly demand tariff arrangement.

While those negatively impacted by this will be a minority, there is no doubt that some vulnerable consumers will fall into the category of those who pay more than under current price structures. The current flat concession structure in South Australia will be unable to respond to the changed pricing environment in a flexible and reflective way.

The move to a zero carbon economy also has significant implications for energy consumers. Wholesale prices in South Australia are already rising in response to increased intermittency in the wholesale market and the flow through to increased retail prices is expected to be a continuing trend as more renewables are integrated in to the National Energy Market. Again, the current flat-rate concession structure will struggle to keep pace.

Priority 12
Transition to a percentage based energy concession.

Income-Based Fines: Making Fines Fairer

A variety of civil and criminal offences attract fines and penalties. In general these fines and penalties are set at levels which are effectively constrained by the capacity of low income offenders to pay. The regressive nature of a flat fine structure hits people on the lowest incomes disproportionately hard with a more burdensome financial penalty than people on the highest incomes even if both commit the same offence.

Different groups, then, face different effective punishments for the same crime. The effect of this is that fines levied for quite serious offences, such as drink driving for example, represent a fairly trivial cost to upper income earners, apart from any loss of associated demerit points. As fines and charges are increased this regressive tendency is increased.

As an example, in South Australia traffic fines totalled \$174 million over 2014-15. At the moment everyone pays the same fine. A traffic fines model based on the Finnish example (Lindqvist 2016) which calculates fines based on mean disposable income for each quintile would see a reduction of 70% for the lowest income group. Those with the highest income group would have fines double the current value. Importantly for state revenue the total value of the fines remains the same.

Income-based fines would ensure that the financial penalty is based on the economic impact, that is, the capacity to pay. It would represent fair punishment for offences. It is important to note that this proposal concerns making the fines and charges regime a fairer one and is not necessarily a behavior modification measure.

One of the major difficulties for Australian jurisdictions is the separation of the state based administration of penalties and the federal administration of income data. A key issue to be discussed in developing an income based scheme would be the determination of a person's income, for example by placing the onus on the offender to prove their income bracket. Other issues include the regular increases in fines and charges, the need to raise extra revenue, the impact across state and local government jurisdictions and the application and promotion of alternative payment mechanisms.

Regardless of the difficulties of these issues, the Finnish experience is that an income based fines system can be administratively simple at a low cost (Lindqvist 2016).

Priority 13
Introduce income-based rates for fines and charges.

Table 4 South Australia with Finnish Model Traffic Fines Per Mean Disposable Quintile Income

Traffic Offence	Fine in 2014	Q1 New Fine	Q2 New Fine	Q3 New Fine	Q4 New Fine	Q5 New Fine
Exceed speed limit by 1 to 9 km/hr	\$219	\$53	\$97	\$136	\$190	\$332
Exceed speed limit by 20 to 29 km/hr	\$769	\$230	\$421	\$588	\$822	\$1,439
Fail to stop at red traffic light	\$487	\$247	\$453	\$633	\$885	\$1,550

Source: TAI's calculations based on ABS income statistics and state rules for traffic fines.

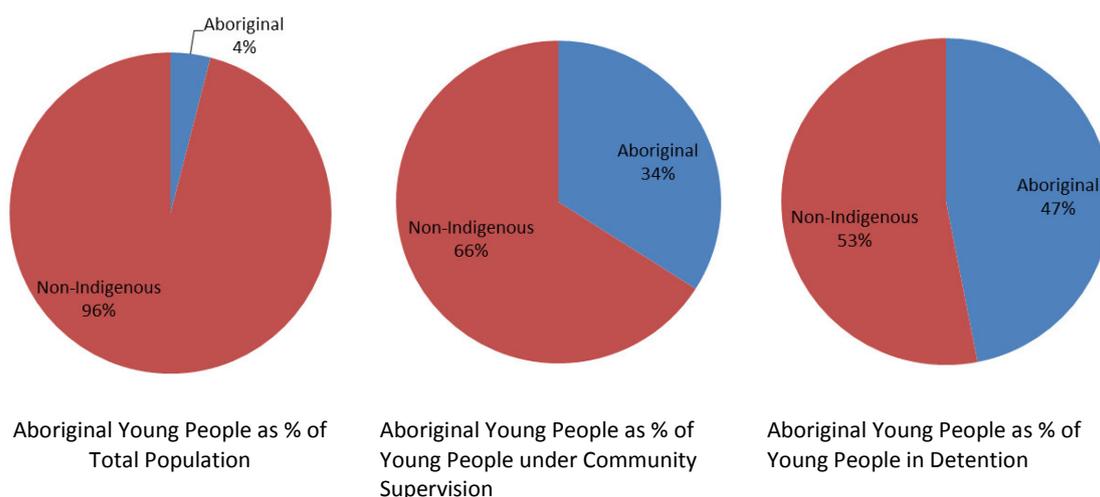
Creating an Effective and Efficient Justice System

SACOSS continues to support a restorative approach to justice involving victims and the community in a manner which seeks to heal the relationships damaged by crime and to reduce the likelihood of further offending. Prison is an expensive response to criminal behavior but worse, prison alone does little to reduce the likelihood of future offending and has little impact on community safety.

SACOSS acknowledges the government’s current interest, through Minister Malinauskas, in exploring programs aimed at reducing recidivism. However, we are concerned that there is a lack of effective alternative sentencing options providing rehabilitation instead of incarceration.

If prevention and rehabilitation programs are to be effective, they need to address the social conditions that lead to offending behavior.

Figure 3: Justice Demographics – Young People



Alternatives to prison such as cautioning, diversion, rehabilitation and/or reintegration programs can be more effective and less expensive forms of justice investment, when compared with prison sentences.

An area of particular need is in the juvenile justice system where there is a vast over-representation of Aboriginal young people. In recent years the numbers of non-Aboriginal young people ending up in incarceration are dropping, however, the numbers of Aboriginal young people are not (Earl, Ogle & McArthur 2015).

This situation is deeply concerning:

- Aboriginal young people comprise only 4% of the total population aged 10-17 years old, but

make up 46% of young people in detention and 34% of young people under community-based supervision²

² In absolute terms, the number of Aboriginal young people in the juvenile justice system in South Australia is not huge, although as a proportion of the young Aboriginal population the numbers are significant. In 2012-13, there was an average of 23 Aboriginal young people in detention each day in South Australia, with a further 97 under community supervision. This represented 46% of young people in detention and 34% of young people under community-based supervision, while Aboriginal young people comprise only 4% of the total population aged 10-17 years old (Productivity Commission, 2015, Tables 16A9, 16A10).

- Aboriginal young people are 12.5 times more likely to be involved with the juvenile justice system than non-Aboriginal young people and 19.7 times more likely to be in detention;
- Over the five year period from 2009-2013 South Australia's rate of contact of Aboriginal young people with the juvenile justice system was the second highest in the country and well above the national average;
- In 2013-14 the cost of incarcerating a young person in South Australia was \$1,000 per young person per day, while the cost of community supervision was \$73 per young person per day;
- The current cost of detention and non-custodial supervision of Aboriginal young people in South Australia is \$14.5 million per year;
- If there was no over-representation, that is, if the rate of detention and community supervision of Aboriginal young people was the same as for the general young population, there would be almost no Aboriginal young people in the SA juvenile justice system (Earl, Ogle & McArthur 2015).

There is a desperate need, then, for alternative sentencing pathways for Aboriginal young people to intervene before long-term involvement with the criminal justice system and recidivism becomes a problem and before young people transition into the adult justice system.

SACOSS continues to regard self-determination and empowerment of Aboriginal people and communities as the key to tackling issues of over-representation. The implementation of an Indigenous Justice Agreement, as has been done in other jurisdictions, is a fundamental first step that could lead to community backed interventions and programs in the area of juvenile offending.

It is also important that any alternative sentencing programs involve Aboriginal leadership and should be run by Aboriginal controlled organisations. In line with the SA Aboriginal Coalition for Social Justice's Cultural Principles and Protocols (2017), should an Aboriginal organisation not be prepared to undertake the proposed model immediately and the establishment of such a model goes to tender, there must be a hand over strategy developed that would build Aboriginal organisational capacity to operate

the model. A timeframe for this handover would be three years.

One interesting alternative sentencing model that SACOSS would like to note is that of The Campus Educational Trust. However, in preparation of this Budget Submission there has not been the opportunity to consult properly with the Aboriginal community regarding the merits of pursuing this proposal as appropriate for Aboriginal young offenders and this is vital.

An Aboriginal Campus Educational Pathway

Engagement in education and training is a key protective factor in reducing offending and re-offending. Research has found that participation in basic skills contributes to a reduction in re-offending of around 12% (Campus Educational Trust).

SACOSS recommends the exploration and establishment, in conjunction with Aboriginal NGOs, of a campus educational style diversionary program, possibly based on the Campus Educational Trust model being undertaken in the United Kingdom, for Aboriginal young people.

To ensure its success, SACOSS recommends that an Aboriginal NGO be chosen to lead this model and to tailor it to be culturally appropriate for Aboriginal young people who offend in this state.

The Campus Educational Trust model acts as a school 'campus'. It is operated in close co-operation with national and local governments, the community sector and criminal justice partners.

The school operates on an extended hours basis, 10am-7pm 365 days per year. It has a relentless focus on educational attainment, whilst at the same time providing help and support to overcome any issues that might get in the way of the young person realizing their educational potential and so reduce reoffending.

Follow on support is provided into further education, training and employment. If pupils are subsequently sentenced to custody the Campus usually stays engaged. The Campus also provides supported accommodation should this be necessary, for example where there are chaotic home circumstances.

Attendance at the Campus is a condition of bail, a community sentence or supervision in the community after custody with strong sanctions attached for non-attendance. The Campus has a strong ethos of excellence, with a rigorous and challenging curriculum. It is not an easy option, but it provides significant opportunity for a young person to attain good educational outcomes, improve their health and wellbeing, reduce risk behavior and reduce reoffending. Success is seen to provide the young person with the skills and qualifications they need to achieve and excel.

The United Kingdom experience indicates that a number of key educational factors are associated with increased youth offending including poor educational attachment such as non-attendance and exclusions, low educational attainment and experience of custody or local authority care (linked to breaks in/poor attachment to education).

In addition, many of the young people anticipated to enter the Campus Educational Trust have a range of issues including substance abuse, mental health issues, peer group pressure and lack of family support. All of these areas need to be addressed for the young person to be able to realise his/her potential (Campus Educational Trust).

Priority 14
Engage with local Aboriginal experts to establish an educational based alternative sentencing program for Aboriginal young people, possibly based on the UK Campus Educational Trust.

Section 3:

Revenue - State Tax Reform

SACOSS acknowledges that the proposals in this Budget Submission require new funding to pay for the proposed expenditures. We have long been concerned about the revenue side of the state budget.

Declining Revenue Places Public Infrastructure and Service Provision Spending at Risk

The 2016-17 State Budget projected surpluses over the budget and forward estimates (Govt of SA, 2016a). However, as has been widely recognised, these surpluses were underpinned to a significant degree by the selling off of the business of the Motor Accident Commission, a contribution to revenue of over \$1 billion over the forward estimates. This is important because, as SACOSS noted in its 2016-17 *State Budget Snapshot*, “the MAC funding, plus the extra income from the Commonwealth over the forward estimates, disguises a continuing fall in the state’s own base” (SACOSS, 2016b, p 2).

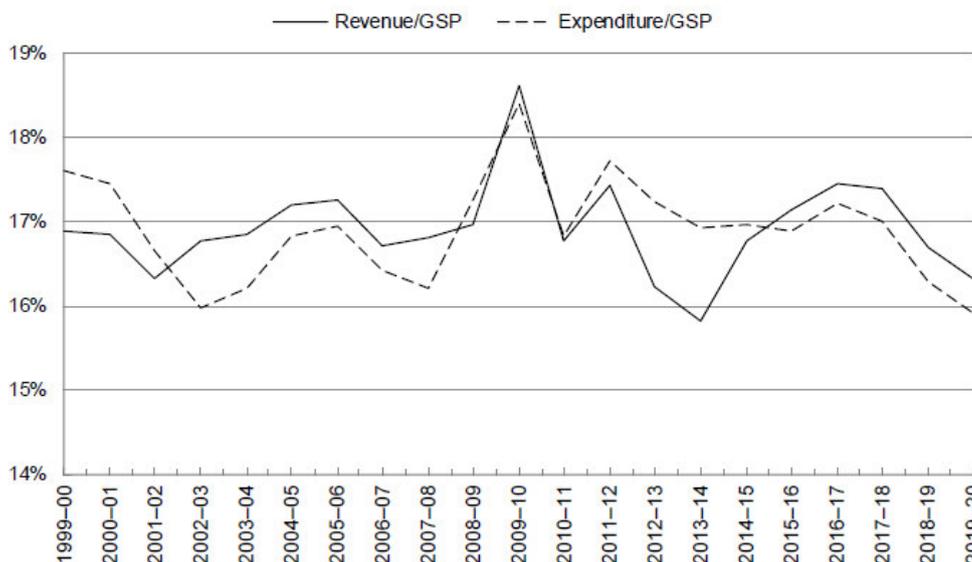
This trend is evident with expected tax receipts for 2016-17 being revised down by \$196 million in last year’s budget and revised down a further \$58 million in the recent *Mid-Year Budget Review*, with similar downward revisions in each year of the forward estimates (Govt of SA, 2015b, 2016a, 2016b). While the budget projections continue to point to a surplus, the budget estimates shows not just declining taxes but a loss of total revenue in real terms in 2018-19 and 2019-20.

Further, as the graph below shows, as a proportion of the economy both state revenue and expenditure decline over the forward estimates and end below the long-term state average. This all heightens SACOSS’ ongoing concerns about the level of public infrastructure and service provision possible under such a state tax regime.

The state government has taken its own measures to address the revenue issue. In February 2015 it launched what it said was a wide-ranging review of state taxes and was clear at the time about the need to establish an adequate and sustainable revenue base (DTF, 2015c). However, despite the 2015-16 Budget trumpeting major tax changes, the tax reform agenda arising out of that review has been limited. Share duties, a range of stamp duties and two particular purpose levies have been abolished, and the payroll tax concession for small business was extended (Govt of SA, 2015c).

Regardless of the merits of these reforms, they all came at a cost to the budget. On the other hand, the revenue raising measures have been modest. As SACOSS pointed out in response to last year’s State Budget, the increased solid waste levy was hypothecated into recycling initiatives so will have limited impact on the budget bottom line, while the point-of-consumption taxation of online wagering was welcome for fairness and revenue reasons, but generates only a small amount of revenue and goes nowhere near countering the long term decline in gambling taxes, let alone state taxes more generally (SACOSS, 2016b).

Figure 4: SA Government Revenue and Expenditure as a proportion of the economy



Source: Figure 1.2, (Govt of SA, 2016a)

Ongoing Tax Reform for a Fair, Adequate and Sustainable Revenue Base

Given the limited tax changes implemented and the ongoing revenue challenge noted above, more work is required on the reform of state taxes to ensure an adequate and sustainable revenue base to provide the services we need as a community, as well as improving both the fairness and efficiency of the tax base.

The SACOSS submission to the State Tax Review provides some clear directions for this much needed reform. The SACOSS submission recommended:

- Benchmarking the tax system against a projection of future revenue needed to fund future services;
- Conditions that would need to be in place if the proposed stamp duty/land tax swap was to go ahead (a proposal since abandoned by government);
- The abolition or phasing out of existing insurance taxes;
- Reform of gambling taxes;
- Shifting vehicle taxes from ownership to usage;
- The investigation of new inheritance or estate taxes; and
- The investigation of a disused building and vacant land tax (SACOSS, 2015b).

SACOSS' *Losing the Jackpot* (2016c) report went into more detail on gambling tax reform, calling for the introduction of point-of-consumption taxation of online wagering (now implemented by the government), the removal of the discounted tax rates on poker machines for clubs and instead providing discounts only for the less dangerous \$1 bet-limited machines and increased use of gambling taxes to address the harm caused by gambling via a sovereign wealth fund.

SACOSS has continued to develop positions and advocate for tax reform in all these areas. We have been undertaking research testing public attitudes to state taxes generally and to some of our proposed reforms in particular. We will publish this research and further recommendations for state tax reform in a separate report at a later date. For the purposes of this Budget Submission it is simply important to note the ongoing need for tax reform if we are to ensure a fair, adequate and sustainable revenue base for South Australia.

Priority 15
That the Government Response to the State Tax Review not be seen as the end of state tax reform: that proposals put forward by stakeholders in the course of that review continue to be considered.

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