



# SACOSS

## State Budget Snapshot 2019-20



**SACOSS**

*South Australian Council  
of Social Service*

June 18, 2019



## Introduction

This Budget Snapshot provides a quick summary of SACOSS' "budget day" response to the 2019-20 South Australian State Budget.

The Snapshot summarises expenditure changes and new policy measures in areas of interest to vulnerable and disadvantaged South Australians and to the non-government health and community services sector.

SACOSS will publish a more comprehensive budget analysis in the coming days which will include:

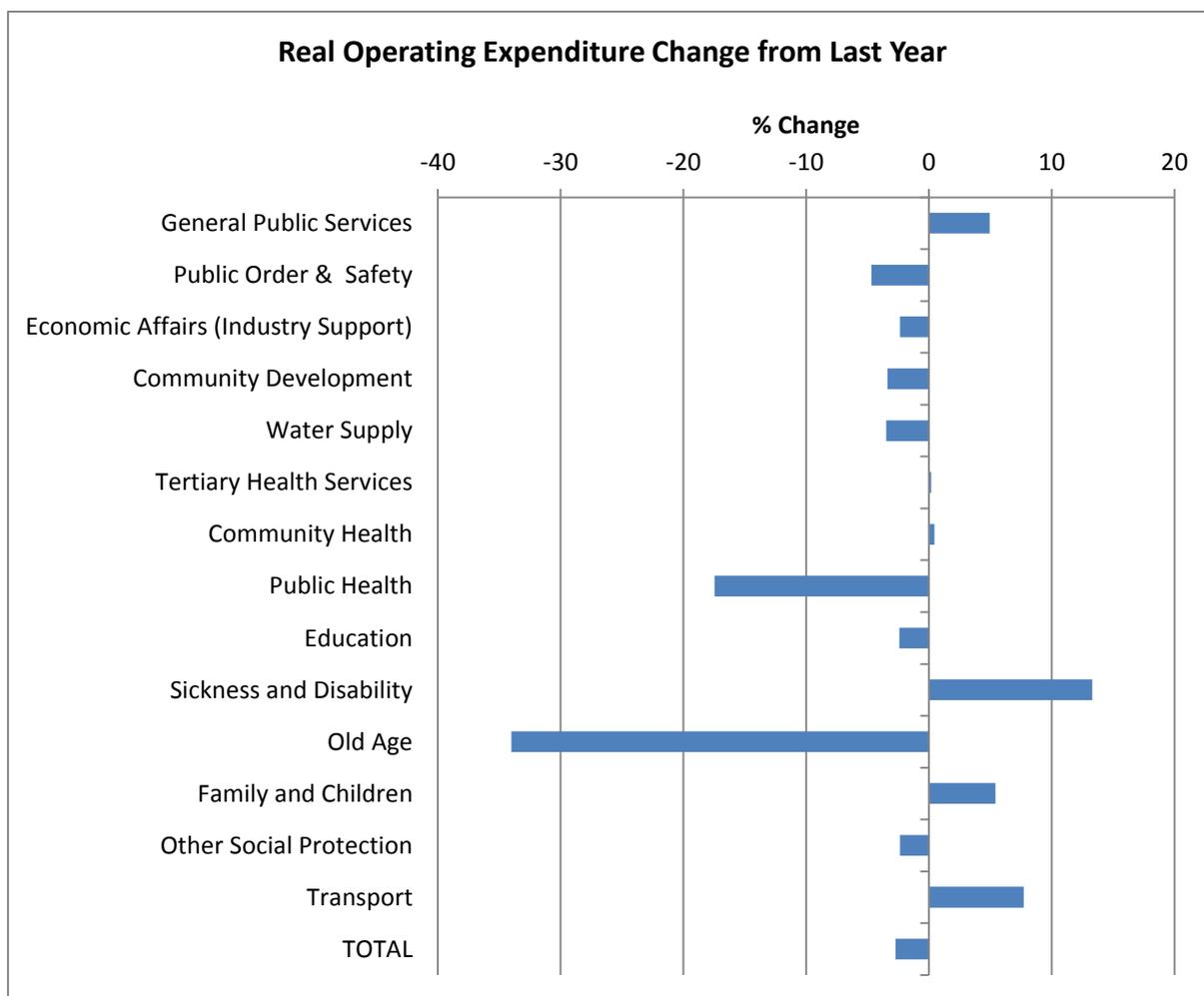
- A summary of economic trends and macro-economic indicators underpinning the budget
- Analysis of long term revenue and expenditure data
- More detailed commentary on the budget measures highlighted in the Snapshot
- Analysis of the Agency Statements for relevant departments and agencies.

With significant cuts to South Australia's share of the GST, this was always going to be a tough budget. SACOSS was pleased the budget did not contain sweeping cuts to services which many in the sector feared.

## Expenditure Changes

The following graph shows changes in government operating expenditure from this year (2018-19) to the budget year (2019-20) in areas of interest to vulnerable and disadvantaged South Australians. The data and categories are drawn from the Uniform Accounting Framework (Appendix A) in the Budget Statement, with the 2018-19 figures adjusted for inflation.<sup>1</sup> Housing has been removed from the figures because a large one-off injection of funds in 2018-19 skews the comparison and because the capital investment (which is particularly significant in relation to housing) is not included in these operational expenditures.

The declines in public health and old age support in the graph are potentially alarming, although both are on fairly small base expenditures so smaller dollar value changes are magnified as percentage changes. Overall, there were no sweeping expenditure cuts in the budget, but still some significant reductions in funding delivered either through “efficiency dividends” or express funding cuts.



<sup>1</sup> The 2018-19 expenditure was indexed at 2% to reflect a mix of the ABS Wage Price Index and CPI – and to accord with the state government funding indexation rate for 2018-19.

## Budget Measures

### Measures welcomed by SACOSS

Overall there were not many new spending initiatives in the budget in relation to social services, and SACOSS' media commentary highlighted the contradiction between the government's willingness to spend on new physical infrastructure but relative reluctance to spend on social infrastructure.

However, there were some budget measures which are welcomed by SACOSS:

- **Changes to land tax aggregation**, to close loopholes for people with multiple landholdings – a change called for by SACOSS.
- **Investment in social housing**, including \$21m for much needed maintenance on existing SA Housing properties, and \$2m for an Affordable Housing Fund for low income first home buyers.
- **New funding to extend existing time-limited programs**, such as the Child and Family Assessment and Referral Networks (extended for 1 year), the Domestic Violence Disclosure Trial (1 year extension) and the Tiraapendi Woodli Justice Reinvestment Project in Port Adelaide (two more years), **plus new funding for a \$2.5m trial of a child and family support program** to assist vulnerable families in northern Adelaide.

### Measures with good potential, but more information needed

There were also a range of initiatives announced that could potentially be good, but SACOSS would need more information before supporting the initiatives. These include:

- Increased funding (**\$26.9m for Out of Home Care for children** – which is good if it removes children and young people from hotels, but is not the best spending in terms of early intervention).
- The **construction and later sale of 90 new affordable homes**. While a small step in creating affordable housing, we may see a decrease in the stock of land for much-needed public housing.
- **Reduction in low security prison beds** due to decreased recidivism which potentially reflects a good social outcome (decreased offending), but we need to be sure the beds were truly not required and that this would not result in over-crowding or moving low risk offenders to higher security beds.
- **Discontinuation of the critical skills fund** may be a good saving as SACOSS is often nervous about simple industry subsidy programs in the name of training, but the detail of how the objectives are being met from other programs need to be made clear.
- The savings generated from the **APY lands police staffing model**, which may or may not be appropriate, as it is unclear why this “indigenous police service” will require or be given fewer resources than the current force.
- The **user-pays requirements for police presence** at significant events may be problematic if it applies to community groups and festivals, or if it impacts on the cost and ability of community organisation. It is not clear what the criteria would be and which events would pay and which would not.

## Measures not supported by SACOSS

There are a number of measures which are likely to have a disproportionately negative impact on disadvantaged South Australians and so are opposed by SACOSS. These include:

- **A range of above-inflation increases in fees, charges and fines that will impact disproportionately hard on those on the lowest income**, including a 5% increase in most government fees and charges and motor registration an even greater increase in fines for high risk offences.
- **A range of new measures that will increase costs for low income households**, including increases in hospital car parking costs and re-introduction of public transport Metrocard fee as well as the removal of a cheaper 2-section fare, and the removal of concessional motor vehicle registration for those in regional areas.
- **Direct funding cuts to services to vulnerable people**, including a \$1.2m p.a. cut to the Victim Support Service, cuts to the Women's Domestic Violence Court Assistance Service and a \$1m p.a. cut to the ACE program.

## Responses to SACOSS Budget Submission Proposals

SACOSS normally makes a formal submission to government in advance of state budgets outlining specific policies and priorities that we see as important to support vulnerable and disadvantaged people in South Australia.

### Outstanding 2018-19 Budget Proposals

SACOSS did not put a formal submission to the 2019-20 State Budget in part because there was a shorter turnaround time since the last budget (September 2018). There were also still a number of outstanding policy areas identified in our state election policy agenda and 2018-19 Budget Submission that we hope(d) the government was still working through.

**Table 1: Previous SACOSS Budget Proposals not funded in 2018-19 Budget**

SACOSS Proposal	Budget Outcome
Fund proposed project to audit and build the digital capacity of the health and community services sector workforce	This has not been supported by the government and is again not funded.
A scoping study for the potential establishment of two Comprehensive Primary Health Care Centres in South Australia	There has been no engagement with the sector on this and the proposal is again not funded.
Funding for health advocacy in South Australia	Last year the budget cut funding for the Health Consumers Alliance. Funding for health advocacy has not been provided in this year's budget.
Support for Justice Connect proposal to develop a practical legal toolkit for South Australian not-for-profit incorporated associations	This has again not been funded.
No further "efficiency dividends" in this budget over and above those inherited from the previous government.	There were additional "efficiency dividends" implemented last year and this year a further \$360m will be reduced from departments' budgets.

### SACOSS' New Revenue Proposals

In addition, given the cuts to South Australia's share of GST revenue which were announced in the Commonwealth Grants Commission Update in February, SACOSS has [publically called](#) on the government to implement revenue measures to repair as least some of the shortfall.

**Table 2: SACOSS Revenue Proposals**

<b>SACOSS Proposal</b>	<b>Budget Outcome</b>
Change land tax aggregation to close loophole for multiple properties with different legal ownership	This was implemented in the budget and is welcomed by SACOSS, but this initiative was tempered by an unnecessary and wasteful reduction in the top land tax rate.
Reversing or delaying the 2018-19 Budget changes to land tax which have not been implemented.	In the Budget lock-up the Treasurer acknowledged the calls for this, but said the government had rejected the proposal. Accordingly, there was no reversal or delay of announced changes – which means that consideration of all initiatives in this budget need to be seen in the context of delivering a substantial tax cut to business.
Other revenue measures	New tax revenue measures in this budget amount to only \$35m in 2019-20 – a small percentage of the GST-revenue hole, but there were also a range of non-taxation revenue measures (principally, increases in fees and charges) amounting to \$84m. However, overall revenue will decrease in real terms by 1% in 2019-20.

A full Budget Analysis will be done in the coming days and released at the SACOSS Post-Budget Breakfast with the Treasurer, 25 June 2019.