



SACOSS

State Budget Snapshot 2020-21



SACOSS

*South Australian Council
of Social Service*

November 10, 2020

Introduction

This Budget Snapshot provides a quick summary of SACOSS' "budget day" response to the 2020-21 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.

In compiling this Snapshot, SACOSS recognises the unique challenges of this post-bushfire and COVID-impacted budget. In this context, there were a range of measures implemented in the last financial year that changed the planned revenue and expenditure for last year. While these were often significant and necessary as an immediate response, and they often appear as part of the budget measures in this budget because they impact on the budget starting position. However, in order to focus on ongoing budget expenditure and challenges, this Snapshot focusses only on measures that have financial impacts on 2020-21 and beyond.

Similarly, SACOSS recognises the significant stimulus spending and tax assistance measures implemented over the last year and in this budget. These include measures batched in programs such as:

- Economic and Business Growth Fund (\$220m)
- Community and Jobs Support Fund (\$250m)
- Business and Jobs Support Fund (\$530m)
- Regional Growth Fund (\$25m)

While not discounting the importance of these measures in overall economic stimulus and job protection or creation, this Budget Snapshot only addresses the aspects of these programs that directly relate to SACOSS concerns for vulnerable and disadvantaged South Australians.

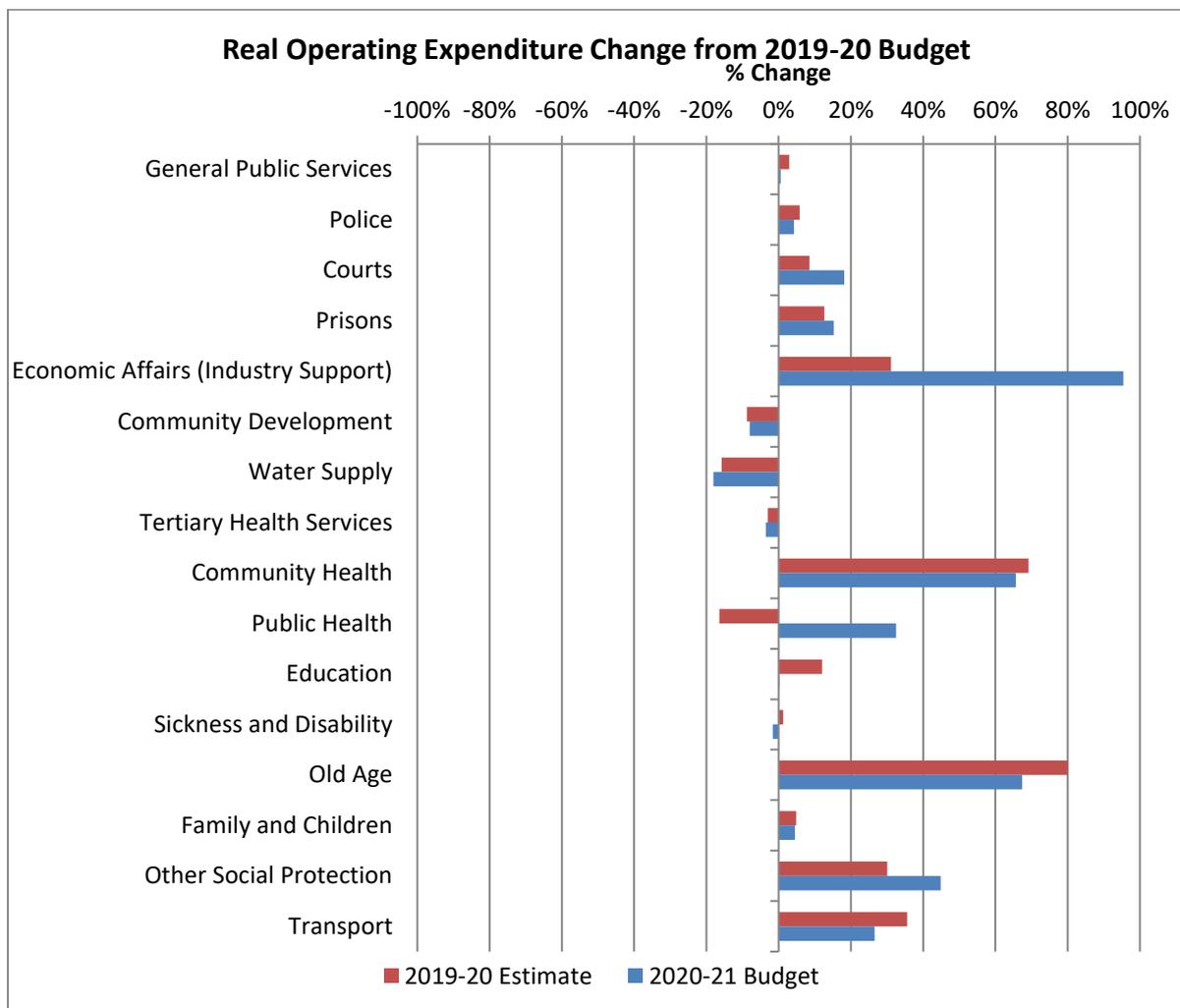
SACOSS will publish a more comprehensive budget analysis in the coming days which will include:

- 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.

Expenditure Changes

The following graph shows changes in government operating expenditure from the pre-COVID 2019-20 budget, to the actual expenditure last year and the projected expenditure this year 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 2020-21 figures adjusted for inflation.²

Essentially, the red bars are the COVID-response changes that happened in the last financial year, while the blue bars are the ongoing expenditure changes; that is, the changes in expenditure this year by comparison with the pre-COVID budget.



The graph clearly shows the focus on industry support last year and particularly this year where it is the largest percentage increase by comparison with last year's budget. Similarly, public health funding is significantly increased this, but the increased expenditure on

² Housing development has been removed from the categories because a \$65m funding initiative in 2021 against a background of only \$1m expenditure in 2019-20 distorts the scale of the graph and renders the other data unintelligible.

education, community health, old age and transport last year has been wound back this year – although most still remain higher than last year’s budget.

This comparison is important because new initiatives announced in a budget may distract from what is happening overall in the budget. For instance, there was significant new expenditure announced in this budget to cope with increased numbers of children in care, but overall expenditure on family and children decreased slightly in real terms from the actual expenditure last year – although again, still higher than the 2019-20 budget.

Budget Measures

Measures welcomed by SACOSS

There are a number of budget measures which are welcomed by SACOSS:

- \$69.5m over two years for a **payroll tax exemption for JobKeeper wages** is a sensible complement to the Commonwealth's major job subsidy.
- \$5.7m for **payroll tax exemption for employment of apprentices and trainees**.
- \$35m **land tax relief for landlords** who provided rent relief or were unable to rent properties due to COVID-19 and the \$3.1m (over 1 year) **Residential Rent Relief Grant Scheme**, which provides for two rounds of grants of up to \$1 000 to residential landlords who reduce the rent of a tenant experiencing financial hardship due to the COVID-19.
- \$4.1m (for 1 year) for the **Vulnerable South Australians Support Package**, which provides additional funding financial assistance and financial counselling services.
- \$13.8m over last year and this year for **emergency support for international students in Adelaide**.
- \$1.8m (over 3 years) for **Advocacy Support for People with a Disability**
- Funding for mental health, wellbeing and resilience, including for the **Statewide Wellbeing Strategy** \$5.3m (2 years 19-20/20-21), **COVID 19 Mental Health Support** of \$15.1m (over 2 years 19-20/20-21) and \$2.6m for the **Bushfire Response — Targeted community wellbeing and resilience program**.
- A contribution of \$10m for a **new Cancer SA Lodge** will provide accommodation for patients needing to travel to metro Adelaide for treatment.
- The **Adult Safeguarding Unit Disability Expansion** (\$3.5m) to include people with disability and vulnerable to abuse.
- The **Home Hospital** (\$5.6m) initiative will expand the number of health services that can be delivered in the home rather than a hospital setting.
- Support for **750 traineeships and apprenticeships** in government funded projects and agencies including areas of cyber security, aged care, disability services and housing construction (\$32.9m).
- Through a competitive grant program, the **Local Government Infrastructure Partnership Program** (\$100m over 2 years) will assist local communities with upgrades and construction of local community facilities.
- \$8.5m for the **Remote Areas Energy Supply scheme — sustainability upgrade** to install new solar photovoltaic and battery storage capacity at the Central Power House in Umuwa.
- Funding of \$8.9m (over 3.5 years) of the current **Child and Family Assessment and Referral Network (CFARN) program** and an addition \$900k (over 20-21/21-22) for a specific service for young women at risk of requiring child protection intervention.
- \$27.5m (over 2 years 19-20/20-21) **Cost of living concession — boost payment** \$500 for those in receipt of the JobSeeker.
- \$1.6m (over 2 years and indexed from 21-22) for a **Domestic violence support package**.
- \$5.1m for two **Closing the Gap** initiatives to further address Aboriginal and Torres Strait Islander disadvantage.

Measures of interest requiring further consideration

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

These include:

- The **establishment of a co-investment fund for preventative health measures** (\$8m) may be helpful where partners with aligned interests are able to contribute. We are unsure what kinds of projects and initiatives will be produced by this approach.
- The **additional support for the VET sector during COVID 19** brought forward \$3m of budgeted expenditure to support the sector, but may in effect provide a cut over the forward estimates.
- **Additional resources for TAFE SA** (\$54.2m) in response to lower forecasts for external revenue growth and delays in the identification of efficiency measures.
- The **Authorisation of restrictive practices for NDIS clients** (\$5.8m) is supported on condition that NDIS clients co-design and inform the development of the Framework and that continuous evaluations and improvements are made as the Framework evolves.
- \$18.7m (over 3 years) **Consolidation of Youth Custodial Services**. Noting the operational efficiencies as from 2022-23, we remain concerned that the motivation for the consolidation of the services into a single site may potentially be more of a cost-saving exercise than in the best interests of young people.
- \$1m (over 1 year) for **COVID-19 self-isolation payments** of \$300 per person is somewhat helpful but is unlikely to be insufficient to sustain them during the period of isolation and in order to dissuade them from going to work in the event that they cannot afford to lose wages.
- \$124m for **Child protection – additional resources** to meet the costs of an increased number of young people in care, however, in the absence of a more coherent preventative and early intervention approach, these numbers will continue to rise.

Missed Opportunities

- Some funds are provided for **Municipal Services in Aboriginal Communities** (\$9.1m). However, we do not believe this is sufficient to address the desperately needed maintenance and upgrades required in many communities.
- \$75m for **Housing Stimulus Measures** effectively targets some moderate-income households but unlikely to help those on very low incomes.
- The **Home Battery Scheme** (\$10.2m) and the **Solar Concessions Trial** (\$5.2m) will benefit some low-income households but will not assist those who struggle most with energy affordability who are mostly renters.
- The **Digital Restart Fund** (\$120m over 5 years) will improve government IT systems but is not a digital inclusion plan and will not help build digital capacity in the community.
- **Support for Rough Sleepers** (\$13.6m over 3 years) including last year's short-term emergency accommodation during the initial phase of COVID 19, which was a welcome response, but the ongoing initiatives are modest and do not match the scale of the need in homelessness.

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 regressive increases in fees and fines** including an increase of 20% for the Public Trustees' management of common funds, upfront payment of vehicle impoundment and clamping fees, increases to non-Medicare patient fees and a 50% increase to the Victims of Crime Levy.
- A further round of **"operational savings" (i.e. cuts)** across a number of departments, mostly around 0.5-0.8% of the agency budget. There are additional cuts of \$6.5m to health, \$3.6m to human services and \$4.5m to child protection and the impact of these "savings" is not transparent.
- New funding for a **Youth Treatment Order Program**, for which the model is currently being consulted on and developed, but would enable young people to be detained for drug treatment.

A full Budget Analysis will be done in the coming days and released at the SACOSS Post-Budget Breakfast with the Treasurer, 17th November 2020.