

JUNE 15, 2023

State Budget Snapshot

2023-24



Introduction

This Budget Snapshot provides a quick summary of SACOSS' "budget day" response to the 2023-24 South Australian State Budget.

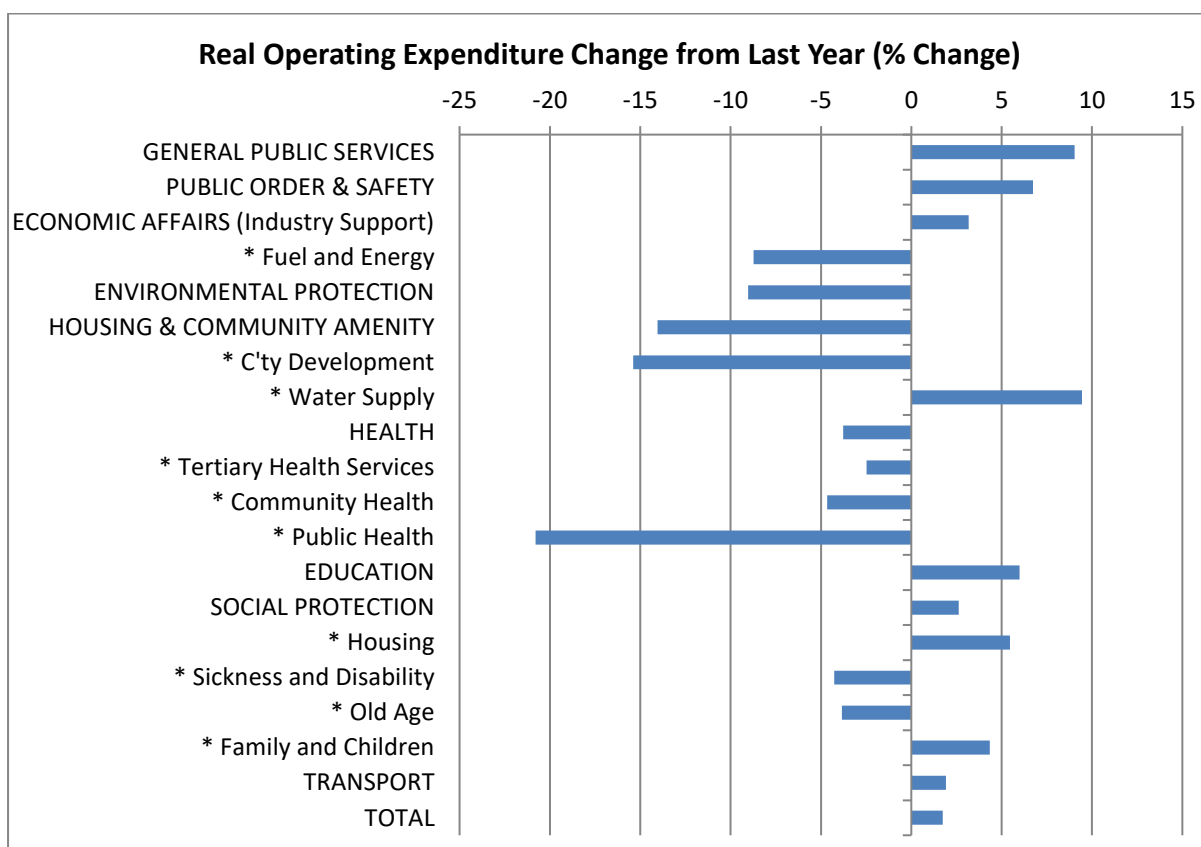
The Snapshot summarises expenditure changes and new policy measures in areas of interest to vulnerable and disadvantaged South Australians and to the non-government health and community services sector.

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.

Expenditure Changes

The following graph shows changes in government operating expenditure between the estimated expenditure for 2022-23 and the budgeted expenditure for 2023-24 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 2022-23 figures adjusted for inflation.¹ The figures do not include capital investments, which are particularly relevant to housing where the capital expenditure on “housing and community amenities” increased from \$18m estimated expenditure this year, to \$174m in the 2023-24 budget year.



As can be seen, the biggest areas of contraction of expenditure are housing and community amenity, driven by significant loss of funding for community development, and public health. This is curious for a budget that was touted as one focused on health and housing. Again, the housing expenditure needs to be seen in the light of the increased capital

¹ The 2022-23 expenditure was indexed at 4%. This is significantly below the CPI of 7.75% for the last year, but is a more realistic view of the increased costs of providing government services based on 75% of costs being wages (with the public sector Wage Price Index increasing by less than 3%, and 25% based on CPI). The 4% indexation provides a more realistic comparison across the two years than either the nominal amounts or the CPI-adjusted figures, but is still somewhat arbitrary. However, this impacts what appears above and below the break-even mark, but not the relativities between which areas of government spending grew and which contracted.

expenditure, and perhaps the decrease in public health expenditure is an inevitable post-COVID drop, but it is noteworthy that tertiary health operational expenditure also dropped – as did health expenditure overall.

Another aspect of government expenditure not captured in the graph is the increasing expenditure on interest payments required to service government debt. With increasing interest rates, the interest payable in the 2023-24 budget year is \$1.2bn. This is a 27% increase on last year, and interest payments now eclipse the entire budget of the Department of Human Services. More will be said about this issue in the SACOSS Budget analysis.

Budget Measures

In the listings below, the page numbers refer to the Budget Paper 5: Budget Measures Statement.

Measures welcomed by SACOSS

There were a range of budget measures of relevance to vulnerable and disadvantaged South Australians which are welcomed by SACOSS, although we note that some of these are very modest in scale or ambition:

Housing

- \$325m over four years for the **A Better Housing Future** initiative - for some additional public housing, increased rental protections and rental assistance, build to rent land tax concession and a new concession on stamp duty for first home owners (p.5-8)
- \$3.9m over four years for **continuing crisis accommodation support services program and the domestic violence perpetrator response program** (p.49)
- \$1.7m over **four years to extend intake for the Aspire homelessness program** (p.75)

Cost of living

- \$127.2m over two years, with a matching contribution from Commonwealth Government, **to provide energy bill relief to eligible households** (p.48)
- \$44m over five years **to index concessions by 8.64 per cent in line with Adelaide Consumer Price Index growth** (from Budget Paper 3)
- **Average increase of 4.8% in State government fees and charges** (e.g. Adelaide metro fares, drivers' licences, TAFE fees) from 1 July is an increase, but significantly below the general inflation rate and is a decrease in real terms (p.53)
- \$4m over four years for **food relief organisations** (p.49)
- \$1m over two years for **financial counselling services** to assist those in need of cost of living relief (p.49)

Children and families

- \$68.4m over four years for **out of home care** – this funding reduces over the forward estimates as the number of children in out of home care is expected to reduce as family-based care support is increased (p.18)
- \$35.49m over four years **to increase targeted, intensive family support services** for vulnerable families (p.50)
- \$12m for 2023-24 to provide a \$100 subsidy for material and service charges for students in government schools
- \$7.5m per annum (indexed) **to increase carer payments for family-based carers** (p.17)

- \$6.5m for an **expanded government school breakfast program** (p.26)
- \$6.1m over four years for the Stronger Start program to **support at-risk first time parents** (p.49)
- \$4.1m for the Smith Family to support disadvantaged students in the **Learning for Life** program (p.26)

First Nations

- \$5.1m over four years for the **Closing the Gap initiative** including resourcing to the South Australian Aboriginal Community Controlled Organisation Network (SAACCON) and Aboriginal Affairs and Reconciliation (p.13)
- \$6.1m over four years for the **First Nations Voice to Parliament initiative** (p.13)
- \$4.2m over two years to support the **election costs for the First Nations Voice to Parliament** (p.30)
- \$12.3m over four years **to increase family group conferencing service** to support Aboriginal children and their families to determine care arrangements (p.17)
- \$3.2m to establish **a peak body for Aboriginal children and young people** (p.18)
- \$4m over four years **for additional kinship care assessments** – to assess and recruit extended family to care for children and young people (p.16)
- \$2.7m per annum (indexed) to **support remote Aboriginal visitors, residents and businesses in Adelaide and regional South Australia** (p.49)
- \$5.6m for **Tauondi College** to support its sustainability and growth (p.29)
- \$7.7m in 2023-24 to **clean up the consequences of former mine activity in the Mintabie Township** in the Anangu Pitjantjatjara Yankunytjatjara (APY) Lands (p.37)
- \$1.5m over four years for the **Repatriation and exhumation of Aboriginal remains** (p.13)

Justice

- \$1.1m over two years to **continue the child diversion program diverting Aboriginal children from the youth justice system** (p.48)
- \$11.2m for the **Yalakiana Tappa reducing Aboriginal incarceration initiative** to support transition from remand to bail (p.21)
- \$737 000 over two years for an **Aboriginal Justice Agreement** to reduce incarceration and contribute to commitments under the National Agreement on Closing the Gap (p.12)
- \$1.5m per annum (indexed) over four years for **Work Ready Release Ready Plus** to provide rehabilitation and reintegration services to prisoners on release from custody (p.21)
- \$1.7m over two years from 2023-24, and operating expenditure of \$240 000 over four years from 2023-24, **for maintenance and upgrade of prescribed interview**

rooms supporting victims and witnesses subject to alleged child sexual offences (p.62)

Health

- \$141m over three years **for health infrastructure projects** including the new Mount Barker Hospital, the upgrade of the Paediatric Intensive Care Unit at WCH, and for new or upgraded ambulance stations (pp.44-46)
- \$185.8m over four years for a range of **measures to reduce ambulance ramping** (p.45)
- \$47.2m over 4 years (foregone revenue) **for cheaper hospital car parking and free public transport for metropolitan hospital workers** (p.44)
- \$2m (indexed) over four years to establish a **Veteran and Families Growth Support Program** and a **Comprehensive Outreach Program** to improve the wellbeing of the veteran community (p.24)

Disability and aged care

- \$8.8m over four years for **Adult Safeguarding Unit** to recognise and respond to abuse of vulnerable adults (p.43)
- \$300,000 per annum to deliver **new accessible toilet and changing facilities** under the Changing Places initiative, partnering with the Commonwealth Government and councils (p.47)
- \$1.6m over two years **for strategic leadership, management and expert advice about the national disability agenda** (NDIS Review, responding to the Royal Commission and the National Disability Strategy) (p.48)
- \$1m pa for **additional support for the Office of Autism** (p.64)

Support for the regions

- \$10.2m over four years **to establish a Regional Skills Development Fund** to assist TAFE SA in offering more courses in rural and regional South Australia (p.69).
- \$23.5m over four years for **continuing of regional bus services** including compliance with public transport disability standards (p.56)
- \$6m over four years **for improving facilities and community services** in outback communities and removing asset sustainability levy payable by outback residents (p.58)

Sector support and government functions

- \$13.8m pa for **Indexation supplements for NGOs** indexed to meet inflationary costs in 2023 – in addition to \$13.7m indexed announced in mid-year budget review (p.10)
- \$17m pa to **increase capacity of DPC to deliver policy advice and coordination services to the government** (p.64)
- \$200m over 5 years for the **Digital Investment Fund** to continue upgrades to government ICT infrastructure (p.9)

- \$22m in one year (2026-27) for the **Economic Recovery Fund** to support long term economic development (p.9)
- Three measures totalling \$41m over four years to **address skill shortages** through infrastructure investment, support for apprentices and increased training subsidies to NFP and industry RTOs (p.28)

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:

- \$300 000 per annum **to establish the Across Government Child Death Review model** – to conduct a real-time clinical review of services and responses immediately following the death of a child (p.15)
- \$717 000 per annum (indexed) for an additional **magistrate in the Youth Court and associated support staff** to address increased workloads in the care and protection jurisdiction (p.22)

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:

- \$27.8m over four years **to double the rebate paid to the racing industry from the betting operations tax** (from 10% to 20%). The government should be investing this money into gambling harm reduction and industry regulation (p. 57)

Missed Opportunities

SACOSS has also identified a number of missed opportunities where the budget should have addressed areas of concern, but either did not address them, or the budget initiatives did not go far enough. These include:

- The SACOSS Budget Submission highlighted the long-term relative decline of the SA economy and called for significant intervention and investment in industry and regional development, skill development and digital inclusion, and population retention and attraction. There were some budget measures relating to regions and to skills development, however, there were not enough of significant scale overall to address the long-term issues. Growth in Gross State Product is projected to be 0.5-0.75 percentage points below the national GDP growth over the forward estimates.
- The housing package in the budget captures the Better Housing Future plan released in February, which is a modest start on housing policy, but it misses key opportunities:
 - The public housing build in the budget is well below what is needed with 300 new dwellings per year required just to meet population growth, and 1,000 per year to begin to rebuild the public housing estate and impact on the wider rental market.
 - The stamp duty concession for first-home buyers, while welcome, misses the opportunity to begin to transition to a broader replacement of conveyance

duties with an annual land tax – as recommended by almost every housing economist.

- While the energy bill relief plan will deliver much-needed benefits to many households, a significant amount of the bill relief is poorly targeted. SACOSS calculates that around \$30m will go to households with solar power who probably don't have significant energy bill problems, while many low-wage single-person households and share-houses will miss out altogether. In part this reflects the poor targeting of the existing energy concession and the government has missed an opportunity to address that problem.
- There are no measures to deliver targeted programs to assist renters and vulnerable South Australians to reduce long-term energy costs through access to solar, batteries or energy efficiency initiatives.
- The Digital Investment Fund while welcome is focused only on government IT and a matching commitment is required to build digital inclusion in the community so that all South Australians can reap the benefits of this investment.

A full Budget Analysis will be done in the coming days and released at the SACOSS [Post-Budget Lunch with the Treasurer](#) on Wednesday 21 June 2023.