



SACOSS

*South Australian Council
of Social Service*

SACOSS

State Budget Submission

2015-16

SACOSS STATE BUDGET SUBMISSION 2015-16

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Our Vision

Justice, Opportunity and Shared Wealth for all South Australians

Our Mission

SACOSS does not accept poverty, inequity or injustice.

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

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

Our Goals

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

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

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

Introduction

SACOSS, on behalf of its members and constituency, is seeking a state budget for 2015-16 that continues some of the key directions from last year's budget by paying attention to the revenue base and seeking to assist the most vulnerable and disadvantaged in our community deal with cost of living pressures.

Following historically low state tax revenue in 2013-14 and significant cuts to key Federal Government funding of state services last year, the revenue base and subsequently the ability of government to provide vital services remains a key concern for SACOSS. With a national debate about taxation now developing through Federal Government discussion papers on tax and federalism, it is a crucial time to engage in the public debate and secure arrangements that can underpin sustainable revenue for government services at both state and federal level. And it is equally important that this revenue base is efficient, promotes development and at the same time is fair, with those with a greater capacity to pay contributing more.

Taxes, and the public goods and services they purchase, are an important part of providing a reasonable standard of living for all South Australians, but many South Australians continue to face cost of living pressures. SACOSS recognises that such pressures impact most on low income households and so this budget submission puts forward cost of living proposals that are aimed at supporting those South Australian households. Similarly, the health and housing proposals put forward are particularly aimed at supporting the most vulnerable in the community.

In keeping with our role as the peak body for the community services sector, this budget submission also contains proposals for strengthening our sector. The specific initiatives proposed will enable the sector to engage in key government processes that will impact on the ability of the sector to provide much needed services to the most disadvantaged and vulnerable South Australians.

A Fair and Sustainable Revenue Base

The tax system is crucial both to the ability of government to provide services to the community, and to the (re)distribution of income through the tax-and-transfer system to ensure a fairer and more equal society.

Both state and federal governments (of all political persuasions) face long term revenue problems with most projections showing difficulties in covering costs of services. The Federal Government has announced that a tax White Paper will be prepared, and linked with that a debate and Green and White papers on federalism, which will include tax sharing arrangements between states, and between state and Commonwealth governments. In addition, other states, most notably Western Australia, have already signalled their interest in retaining more of the GST pool – which threatens to come at a cost to our state revenue.

It is clear that the next two years will be crucial in determining the medium term structure of the taxation system, but as the debate around the Federal mining tax before and after the last federal election demonstrated, those with money and influence can mobilise effectively to impact on public policy and protect their own sectional interests. However, vulnerable and disadvantaged people, for whom properly funded government and community services are vital, are not able to mobilise those resources or political influence. It is therefore necessary that the government fund advocacy in the tax debate that will give voice to the interests of vulnerable and disadvantaged people and to argue for a sustainable revenue base to fund vital services.

During the 2014 SA State Election, SACOSS ran the “Without Taxes, Vital Services Disappear” campaign around the need for a sustainable revenue base. SACOSS therefore already has some profile, expertise, intellectual property and campaign collateral around tax issues. However, in the context of a national tax debate, SACOSS lacks the resources to do the necessary advocacy on these issues, and in particular to engage the community in these debates.

Key Proposal for the 2015-16 budget

Funding to support SACOSS in conducting a campaign with the following goals:

- To assist the health and community services sector (representing over 30,000 workers with direct links to vulnerable and disadvantaged South Australians) to understand implications of tax and related federalism debates for the sector and for low income households;
- To collaborate with relevant stakeholders in SA and nationally to help ensure that:
 - a. vulnerable and disadvantaged people are not worse off as a result of any tax or federalism changes;
 - b. any changes do not undermine ability of state governments to provide vital services; and that
 - c. South Australia is not disadvantaged in any changes in national tax revenue sharing arrangements.

Cost of Living

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

While there has been some good news in the last year with electricity prices stabilising (albeit at high levels) and significant increases in concessions, gas price rises are still threatening to drive energy poverty, while other prices continue to cause concern for low income households.

Most direct income support for people on low or no waged incomes is provided by the Federal Government, but the State Government provides concessions for low income recipients on a range of fees, charges and expenses, as well as providing services to assist those on low incomes in managing their financial issues and avoiding or dealing with crisis.

SACOSS has welcomed key State Government initiatives in these areas in recent years such as increases in the energy concession and the establishment of a consumer credit legal service and microfinance services for low income South Australians.

This budget submission focuses on continuing two other key SA government initiatives which have made a real difference in assisting low income households deal with cost of living pressures.

Key Proposals for the 2015-16 budget

- Maintain concessions for local council rates
- Commit to ongoing funding for the utilities literacy project

Maintaining concessions for local council rates

The State Government, in partnership with the Federal Government, has long provided eligible pensioners and low income earners with a \$190 concession on local council rates, while eligible Seniors Cardholders receive a \$100 concession. However, in the 2014/15 Federal Budget, the Commonwealth Government unilaterally terminated the National Partnership Agreement which underpinned these concessions. In response, the SA State Government funded the continuation of the concession for this financial year in the hope that the Commonwealth would reverse its position, but budgeted to withdraw the concessions from 1 July 2015.

These concessions provide important cost of living relief for low income households and should be maintained. Accordingly, SACOSS is calling for an extension of the concessions in the state budget for at least another year.

We also note that in its last budget, the state government proposed to review the concession arrangements as part of a plan to consolidate concessions into a single payment. SACOSS, and other organisations in our sector, have already identified to the Government a series of problems with the “bundling” of concessions and we want to see the local government concession retained separately and in its own right as a key cost of living relief.

Commit to ongoing funding of the Utilities Literacy Project

The Utilities Literacy Program is funded by DCSI and aims to reduce financial hardship associated with utilities. The program has three strategies: up skilling the community sector workforce, community education and intensive case management support. UnitingCare Wesley Bowden, Uniting Communities and The Salvation Army have partnered with DCSI to deliver the Utilities Literacy Program throughout SA.

The Utilities Literacy Program has a range of outcomes, including:

- A greater understanding of energy and water use and bills amongst consumers;
- Improved confidence and ability of consumers to seek information and support;
- Enabled financial counsellors to assess, plan, facilitate and advocate for options and services to meet an individual's needs;
- Supported community sector workers and volunteers to build their skills and knowledge about managing utility usage and bills; and
- Increased community sector workers ability to transfer utilities literacy skills and knowledge to their clients.

The range of outputs has been extensive and so far in FY15 has included:

- More than 3000 financial counselling client sessions;
- Training of 130 community sector workers;
- More than 1140 consumers provided with community education about utilities debt and usage.

The program is currently funded at \$1m per year (indexed) for four years up until the end of the financial year 2015-16. Given the value of the project and the ongoing need for greater utilities literacy, SACOSS seeks assurance that the project will be funded into the future and that this is reflected in the forward estimates.

Health, Housing and Community Services

It has long been a SACOSS critique of the health system that it is too focused on expensive tertiary-end care (eg. Hospitals) and does not take enough account of the social determinants of health which make people sick. As the SACOSS *Blueprint for the Eradication of Poverty* (2007) notes, research from around the world has consistently shown that the poor are more likely to suffer ill health than well off members of society. For instance, poor housing can make people sick, while those with poor health are often less able to work or secure high-paying employment, and subsequently are less able to afford decent housing. Similarly, treatment of physical illness will be ineffective or short-term at best if a patient's mental state, addictions, housing or life pressures are driving further illness. This points to the importance of whole-of-person care and "joined-up" services to provide prevention and early interventions before one or more factors end in crisis.

In this year's Budget Submission, SACOSS is highlighting one key area in health where there are gaps in this "joined-up service provision model", as well as two proposals to address housing issues for vulnerable and disadvantaged people.

Key Proposals for the 2015-16 budget

- Fund an independent review of hospital discharge planning and post-hospital services
- Transfer Housing SA stock title to the community sector as promised
- Commit to maintaining current State NPAH funding over next 5 years, irrespective of the Commonwealth's commitment

Review of Hospital Discharge Planning and Post-Hospital Services

One place the need for whole-of-person care is particularly acute is when patients are released from hospital. Hospitals may have done a good job in dealing with the immediate health condition, but with short hospital stays being encouraged it is important that there is adequate post-hospital care and planning – and not limited to narrow medical issues. This is widely recognised and various hospitals have some post-hospital planning in place, but clinicians will naturally focus on the clinical treatment areas they know rather than the broader social needs. For vulnerable patients with complex needs there is evidence that the system simply is not working.

SACOSS members report instances of vulnerable patients being released from hospital with inadequate support in place for the full recovery and reintegration of the patient into daily life. Failures within the system result in crisis and trauma for vulnerable people, as well as the need for further expensive tertiary treatment and care.

Key areas of concern are:

- **Communication:** Many patients are reported to be released with little understanding of their post-acute care requirements and without clearly understood medication instruction. In some cases, information is provided to GPs or carers, but not to patients. In others, healthcare staff don't communicate in a way appropriate to the health literacy levels of the patient. This is compounded where patients have diminished hearing or cognitive capacity, are from different cultures, or don't use English as their first language.
- **Links to community services:** Many patients report a disjuncture between medical care and other support services, including community services, they require to achieve a full recovery once back in the community. Patients are frequently not directed to services and services, in turn, are not alerted to potential clients.
- **Appropriate and accessible housing:** Patients are reported to be released without access to appropriate housing where they can recover and, as necessary, receive support for recovery. Where housing is inadequate or non-existent, the ability of the patient to not only achieve full recovery but integration back into everyday life is significantly lower.
- **Discharge practices:** A significant number of patients are being released from hospital with no or incomplete discharge or medical summaries going to their GPs, carers or care service providers. Together with early discharge (and discharge in the early hours of the morning), the result has been an unacceptably high rate of readmission to hospital. For instance, SACOSS understands that Healthfirst Network's Closing the Loop project which tracked patient transitions between the Queen Elizabeth Hospital and Uniting Care Wesley Port Adelaide aged care showed a disturbing return rate to hospital of 56% in 24 hours and 23% within one month.

SACOSS is calling for an independent inquiry into hospital discharge planning and the provision of services to people being discharged. The review would need to take account of complex needs and the range of services that clients may require, and would look into:

- the level and effectiveness of post-hospital care planning, including consideration of hospital readmission rates and causes;
- the cohesion of post-hospital health and community services;
- any gaps in services; and
- proposals for linked-up services from acute to post-acute care, not limited to medical services.

Given this scope, the review would need to be conducted by a person or people outside of the health department and the clinical system.

Transfer of Housing SA stock title to the community sector

Over the last few years Housing SA has pursued a policy of transferring *management* of stock from government to the community housing sector. While this has some cost and flexibility benefits in some cases, it does not provide any incentive or ability for community housing organisations to invest in new development (as they are unable to leverage the value in the land), or to better utilise properties (for instance, by developing smaller block-properties for older residents, thus keeping pressure off nursing homes). Giving community housing organisations *title* to the land and housing stock would enable those organisations to borrow money against the assets to invest in new housing or better housing.

SACOSS highlighted this in the lead-up to the 2014 State Election and called for the transfer of *title* not just management to the community sector.

The Government's pre-election *Lets Keep Building SA* document stated that the Government would "transfer around 1,000 social housing properties to this sector by 2015 and up to 4,000 further properties through the New Ideas for Growth initiative" (p 115). Because it did not mention title or management it was ambiguous, but the policy response to SACOSS provided by the Premier in the lead-up to the election clearly states that "It is intended to transfer the *titles* of up to 4,000 Housing SA properties" [*emphasis added*].¹ This response was welcomed by our sector as a significant step forward and formed part of election analysis and assessment of the parties.

SACOSS now calls for this promise to be fulfilled and expect the transfers to be reflected in the 2015-16 Budget.

Commit to maintaining current State NPAH funding over next 5 years, irrespective of the Commonwealth's commitment

The National Partnership Agreement on Homelessness (NPAH) provides funding for a range of services for people at risk of or experiencing homelessness, and assists them to access safe and secure housing. This is a basic right and need of all people and, as noted above, lack of appropriate housing contributes to a range of other problems and challenges facing vulnerable and disadvantaged people.

The Commonwealth is currently reviewing its commitment to the continuation of the NPAH, in the context of its wider review of the National Affordable Housing Agreement (NAHA), but it is imperative that the state government maintain its funding to ensure stability and continuity of services.

It is currently unclear what direction or in what timeline the Commonwealth may take its support for housing/homelessness agreements – not least as the broad discussion of housing has been flagged as a major issue in the Commonwealth Federal White Paper process. But in the meantime, service providers need funding to be able to offer services to homeless people, and some long term surety to be able to plan and evaluate services. A commitment to continue state funding for five years would provide crucial support to services as well as be an important statement about the need for longer term funding cycles from all levels of government.

¹ The letter remains on SACOSS' website at: <http://www.sacoss.org.au/sites/default/files/public/documents/Election%20SA%202014/ALP%20Response%20to%20SACOSS.pdf> (see page 6 in relation to housing).

SACOSS notes that these issues were raised and form part of the consolidated outcomes of the Future System Planning process. This collaboration between Specialist Homelessness Services and Housing SA has been noted by SACOSS' Policy Council as a good example of government-sector joint work, and we endorse the call to maintain state NPAH funding over the next 5 years, irrespective of the Commonwealth's commitment (Housing SA/SHS, 2014, p 14).

Support for the Health and Community Services Sector

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

Despite the pivotal role of community service organisations, they continue to struggle to keep up with demand caused by under-resourcing and a funding model which is onerous, piecemeal and short-sighted, and hinders cooperation and innovation in the sector. In 2013 and 2014, SACOSS consulted with a range of sector organisations and produced a set of 20 recommendations for reducing red tape and making service contracting more efficient for both government and the sector.

One of the key recommendations was for the development of whole-of-government grant guidelines along the lines of the Commonwealth Grants Guidelines to ensure consistency in funding regimes and drive red-tape reduction.

The Government also recognised the value of overarching guidelines and in its *Modern Public Service* policy committed to develop such guidelines in collaboration with the sector.

Since then, a working group of the Human Services Partnership Forum has begun scoping the guidelines. A preliminary workshop was held with not-for-profit organisations to test what issues might be included in any guidelines, while SACOSS and others in government and our sector have navigated through the complexities of the *State Procurement Act* and the *Public Finance and Audit Act* to secure a recommended scope and mechanism for the proposed Guidelines.

We are now in a position to begin substantive work on the Guidelines, but for the Guidelines to reflect the aspirations of the sector and the needs of all government departments, there is an enormous amount of work to do in consulting relevant stakeholders – both within government and across the broad not-for-profit sector (including beyond the health and community services sector that SACOSS represents). Full consultation is particularly important so that the Guidelines are understood and owned by all stakeholders and do not simply become another document on a shelf.

While SACOSS has already made a considerable investment in this project, we are now seeking resources to be able to do the necessary consultation and secure the expertise necessary to articulate the outcomes of that consultation in workable guidelines. We estimate that the project may take at least 12 months, and accordingly seek \$60,000 for a part-time project officer for this financial year – with an extension if the project completion is within sight but not completed at the end of the year.

Key Proposal for the 2015-16 budget to support our sector

- Funding for SACOSS to be able to engage the sector in collaboration on State Grant Guidelines

References

Housing SA- Specialist Homelessness Services (2014), *A Road Map for a Future SA Homelessness System from July 2015*, Government of South Australia, Adelaide.

SACOSS, (2007) *Blueprint for the Eradication of Poverty*, South Australian Council of Social Service, Adelaide.