



State Budget Submission 2011-12

Building on the Blueprint

SACOSS STATE BUDGET SUBMISSION 2011-12
Building on the Blueprint

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This is the sixth in a series of documents presenting a comprehensive set of strategies that will contribute towards meeting the targets outlined in *Blueprint for the eradication of poverty in South Australia* (SACOSS, 2007).

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Contents

PREAMBLE — DISADVANTAGE IN SOUTH AUSTRALIA	III
ACRONYMS	IV
INTRODUCTION	1
SUSTAINING HEALTH AND COMMUNITY SERVICES	3
INCOME	9
EMPLOYMENT, EDUCATION AND TRAINING	13
HEALTH AND WELLBEING.....	17
HOUSING	21
SOCIAL PARTICIPATION	25
OTHER INITIATIVES	29
REFERENCES	32



Justice, Opportunity and Shared Wealth for all South Australians

OUR VALUES

Accountability
Collaboration
Courage
Diversity
Dignity
Inclusion
Respect
Sustainability

OUR PURPOSE

To harness the views of the community to achieve

Progressive improvement of the quality of life for those most in need

A healthy, clean and safe environment

Equal access to social, political, economic, spiritual, and
cultural opportunities and benefits

A vibrant and dynamic community sector

A strong and representative membership base

OUR STRATEGIC DIRECTIONS

Fair and Just Policy On a systemic level, we advocate on behalf of disadvantaged people and our member organisations. We initiate, develop and provide expert advice and opinion to achieve fair and just social policy.

A Strong and Credible Voice We provide independent information and comment to the South Australian community about social justice issues.

A Strong and Cohesive Sector We work closely with the community, government and our membership to promote cooperation, the sharing of resources, information and discussion and action on common issues.

A Well Managed Organisation We set and model a high standard of governance and responsible management and build the skills and capabilities of staff to meet the challenges of the organisation and the environment we work in.

Preamble – disadvantage in South Australia

Throughout its budget submission process, as in all other work, consideration is given by SACOSS to those for whom disadvantage is more common and more entrenched. While this Budget Submission does not specifically mention all of these groups in detail, the core work of SACOSS – based on its vision of Justice, Opportunity and Shared Wealth for all South Australians – leads it to always bear in mind the plight of the most vulnerable and disadvantaged in our society.

Who, then, is most disadvantaged? The question is often framed in a negative way – that is, who is, and who isn't, most deserving of understanding and assistance at the expense of the less deserving. SACOSS does not view these issues in this way, nor does it believe that they should be. There are many groups in society disproportionately represented in statistics on poverty, unemployment, incarceration, low levels of schooling and skills acquisition, and poor access to many more of the societal goods many of us take for granted every day. Evidence suggests that the following groups are most disadvantaged in contemporary South Australian society, and must be kept in mind when reading SACOSS materials:

- Aboriginal and Torres Strait Islander people
- Children from low income families
- The ageing population
- Homeless people
- People with a disability
- Regional and remote communities
- Women
- Young people
- Culturally and linguistically diverse (CALD) communities

Members of these groups are overrepresented on a number of indicators of poverty and disadvantage, often interacting and compounding. These indicators include:

- Poor access to safe, secure and affordable housing
- Unemployment and under-employment
- Lack of access to education and training opportunities
- Poor access to health and other support services
- Lack of access to appropriate transport and transport services
- High levels of drug and alcohol abuse
- High levels of incarceration
- High levels of family breakdown
- Lack of social participation

Throughout its policy and research papers, the focus of SACOSS is on the specific policy areas that they are aimed to address. By maintaining a broad view of the issues it sees as important, SACOSS aims to make use of the facts, figures and findings of the information presented to foster informed views of the recommendations contained in this submission. As noted throughout, this Budget Submission is designed to be read in conjunction with the *SACOSS Blueprint for the eradication of poverty in South Australia*.

Acronyms

ACOSS	Australian Council of Social Service
DFC	Department for Families and Communities (SA)
DoH	Department of Health (SA)
DPLG	Department of Planning and Local Government (SA)
PLSL	Portable Long Service Leave
SACOSS	South Australian Council of Social Service
SASP	South Australia's Strategic Plan
WHO	World Health Organisation

A note about targets

Previous iterations of the *SACOSS Budget Submission: Building on the Blueprint* have included correlated *SACOSS Blueprint* targets and SASP targets (see **Introduction** for more detail).

At the time of submission, the SASP is undergoing extensive revision and as such no SASP targets have been included in this document.

Introduction

SACOSS, its members, and the South Australians on whose behalf we advocate are seeking a state budget for 2011-12 that tackles long term issues of concern and contains new measures that will build justice, opportunity and shared wealth for all South Australians.

Over the last few years, SACOSS has made submissions to the state budget process based on our 2007 *Blueprint for the eradication of poverty in South Australia*. This document was developed through in-depth consultation with SACOSS members and stakeholders. It outlines a range of high level targets, related strategies and measures of success that if adopted and achieved would lead to the eradication of poverty in South Australia. Where possible, connection was also made in the *Blueprint* to the targets in South Australia's Strategic Plan (SASP), and this was supplemented in September 2010 with a SACOSS information paper analysing progress toward the SASP targets. The paper, *South Australia's Strategic Plan: What progress on poverty?*, welcomed progress in some key areas but concluded that, on average, progress and the likelihood of achievement on indicators relating to social welfare and the needs of the vulnerable and disadvantaged lag behind the results in the Plan overall (SACOSS, 2010a). This clearly shows the need for a greater government focus on these broad areas.

The social, political and environmental contributors to poverty are deep seated and complex. The priorities and strategies in the *Blueprint* and the SASP information paper were clustered around five key headings: Income; Employment, Education and Training; Health and Wellbeing; Housing; and Social Participation.

These themes remain important and are reflected in this budget submission. However, this year's submission also has sections highlighting the urgent need to address the sustainability of the community services sector and our ability to deliver services to vulnerable and disadvantaged South Australians. This is a key issue for this budget process.

The community service sector provides, often on behalf of government, an enormous array of vital services—from emergency housing to care for people with disabilities, financial counselling, support for those fighting gambling addiction and substance abuse, primary health care and education, job placement, the provision of aged care, and much more. However, the ability to deliver these services is being compromised by lack of resources, poor wages in the sector, and difficulty in attracting and retaining skilled staff to meet increasing demand. The SACOSS 2010 survey of community service organisations in South Australia found that about 1 in 20 requests for help from eligible clients were being turned away due to lack of resources (SACOSS, 2010, Vol 7, p. 4). With a pay equity case making its way through the federal system it is anticipated that award wages in the sector will rise significantly, placing further burdens on community services.

This submission proposes three initiatives to ensure the sustainability of the community services sector, but also makes proposals in a number of other areas, particularly focusing on how services can be better targeted to meet long term needs through early intervention strategies. While these early intervention strategies cost money in the existing budget, they will save money over time as prevention is inevitably much cheaper than the costs of dealing with problems once they become established.

SACOSS recognises that revenue sources are limited for state governments, but we do not believe that there is any cause for expenditure cuts, and there may well be room to rethink some of the cuts announced in the September 2010 budget. Analysis from the Australian Institute for Social Research at Adelaide University prior to the last budget showed better than originally forecast economic growth and revenue streams (Spoehr and Parnis, 2010). If this trend continues there will be room in the budget for major new initiatives

This SACOSS budget submission identifies 12 priorities for consideration in 2011-2012. Some priorities require no or limited financial investment, while a commitment to fund the outcomes of the pay equity case will clearly have major budget implications.

Sustaining Health and Community Services

The community services sector has seen extensive growth in recent decades, in part due to government outsourcing of services which were formerly provided by government. The choice to outsource these services provides particular benefits for government in terms of service delivery, flexibility and risk management. It also provides direct benefits to those who use those services. Community service organisations potentially have greater trust and more effective engagement with marginalised individuals, more responsiveness to emerging needs, and offer greater empowerment through participation of clients in management structures, and the building of social capital through community involvement (ACOSS, 2009a, p. 12).

The decision to fund community service organisations to provide services is about delivering the best quality services. It is not and should not be seen as an attempt to get services on the cheap. Nor does it remove what is a legitimate community expectation that the government is ultimately responsible for seeing that proper services are delivered effectively. Accordingly, the government must provide sufficient funding to ensure that community organisations can provide those services. This is even more imperative in the face of cuts to the government's own staff and services arising from the last budget.

Currently community service organisations are struggling to provide services. They have minimal resources, and major issues arising in attracting and retaining skilled staff. Surveys by the Australian Council of Social Service (ACOSS, 2010) and by Carson, Maher and King (2007) suggest the key reasons for these staffing problems are:

- Low wages (relative to other sectors and the government)
- Workload pressure (contract guidelines, burnout, lack of leave entitlements)
- Job insecurity (incorporating short-term tenure, lack of training and career paths, etc).

More than half the community service organisations surveyed by ACOSS report trouble attracting appropriately qualified staff; moreover, the turnover rate for the sector is much higher than the national average for all industries (ACOSS, 2009b). This is due to the nature of short-term contract funding, but also to high levels of voluntary staff turnover. Alarming, over half the staff that voluntarily leave jobs in community service organisations leave the sector altogether (Carson, Maher and King, 2007). This represents a huge drain of knowledge and experience, and adds to other problems caused by high staff turnover including the loss of personal relationships and trust with those who use the services, which means the quality of that service is diminished (Ogle and Bowling, 2010).

Of the steps necessary to address these issues, the need for government to commit to funding the outcomes of the pay equity case would have the biggest budget impact, but the other issues also need to be addressed as a matter of urgency to ensure that skilled workers are attracted to and stay in the sector.

PRIORITIES FOR 2011-12 detailed on following pages

- **Commit to and plan for the funding the outcomes of the pay equity case.**
- **Move to longer term funding models for community service organisations.**
- **Examine the feasibility of a portable long service leave scheme for the sector.**

PRIORITY

Commit to and plan for the funding the outcomes of the pay equity case.

Pay rates for the community sector remain lower than the average in other industries in South Australia, with most workers in the community services sector earning less than they would doing similar jobs in other organisations. Carson, Maher and King (2007) found award wages in the community sector to be 10 to 25 percent less than comparable government awards.

In response, the Australian Services Union and other unions have lodged a pay equity case with Fair Work Australia. When a similar case was run in Queensland, the result was an increase in wages of 17 to 34% depending on the category of work. SACOSS and many employer organisations in the sector support the pay equity case as it is vital for fairness and for attracting and retaining staff. However, the implications for community service organisations are profound. Up to 80% of a community organisation's yearly expenditure may be on wages and on-costs (calculated as an industry average), so a 20% wage increase could see a 16% rise in overall costs—or alternatively a 16% cut in services to the community.

While any increases in award wages arising from the pay equity case may be phased in over a couple of years, there is still an urgent need for the government to commit to funding the outcomes of the pay equity case. Such a commitment was made by the Victorian Labor government in June 2010.

The impact on the South Australian budget is unclear. According to the 2008-09 Annual Reports of the two biggest State Government purchasers of community services, the Department of Health and the Department for Families and Communities between them paid some \$298m to non-government organisations in that year (DoH, 2010; DFC, 2010). Using the (high) industry average of 80% of expenditure on wages, funding the pay equity case may eventually translate to \$48m per year between these two departments. However, SACOSS believes that these figures may underestimate the impact, as we are advised that in 2008-09 DFC funding alone, taking into account all funding and grants, was \$403m to community service sector organisations—meaning a potential eventual budget impact of up to \$64m per year. Again, though, these budget impacts are provisional as the outcome of the pay equity case is not clear, but commitment to and planning for funding the outcomes of the case are clearly required in this budget.

Without this government commitment and planning to cover the increased costs to community service organisations, services will have to be massively cut back.

PRIORITY**Move to longer term funding models for community service organisations.**

Employment in the community services sector in South Australia is characterised by high levels (35%) of workers with insecure tenure (fixed term or casual employees). The bulk of these casual and fixed-term positions are in front line service delivery, while administrators and managers are more likely to be employed on an ongoing basis (Carson, Maher and King, 2007, pp. 86-87). This creates high levels of staff turnover and has important implications for attraction and retention of staff in the sector. As noted above, these factors have a direct impact on service delivery.

The underlying cause of this employment pattern, alongside the gendered nature of the work, is the funding model of the sector, which is built around short-term service delivery contracts. Put most simply, inadequate, short term, project based funding leads to contingent workers and high staff turnover. As Carson, Maher and King point out,

agencies are often unable to offer more than short term employment as a consequence of funding contracts that often run for less than a year and specify that employment in programs funded by such contracts cannot be continuing (2007, p.129).

This is a major obstacle to ensuring the sustainability of the sector and the delivery of high-quality services to vulnerable and disadvantaged South Australians. To address this, government service-funding contracts should:

1. Primarily offer five years of guaranteed program funding to community service organisations.
2. Where renewable, should include terms providing for standard six months' notice if funding is not going to be renewed.
3. Allow for creativity and flexibility in job design and work conditions, with permanent part-time work favoured over the more contingent forms of casual and short-term contract work.
4. Incorporate funding for a redundancy payment to staff employed under the contract where the funding contract span is less than three years.
5. Ensure that wage levels and staff classifications that are explicit or implicit in a contract are adequate to cover appropriately qualified staff, at a level equivalent to employment in the public service.
6. Be set at levels to ensure realistic workloads, and to cap and enforce sustainable workloads for staff.

The budget implications of this are mixed. While some of the above would increase the costs of the contract, there would be efficiencies in the government's administration of contracts as they would go longer and therefore require less effort in tendering and negotiation.

PRIORITY**Examine the feasibility of a portable long service leave scheme for the sector.**

Many community service employees who have spent more than 10 years working in the sector are not able to access long service leave entitlements, as small organisations and contingent work arrangements lead to them changing positions regularly in search of contracts and career progression. A Portable Long Service Leave system would reward workers for their commitment to the sector (even while changing employers), offer these workers some incentive to stay in the sector, and address issues of burnout, thus hopefully helping to reduce rates of early retirement and the loss of the most experienced workers in the sector (ASU, 2007).

While PLSL schemes are used in other industries with contingent workforces (e.g. construction), there are a number of different models and a range of problems for employers and government that need to be overcome. Some schemes are designed to be self-funding, so the impact on the state budget of a PLSL scheme could be minimal, but there is much work in planning and negotiating the details of any scheme. In its information paper *Alternative Employment Models in the South Australian Community Sector: Towards a Sustainable Workforce* SACOSS outlines some broad parameters for a scheme, and recommends that a task force be established with a view to solving or ameliorating the various problems noted above, and designing a PLSL system for the community services sector (Ogle and Bowling, 2010).

That task force should be established once the outcome of the pay equity case is known (as costings would be clearer then), and would require executive support from the State Government or be funded from an agency contracted by the State Government.



SACOSS Blueprint Targets

Income Inequality

1. Increase the median income of Aboriginal and Torres Strait Islander South Australians to that of the wider population.
2. Ensure that all working South Australians earn a decent living wage and that youth wage and that trainee/apprentice wage levels are decent, equitable and fair.
3. Increase the SA net household disposable income per capita to at least 100% of the Australian average.
4. Raise the income levels of the poorest groups (principally households whose main source of income are government benefits) above the national average.

Labour Force Participation

5. Increase the participation rate for Aboriginal and Torres Strait Islanders to equal that of the wider population.
6. Increase the labour force participation rate to equal or better the national participation rate.

Income

At last count, about 200,000 South Australians—or 12.3% of the population—were living in poverty (defined as 50% of median income). The figure rises to around 20% using the less austere measure (used in Britain, Ireland and parts of Europe) of 60% of median income (SACOSS, 2010b). While income is not the only indicator of disadvantage, it is the main reason behind inequities in our society and one of the main determinants of a person's health and wellbeing throughout their life cycle. People on low incomes are more likely to live in poor quality housing, struggle to pay rent and utility bills, and live in geographically isolated areas. Furthermore, certain population groups are more likely to have to subsist on low incomes and are caught in a cycle of poverty, including people with disability, young people, older people, Aboriginal and Torres Strait Islanders, women, and those with low levels of education.

SACOSS's *Cost of Living Updates* over the last two years have provided snapshots of the rising costs of necessities for low income South Australians. Housing and utilities costs have been highlighted as particularly important drivers of poverty. It is also clear that the costs of living for those on low incomes has been rising faster than for the population as a whole, with a greater proportion of their income spent on necessities, the price of which is rising faster than other goods and services reflected in the generic consumer price index (SACOSS 2010c, 2010d).

While much of the income support for people on low or no incomes is provided by the Federal Government, the State Government still has an important role to play, particularly in providing concessions for low income recipients on a range of fees, charges and expenses. These concessions are crucial for those on low incomes and are an important equity measure in that much State Government revenue is regressive by nature—that is, flat fees (e.g. drivers' licences, vehicle registrations, fines—which impact disproportionately on the poorest.

PRIORITIES FOR 2011-12

detailed on following pages

- **Development of a SASP target and a comprehensive anti-poverty plan.**
- **Restoring and expanding financial and rural counselling.**
- **Doubling and then indexing utilities concessions for low income earners; extending concession eligibility for medical cooling needs.**

PRIORITY

Development of a SASP target and a comprehensive anti-poverty plan.

Given the prevalence of poverty in South Australia, and the fact that, on average, progress and the likelihood of achievement on indicators relating to social welfare and the needs of the vulnerable and disadvantaged lag behind the results in the SA Strategic Plan overall, SACOSS has called on the government to introduce an anti-poverty target in the next iteration of the SASP (SACOSS, 2010a).

This needs to be underpinned by resourcing the development of a comprehensive, whole of state, anti-poverty plan. While those living in poverty should be provided with adequate income support, a comprehensive plan would focus on strategies to prevent people falling into poverty, and on pathways out of poverty. Currently there is a good deal of government activity targeted at key disadvantaged groups, but a SASP target and a comprehensive plan would ensure a sustained and strategic approach to raising income levels of the poorest groups in society, and removing the barriers that reinforce social and economic disadvantage.

While the development of a comprehensive anti-poverty plan would require expenditure in the short term, if successful it would reduce the call on state coffers in the long term for some programs, particularly expensive acute assistance programs, as well as funding for concessions.

PRIORITY

Restoring and expanding financial and rural counselling.

The last state budget saw expenditure cuts of over \$2m per year to Families SA's financial assistance program (Treasury, 2010a, p. 138). This will result in a removal of 44 financial counsellors who provided key support for those on low incomes. The value of these positions is widely acknowledged by clients and organisations in the community sector. For instance, the philanthropic organisation the Wyatt Foundation has told SACOSS that it regularly finds grants for their support programs have better outcomes where there is referral and support from financial counsellors, including the Families SA counsellors.

The need for counsellors is particularly acute in rural and regional areas. Rural financial counselling is largely Commonwealth funded, but the need for support goes wider than simply financial—economic hardship and change also have social and health impacts, and these areas are funded by the State Government. The State Government Rural Community Counsellor program, which deals with mental health and personal capacity building, has been wound down after the drought, but there is still a need for these services as the effects of a long drought continue to have impacts on farmers and their communities. In addition, in the Murray River communities farmers, and whole communities, face substantial uncertainty and a need to rethink economic activities in the light of the proposed Murray-Darling Basin Plan. Counsellors there are already overwhelmed, but early intervention to assist people to cope with any changes will assist both with reaching the goals of the Basin Plan and in lessening the cost of dealing with the personal and financial impacts on the people affected.

The financial counselling positions cut from this year's budget should be restored and the Rural Community Counsellors programs re-funded.

In proposing this, SACOSS recognises that there are sometimes issues for clients around disclosure of personal details to government employees where the government has particular power in relation to income, child support etc. Given this, SACOSS believes that those positions could best be funded to be delivered by the community sector.

PRIORITY**Doubling and then indexing utilities concessions for low income earners; extending concession eligibility for medical cooling needs.**

The latest SACOSS *Cost of Living Update* (2010d) showed that recent rises in concessions on utilities for low income earners were not enough to meet rising electricity, gas and water prices. The last state budget included increases in the maximum concessions of \$10 per quarter (\$7.50 for energy, \$2.50 for water). However, electricity, gas and water prices this year have already risen by \$36-\$41 per quarter for an average household (i.e. mid-range annual usage of 5,000kWh and 190kL of water). Electricity prices are also expected to rise a further 7% from early January, giving a total rise of \$240 per year in the cost of utilities, clearly swamping the \$40 rise in concessions.

SACOSS acknowledges that concessions will increase by 5% each year for the next two years, but with water prices alone projected to increase by more than 20% per year for the next few years, these concessions rises will also quickly be lost to rising prices.

Rising utility prices also means that government GST revenue from utilities increases. SACOSS's calculations (2010d) show that the GST windfall from these recent utilities price rises are in fact greater than the increases in the value of State Government concessions. Future prices in electricity, gas and water, while giving rise to a need for increases in concessions, also means that increasing concession payments may not impact on the state budget as much as it would first appear.

Concessions on utilities should be doubled in the next budget to support low income earners dealing with current price rises, and the concession should be indexed to keep pace with future utilities price rises.

Medical Cooling Concession

There is also a need to expand eligibility for concessions for particular groups, most notably those who have a medical need for greater energy use due to heat intolerance. Heat intolerance is a major problem for people with Multiple Sclerosis, and may also affect people with a range of other conditions such as Parkinson's Disease, post-polio syndrome, and spinal cord injury. These people do not have a choice about turning on their air conditioners and need to run them for longer periods. People with MS in South Australia spend an estimated seven times more on running air conditioners than average South Australian households (Summers & Simmons, 2010, p. 22).

The estimated cost of a medical cooling concession for 1,300 people in South Australia would be \$100,000 in the first year, rising to \$500,000 in five years as more people became aware of the concession (MS Australia, 2010).

SACOSS Blueprint Targets

Access to Jobs

7. Reduce by more than half the current numbers of long term unemployed in South Australia.
8. Increase the rate of employment amongst young people and the Aboriginal and Torres Strait Islander community to equal that of the wider community.

Quantity and quality of jobs

9. Increase the percentage of jobs in the market that are skilled, high income and permanent.
10. Ongoing State-wide planning to identify areas of skills/labour shortage.
11. Reduce the labour 'under-utilisation' rate in South Australia.

Skills, education and training

12. Free education for all who seek it.
13. Ensure that all South Australians have training /education opportunities that will enable them to effectively compete for employment.
14. Ensure equity of access and high quality of education/training in rural and metropolitan areas.

Employment, Education and Training

To ensure the state economy remains resilient in the face of economic changes taking place in Australia and across the world, South Australia needs to focus its energies on creating and implementing strategies that will not only protect the economy and employment, but position the state to take advantage of opportunities that may arise in the near future. It is also imperative that South Australia looks to its social infrastructure and ensures that the focus of any initiatives and strategies are not too narrow. A vital element of these changes will be the areas of Employment, Education and Training.

Employment, education and training are important determinants of a person's life course, as well as being vital to enabling people to make a contribution to the economy and community. Employment is crucial to social inclusion, and educational opportunity is a key to both career development and the ability of the economy to make and support such jobs. Educational opportunity requires not just formal access, but affordability and the income support for people to study.

A particular focus needs to be the creation and support of the "green jobs" sector; South Australia has already taken significant steps towards becoming a world leader in the area of sustainability, and in this context SACOSS welcomes the funding in the last state budget for the development of the Sustainable Industries Education Centre on the former Mitsubishi Motors site at Tonsley Park.

This commitment to build new opportunities when old industries prove to be no longer viable will be what is required to deal with the seemingly intractable challenges arising from saving the Murray River. SACOSS believes that a healthy river is a pre-requisite to good social and economic outcomes, but despairs at the shape of the current debate, which posits irrigation vs the environment. New investment in non-water intensive industries, which may include other ways to grow food, is vital for ensuring prosperity for this important region of South Australia.

PRIORITIES FOR 2011-12

detailed on following pages

- **Significant investment of funds to support new industries for Murray River communities.**

PRIORITY**Significant investment of funds to support new industries for Murray River communities.**

The current *Guide to the Murray-Darling Basin Plan* outlines substantial cuts to water entitlements across the Basin, including in South Australia. While South Australia may gain much from increased water flows down the river, including increases in regional tourism and fishing, there will still be negative impacts on South Australian irrigators and those who rely on irrigation industries. Unfortunately the debate and economic modeling around the economic impacts of sustainable diversion limits is largely within an “all other things being equal” framework. That is, the debate is about measuring upsides and downsides of changed water flows, but not other possibilities. However, if there was, for instance, large investment in some other non-water reliant industry, then the socio-economic impacts of decreased water rights could be offset. This could mean less social disruption from the *Plan* and/or that more water would be available for the river.

There are obviously major community development issues in any transition to an economic base that is less reliant on intensive water use. Planning for such a future requires in-depth consultation with the community about the possibilities, as well as investment in education and training to ensure that the skills needed for new industries are present in the river communities.

SACOSS notes that there are already government programs and organisations with relevant mandates, including the Riverlands Future Taskforce and Regional Development Australia - Murraylands and Riverland. However, the level of money invested in these programs is not enough given the huge existing needs and the potential impact of the Murray-Darling Basin Plan. For instance, the Riverland Sustainable Futures Fund, established by the State Government in February 2010, while a step in the right direction, is only \$20m over four years.

A much more significant investment of money is needed from the State Government to support the South Australian Murray communities. The investment could be done either through these bodies or in conjunction with the Commonwealth in a purpose built Murray-Darling Basin investment scheme, but it is essential that the investment follows a broad community development model and is fully integrated with an employment, education and training strategy—not simply a handout to businesses.



SACOSS Blueprint Targets

Focus on prevention and early intervention

15. Move the focus of health services provision from tertiary to primary health care.
16. Establish integrated primary health care networks, addressing dental, physical, mental and social health and wellbeing, and encompassing prevention and early intervention.
17. Ensure access to the infrastructure required to enable all members of the community, throughout the State, to live safely and healthily.
18. Ensure that all children and young people have access to health education and awareness in the school curricula.

Access and equity of outcomes

19. Provide equity of access to all public and private health-related services for all communities.
20. Eliminate health status inequities in all areas for populations within the State, based on geographic and population groups, to a variable rate of no greater than 10%.
21. Ensure access to affordable, healthy food for all communities.
22. Reduce waiting lists to ensure sufficiently timely access to health services such that any wait does not compound either the medical condition or adversely impact on an individual's wellbeing or circumstance.

Health and Wellbeing

It is unacceptable that different social and cultural groups in our society have radically different health status. South Australians should not have more chance of being sick because they have less income, education, or are out of work, yet that is the situation. SACOSS maintains a commitment to seeking the eradication of health inequities across population groups.

'Industrial' health models built around tertiary care and large infrastructure (e.g. hospitals) can provide necessary medical interventions, but it is an expensive model that does not address many of the causes of ill health. Income, nutritious food, education, work, transport, and housing are all key factors in determining health. The industrial acute care health model does not address these social determinants of health, and therefore is unlikely to address inequality in health status that arises from these factors.

By contrast, international research confirms that primary health care that focuses on the promotion and development of good health benefits all groups in society, and particularly low income and disadvantaged groups (WHO, 2004).

South Australia's Strategic Plan has three targets explicitly focused on preventative health (T2.1 to T2.3), although these are fairly narrow in scope. For instance, T2.1 deals with young cigarette smokers, but not other groups of tobacco users or other addiction and substance abuse issues. Progress on the three targets is patchy, with the most recent progress report suggesting that the healthy weight target is unlikely to be reached (SASP, 2010). It remains to be seen what a new iteration of the *Plan* will be, but there clearly needs to be more emphasis on preventative health measures.

A shift to a primary health care focus on promotion and development of good health (rather than acute care to fix bad health) is also a more affordable health model for the state. This is particularly important as South Australia faces an ageing population and increasing health costs.

PRIORITY FOR 2011-12

detailed on following pages

- **Review health spending to adjust the balance between primary and tertiary health spending, to aim for a 2% change in favour of primary health spending for each year of the forward estimates from 2012-13.**

PRIORITY

Review health spending to adjust the balance between primary and tertiary health spending, to aim for a 2% change in favour of primary health spending for each year of the forward estimates from 2012-13.

Despite the need for broader and better resourced preventative health approach, large health infrastructure and acute care accounts for the vast bulk of State and Federal Government health spending. While the division between preventative health care and tertiary care is not clear in State Government budget papers, two programs that are predominantly hospital based tertiary care, Adelaide Health Services and the Women's and Children's Hospital (Health sub-programs 3.1 and 3.2), accounted for approximately 70% (\$2.4b of the \$3.4b) of the net health expenditure in the 2010-11 budget (Treasury, 2010c).

A start must be made on moving the focus of health service provision from tertiary to primary health care focused on the promotion and development good health. To this end, SACOSS is recommending that a review be done in the next financial year to plan for a gradual adjustment of the balance between tertiary and primary health care. Such a review will be complex and while there may be no change in the balance in the 2011-12 financial year, the aim should be to increase investment in primary health care to change the balance by 2% for each year of the forward estimates.

Note: this is not necessarily asking for new health expenditure, simply a reprioritising within the health budget.



SACOSS Blueprint Targets

Access and affordability

23. Ensure equity of access to secure, affordable, adaptable housing for all, in particular for Aboriginal and Torres Strait Islander South Australians.
24. Increase in support and accommodation services for disadvantaged South Australians.
25. Ensure all new social housing is affordable (including bills and utilities), and environmentally sustainable with adequate quality of essentials and amenities.
26. Establish a charter of rights for public and community tenants, and tenancy legislation to guarantee rights and security.
27. Ensure affordable housing for all costs not more than 25% of a household's gross income.

Infrastructure

28. Ensure social and affordable housing is located in areas of high employment, and adequate social infrastructure and supports.
29. Ensure access to appropriate housing for those in urgent need, with a priority for women and children.
30. Ensure equity of access to affordable housing for South Australians living in rural and regional communities.
31. Increase public and community housing stock and infrastructure to meet the State's population needs.

Housing

Housing is one of the most important features of life for every South Australian. The cost, location, physical accessibility and appropriateness of housing all impact markedly on health, education and general wellbeing outcomes throughout a person's life cycle.

Housing costs have been the focus of much attention in recent years and for good reason. Interest rate rises over the last year impose a high price on lower income mortgagees and also make home ownership unaffordable for many. Those who are in the private rental market have also seen rental costs increasing. As the SACOSS *Cost of Living Update No. 3* (2010c) shows, rental prices in Adelaide have been increasing faster than CPI (i.e. faster than average price rises in the rest of the economy) since the September quarter in 2006, and income support has not kept up. In dollar terms, since the beginning of 2006 an average new rental price for a three bedroom house at the lower end of the market in Adelaide has increased by about \$27, while rent assistance for a single person on Newstart with two children living in that house has only increased by \$8.

The result is that those in the private housing market receiving income support—such as aged or disability pension, parenting payment, Newstart and Youth Allowance—are almost certain to be living in housing stress, that is with more than 30% of income (and in some case of extreme housing stress more than 50% of income) going to housing costs. Those whose primary income support is part-time or minimum wage work are also likely to be in housing stress, and with vacancy rates at low levels this is unlikely to change quickly.

This points to a need for more rental stock, and more social housing options so that there are other options for low income households. The *30-year Plan for Greater Adelaide* (DPLG, 2010) generally neglects social housing by not identifying specific requirements for its inclusion in key urban growth areas. Without mandatory targets there is a risk that low income and disadvantaged South Australians may miss out on the housing opportunities available to others, particularly in the higher cost urban infill and transport oriented developments. Social housing needs to be integrated into local communities and must itself be affordable.

PRIORITY FOR 2011-12

detailed on following pages

- **State Government post-stimulus funding for the building of new houses for people on low incomes to meet demand.**

PRIORITY

State Government post-stimulus funding for the building of new houses for people on low incomes to meet demand.

As part of its response to the Global Financial Crisis, the Federal Government's economic stimulus package provided a marked boost to housing in South Australia. In addition to the increases in the first owners' grants, the South Australian and Federal governments together committed to building some 246 new social housing dwellings at a cost of \$51.8m, while repair and maintenance work was also funded on another 500 public housing dwellings (Burgan, 2009). However, with the stimulus being wound back there are dangers both that the overall number of new houses being built will decrease (leading to less housing stock and an upward pressure on prices and rentals) and that social housing in particular will again decline (until the stimulus, the number of new social housing commencements had been declining since 2004-05) (Burgan, 2009).

There remains a chronic need for social housing in South Australia. The State Government needs to continue to fund the building of new houses for people on low incomes to meet demand. SACOSS estimates that 500 houses per year would begin to meet the backlog of demand for social housing. Expenditure on such housing would both address an important area of disadvantage and contribute to economic growth, and therefore to tax revenue.



SACOSS Blueprint Targets

Access and Opportunity

32. Increase involvement by vulnerable and excluded groups in all community activities.
33. Eliminate health status, including mental health status, as a barrier to community participation.
34. Eliminate lack of transport or mobility as an impediment to social participation.

Addictions

35. Reduce average gambling losses per adult from electronic gaming machines in regions of socio-economic disadvantage by 30%.
36. Reduce incidences of alcohol and other substance abuse and recidivism (in relation to substance abuse).

Restoration and rehabilitation

37. Access to effective rehabilitation programs for all offenders
38. Reduce the numbers of Aboriginal and Torres Strait Islander people in prison, proportionate to their numbers in the overall State population.
39. Halve the numbers of South Australians sent to prison, through the vigorous pursuit of restorative justice, diversionary court systems, and alternative sentencing options.
40. Ensure living conditions within prisons are safe and consistent with community living standards.
41. Increase in use of restorative justice processes to enable victims of crime to engage more meaningfully.
42. Reduce the impact of crime on its victims.

Social Participation

Social participation is a key indicator of the overall “health” and vibrancy of a community and refers to the ways in which people engage with each other and take part in the life of the wider community. Poverty remains one of the major barriers to social inclusion and participation and it results in, or is interconnected with, a range of other issues that render people isolated, vulnerable or excluded from the community. Many social programs address only the end point of social exclusion and disadvantage—emergency responses to already bad situations. These responses are important and necessary, but early intervention strategies are vital to prevent many social problems developing to a crisis situation.

The evidence is overwhelming that early intervention is the most effective, and in the long term least costly, strategy for addressing a range of social participation issues. The research from just one area, child protection and family support, provides an example of the extent of the benefits of early intervention programs:

- *A key study from the US considered the impact of early childhood education, including home visiting programs, on the children of low income families. It followed participants into their mid twenties and found that over half had better life outcomes as adults compared with a matched group of non-participants. Researchers concluded that “for every dollar taxpayers spent on the project there was a saving of more than seven dollars” (Barnett, 1993 cited in Tomison and Wise, 1999).*
- *Poor cognitive skills in children are powerfully influential in terms of a child’s subsequent involvement in crime, teenage pregnancy and education (Heckman, Stixrud and Urzua, 2006). Supportive services that are accessible, affordable and of accredited quality lead to savings across the areas of crime, education and welfare as well as higher taxes (from higher income). The economic return is between 15-17% for every program dollar, which is far greater than returns for school or post-school interventions (Heckman, 2006).*
- *A study of the internationally regarded early intervention program known as Headstart (focused on children aged three to five years experiencing poverty) found that lasting program effects occurred for the children but also had a two-generational benefit as parents also reported an improvement in their own skills and competence, leading to further education and employment opportunities (Ochiltree, 1999 and Zigler and Styfco, 1996 cited in Tomison and Wise, 1999).*
- *Australian researchers have also identified the economic benefits of early intervention services for disadvantaged families with children, with research in Victoria establishing that prevention programs have been very successful in constraining growth in child protection notifications and enabling access to earlier intervention services for families and children (Thomas, 2007 p.7). Victoria stands out in terms of its maintenance of almost zero growth in child protection notifications for the years of operation of the program evaluated (2003-2006).*

In short, research on the value of early intervention programs confirms what is intuitively known, namely, that support for vulnerable families from the earliest stages in the life of a child enhances the wellbeing of the child and reduces the long term economic, social and psychological costs for families, children and the community at large.

Early intervention strategies can be applied across a range of areas, including criminal justice, child protection, mental health, homelessness, gambling, and substance abuse.

PRIORITY FOR 20011-12

detailed on following pages

- **Increased funding for family support and early intervention programs, including:**
 - **A 30% increase in base funding through the Family and Community Development program**
 - **New funding to regional areas where there are current gaps in services**
 - **\$530,000 to fill the funding from the loss of the special Family Support Grants provided over the past three years by Community Benefit SA**
 - **Seed funding for the trialling of new service models in the family support and early intervention areas.**

PRIORITY**Increased funding for family support and early intervention programs.**

The Family Strengths program is the primary funding vehicle of the State Government for the funding of services, facilities and projects to advance the interests and welfare of children and families. Current annual funding through the program is \$3.5m to 26 community agencies to provide 25 metropolitan and nine regional services. Funded services include:

- Home visiting services
- Family support services
- Mobile crèches
- Parent education programs
- Individual counselling
- Sexual abuse counselling
- Telephone counselling
- Advocacy and practical support.

Regrettably, family support services in South Australia are about to be reduced as the special family support grants provided over the past three years come to an end in February 2011. Given the clear social and economic benefits that flow from investment in family support and early intervention services, SACOSS urges the State Government to follow the lead it took in expanding funding to Alternative Care services in the last budget and to make a strong investment in family support and early intervention programs that will result in a reduction in the level of notifications (similar to that achieved in Victoria) and lead to longer term social and economic benefits.

SACOSS asks that priority be given to expansion of family support and early intervention programs in the knowledge that they not only lead to longer term cost savings for government, but even more importantly they help keep children safe and significantly improve their life prospects. Acknowledging that the funding base is small at \$3.5m pa, we urge the State Government to take the following steps:

- Provide an increase of 30% in base funding for existing family support and early intervention programs through the Family and Community Development program, to enable current services to expand in response to demand.
- Provide new funding to regional areas in which there are current gaps in services.
- Fill the funding gap (approx \$530,000pa) that will result from the loss of the special Family Support Grants provided over the past three years by Community Benefit SA.
- Provide seed funding for the trialling of new service models in the Family Support and Early Intervention areas.



Other Initiatives

GAMBLING

Gambling has a disproportionately negative impact on low income people. While many people enjoy gambling as a periodic recreational pursuit, it can also be addictive and can have devastating impacts on the most vulnerable and disadvantaged members of society. The harm can flow over into the families of problem gamblers, to their employers, and to the wider community through anti-social and at times illegal behaviour born out of gambling addiction. Programs to support people affected by gambling, early intervention strategies to prevent harm being done, and regulation to ensure gambling is managed responsibly are all necessary.

The regulation of gambling and the provision of support services is complex. There are five state ministers with some responsibility for gambling in South Australia, and under them are the Independent Gambling Authority, the Office of the Commissioner of Liquor and Gambling, the Gambling Policy Unit, the Office of Problem Gambling, and the Gamblers Rehabilitation Fund. There are several Acts governing the different forms of gambling (e.g. gaming machines, lotteries, sports wagering), a raft of regulations, industry codes, and the proposed introduction of a trading system for gaming machine entitlements. In addition, there is the growing issue of online gambling.

The governance system is also quickly evolving, with a number of major changes and inquiries proposed for the near future, including:

- Department of Treasury and Finance consultation paper and subsequent Bill addressing barring of punters, signage, and recommendations from the Productivity Commission that are not part of the national response
- the Approved Trading Scheme for gaming machine entitlements
- national issues arising from the Productivity Commission Report
- national initiatives flowing from the election deal between the Gillard government and independent, Andrew Wilkie.

It is important to get the management of this system right so that vulnerable people are protected, and the community can benefit from the large amount of revenue being generated by gambling in South Australia.

PRIORITIES FOR 2011-12

detailed on following pages

- **Funding consumer advocacy on changes in gambling.**
- **Indexing the portion of gambling taxes that are used in community-based programs.**

PRIORITY**Funding consumer advocacy on changes in gambling.**

Many community service organisations have interests and expertise in gambling issues as they provide services to problem gamblers or deal with social problems created by gambling. While there are existing mechanisms for consultation, such as the Responsible Gambling Working Group, community service organisations have very little capacity to engage in policy debate and formulation. At a time of rapid change, the community services sector in South Australia does not have even one full-time staff position dedicated to policy analysis and sector consultation in relation to gambling issues. By comparison, the gambling industry has enormous resources and, with large amounts of revenue at stake, vastly more resources to devote to policy analysis and positioning. For instance, those making money from gaming machines have at least three industry bodies: Australian Hotels' Association, Clubs SA, and Gaming Technologies Association.

To balance this, and to ensure that consumer voices (all consumers, including but not limited to those deemed "problem gamblers") are heard, funding should be made available to the community sector to enable it keep informed and to have the capacity to consult those who are engaged in the area, to aggregate that experience, and draw out and articulate policy responses. There are precedents for this in other areas where there is a similar asymmetry of resources, such as the funding for national energy advocacy through the Consumers' Advocacy Panel.

The funding required for one or two policy staff to be housed within the community sector is modest by comparison with the approximately \$400m of gambling revenue that comes each year to the State Government.

PRIORITY**Indexing the portion of gambling taxes that are used in community-based programs.**

Current budget forecasts show that the government expects to raise \$438m in gambling taxes in the 2011-12 financial year, with some \$329m of this being from gaming machines (Treasury, 2010b, p. 3.6). Under s72A of the Gaming Machines Act 1992 the parliament has earmarked part of the revenue raised from gaming taxes to be put into certain funds to assist the community and those most affected by gambling. These funds are

- The Sport and Recreation Fund
- The Charitable and Social Welfare Fund
- The Gamblers Rehabilitation Fund
- The Community Development Fund.

The Act sets a fixed sum to be paid into each account, but this amount is not indexed so the real value of the contribution to those funds is declining every year.

The total revenue required to be paid to all funds under s72A(4) at the time of the last amendment (2004) was \$31.35m. If it was indexed to CPI (All Groups - Adelaide) that amount would now be \$38.42m: a difference of \$7m per year. That is, the real value of the allocation to those funds has declined by 22% over the past five years. In total, since the last amendment, the lack of indexation has resulted in \$20m of gambling taxes not being paid into those funds.

These funds provide a great source of income for community groups, including in particular groups and programs aimed at addressing the problems caused by gambling. The level of funding should be maintained in real terms, the Act should be amended to index the amounts directed to the funds, and the budget made to reflect the changes.

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