

SACOSS 2016–17

State Budget Submission



SACOSS

*South Australian Council
of Social Service*



SACOSS State Budget Submission 2016-17

ISSN 1836-5035

First published in January 2016 by the South Australian Council of Social Service

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Contents

INTRODUCTION	5
SECTION 1: GROWING EMPLOYMENT OPPORTUNITIES FOR SOUTH AUSTRALIANS	9
1. Increase expenditure on infrastructure projects of social and economic benefit to South Australia, with priority given to increasing total public housing stock and expanding public transport across regional and metropolitan locations.	10
2. Fund a review of the Workforce Participation in Government Construction Procurement Policy to determine the levels of compliance with the policy and its overall effectiveness in meeting its objective.	10
3. Grow entry level jobs for young South Australians	11
a. Immediately double the intake of trainee and graduate positions to 400/year under the Public Sector's Jobs4Youth program	12
b. Re-introduce the payroll tax exemption for wages paid to apprentices and trainees	12
c. Fund the establishment of a working group tasked with developing links with South Australian employers to support the job creation and employment of young South Australians	13
SECTION 2: EQUIPPING SOUTH AUSTRALIANS WITH THE TRAINING, SKILLS AND EMPLOYMENT SUPPORT THEY NEED TO GAIN AND MAINTAIN SECURE EMPLOYMENT	14
4. Increase investment in Adult and Community Education	15
a. Increase the funding available to ACE providers through the Foundation Skills Grants	15
b. Develop a new ACE Preparation Program to prepare participants for classroom based learning	15
5. Ensure WorkReady better addresses the needs of vulnerable and disadvantaged South Australians	16
a. Reinstate subsidised training places for community sector RTOs who have demonstrated an excellent track record of delivering high quality specialised 'niche' training for vulnerable and disadvantaged South Australians	16
b. Ensure the Funded Training List/ Subsidised Training List includes all courses that are essential for workforce development within the health and community services sector, including the Certificate IV Mental Health Peer Work	17
c. Provide time limited wage subsidies to employers who employ jobseekers who have previously participated in WorkReady's Jobs First employment projects	17
d. Expand the exemption for student course fees to include unemployed South Australians receiving Centrelink benefits	18

6. Commit to ongoing funding of the Building Family Opportunities program of \$2 million a year for at least three years spread across the existing location sites.	18
7. Expedite the evaluation of the 12 month Successful Transitions pilot, and if found to be successful, commit ongoing funding to the program.	19
8. Fund SACOSS, or another independent organisation, to undertake a scoping study that examines outreach legal services for vulnerable workers.	19
SECTION 3: SUPPORTING VULNERABLE AND DISADVANTAGE SOUTH AUSTRALIANS, THEIR COMMUNITIES AND THE COMMUNITY SECTOR	20
9. Increase the funding allocated to the Community Benefit SA Fund to \$6 million per year (plus indexation).	21
10. Free public transport in the non-peak period between 9am and 3pm for people eligible for concession fares	21
11. Commit to ongoing funding of the Utilities Literacy Program	22
12. Commit to ongoing funding of SACOSS Energy Program for \$200,000 per annum (plus indexation) for four years from 2016–17 onwards	22
13. Create a Compensation Fund for Government Funding Contract Delays for Non-Government Organisations	23
SECTION 4: MAINTAINING A FAIR AND SUSTAINABLE REVENUE BASE FOR THE BENEFIT OF ALL SOUTH AUSTRALIANS	24
14. Allocate any additional revenue available in 2016–17 to employment and other initiatives for the benefit of all South Australians, rather than further business tax cuts	25
REFERENCES	26

Introduction

INTRODUCTION

South Australia is in the midst of an employment crisis.

South Australia currently has the highest unemployment rate out of all states and territories in Australia at 7.3% (ABS, 2015a) (See Figure 1).

When combined with an underemployment rate of 10.5%, almost 18% of the labour force is underutilised (ABS, 2015a). This equates to more than 150,000 South Australians who either want to work but cannot find a job, or have a job but one that does not provide them with enough hours to meet their needs (ABS, 2015a). The underutilisation of the South Australian labour force is heading towards levels not seen since the highs of the 1990s recession (See Figure 2). Crucially, underemployment, which had remained fairly steady through the 1990s and early 2000s, has spiked in recent years, taking over unemployment as the key driver of underutilisation (See Figure 3). The lived reality for many South Australians is both the risk of unemployment, but also the risk of being stuck in casual, part time or temporary work.

Labour underutilisation is not distributed evenly throughout the population.

During difficult economic times the whole community can suffer through weak economic growth, lower wages and reduced government service provision. The direct and indirect burden of high unemployment, underemployment and reduced government service provision falls disproportionately on the most vulnerable and disadvantaged communities. For example, while the state-wide unemployment rate is 7.3%, the unemployment rate is 32.9% in Elizabeth, 20% in Hackham West, 34% in the APY Lands and 14.8% in Port Pirie. This is compared to 2.3% in Glenside, 2.8% in Belair

and 4% in Clare (Department of Employment, 2015).

A range of vulnerabilities and disadvantages can impact an individual's chance of securing employment, including but not limited to age, gender, locality, Aboriginality, disability, mental illness and CALD background. Further, when vulnerable and disadvantaged people do find employment, they are often concentrated in lower skilled and lower paid industries, characterised by insecure work.

The spike in labour underutilisation in South Australia is occurring in the context of a range of global economic and technological changes

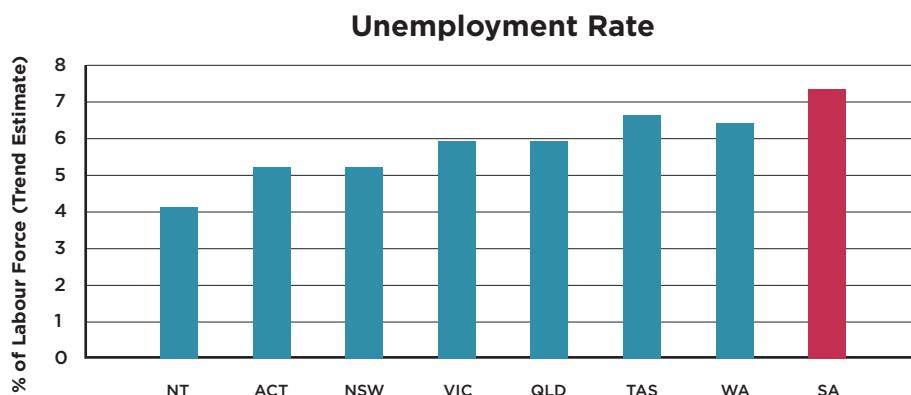
Globally, the after effects of the Global Financial Crisis continue to dampen economic growth. Many labour intensive industries are shifting to lower wage economies, while the slowing Chinese economy is reducing commodity prices and in turn mining investment and revenue. Technological advancements are globalising the labour market, and replacing human labour with robots and other forms of automation. These global forces are rapidly changing the structure of the Australian labour force with many lower skilled and entry level jobs disappearing. Over the coming decades greater use of automation is expected to threaten a wider range of blue collar and white collar jobs, while the digital revolution is expected to radically change workplace structures and regulation.

Under these global economic conditions, the South Australian economy has taken a particularly hard hit.

In recent years many key employers have announced plans to close or shed large numbers of jobs, including but not limited to the automotive, manufacturing, defence, resources and energy industries. South Australia

Figure 1: Unemployment Rate by State and Territory

(Source: ABS, 2015a)



has been left with subdued economic growth, low business confidence, high underutilisation, and increased risk of becoming the nation's worst performing economy (CommSec, 2015). Worryingly, some estimates suggest that unemployment may get worse before it gets better (Government of South Australia, 2015g). These economic woes are clearly weighing on the minds of South Australians with 80% of people surveyed in the recent Sunday Mail State of SA survey (2015) naming jobs and job security as the biggest issues facing South Australia.

Despite the gloomy short term economic and employment outlook, there are opportunities for jobs growth in South Australia

The Training and Skills Commission (2015) has identified a number of industry sectors in South Australia that will experience strong jobs growth over the coming years, including Health Care and Social Assistance, Education and Training, Accommodation and Food Services and, Professional, Scientific and Technical Services. SACOSS also notes that the South Australian Government has a number of policies in place to address the employment crisis (Government of South Australia, 2013b; Government of South Australia, 2014; Government of South Australia, 2016), and over the medium and longer term transform and diversify the South Australian economy (Government of South Australia, 2015f). While there may be light at the end of the tunnel, SACOSS believes that as we head into the most intense phase of the crisis, it is imperative that the state government does all it can in 2016–17 and over the forward estimates

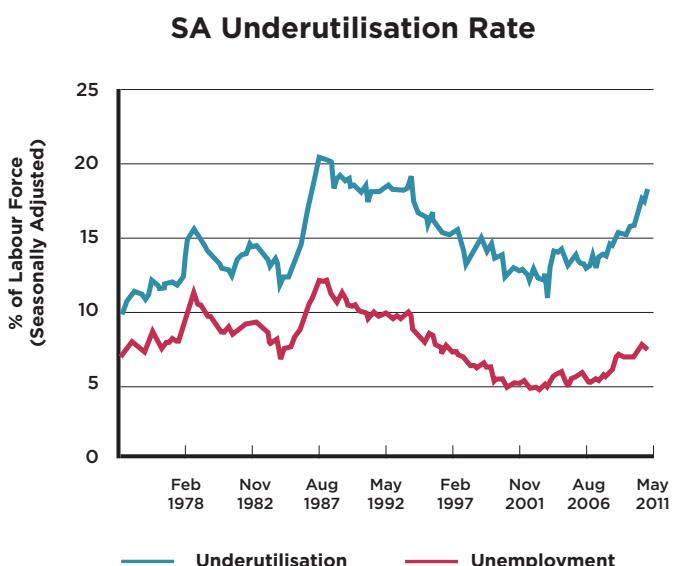
to ensure that job losses are minimised, working hours are maximised and vulnerable and disadvantaged South Australians are not left behind.

SACOSS through its own analysis, and in consultation with members and other experts, has identified a number of opportunities where the state government could and should do more.

In this Submission, SACOSS proposes a range of employment related initiatives that the State Government can commit to now to address South Australia's employment crisis. While SACOSS acknowledges that many of its proposals involve increased spending, SACOSS has also identified possible funding sources, including a projected increase in GST revenue over the forward estimates, and the opportunity to borrow at historically low interest rates. SACOSS believes the government has a responsibility to take advantage of these funding opportunities, and invest now in initiatives that will directly reduce the severity of the crisis and quicken the road to recovery. As Associate Professor John Spoehr (2015) emphasises, "if the right actions are taken now we can avoid escalating unemployment and growing hardship in our hardest hit suburbs. Recognising that we need to act boldly and decisively is the starting point. We cannot afford to wait and see what transpires".

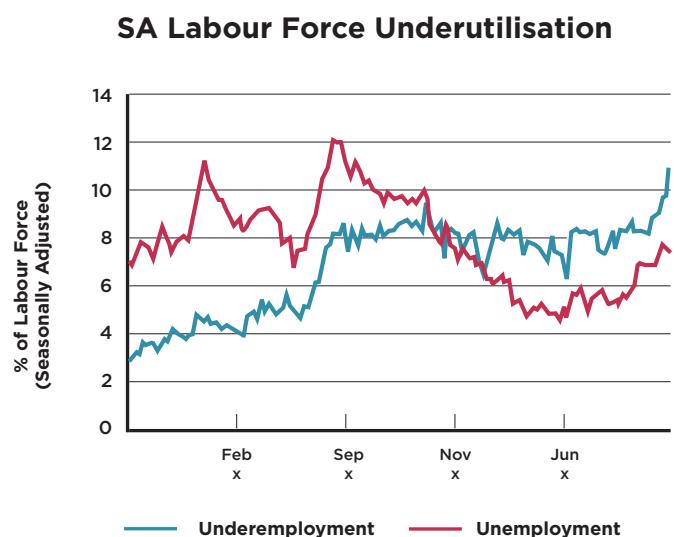
SACOSS recognises that many of the policy levers and revenue sources available to tackle unemployment and underemployment are held by the Commonwealth

Figure 2: South Australian Underutilisation Rate



(Source: ABS, 2015a)

Figure 3: South Australian Labour Force Underutilisation



(Source: ABS, 2015a)

INTRODUCTION

Government, including national macroeconomic policy settings, workplace relations, employment services and social assistance. While SACOSS, in partnership with the Australian Council of Social Service (ACOSS) will continue to advocate for the necessary changes in Commonwealth employment, tax, welfare and federation policy, this Submission focuses solely on the actions that the state government can take to tackle the employment crisis in South Australia.

SACOSS also recognises that the relationship between employment, vulnerability and disadvantage is complex, each having the potential to be a consequence and a cause of each other. Poverty and other forms of disadvantage such as Aboriginality, disability, age, CALD background and mental illness can lead to a higher risk of unemployment and insecure work, but prolonged periods of unemployment and insecure work can also put people at higher risk of poverty, housing stress and homelessness, mental illness, drug and alcohol problems and criminal behaviour. Due to this complexity and interdependence, a range of policy areas can impact on the causes and consequences of unemployment, underemployment and insecure work. While this Submission focuses primarily on initiatives that directly address South Australia's employment crisis, SACOSS will continue to advocate for change across a range of policy areas through its broader work plan.

This Submission is divided into 4 sections...

The first two sections make up the bulk of the Submission and relate directly to tackling South Australia's employment crisis.

Section 1 proposes a range of initiatives to grow overall employment opportunities for South Australians.

Section 2 proposes initiatives to ensure that all South Australians, particularly the vulnerable and disadvantaged, are equipped with the training, skills and employment support they need to break into the highly competitive labour market.

Section 3 looks beyond direct employment related initiatives and proposes some initiatives to support vulnerable and disadvantaged South Australians, the communities they live in, and the community sector that supports them.

Section 4 reiterates SACOSS' long standing call for the state government to consolidate South Australia's revenue base over the long term, and avoid further erosion of the tax base through more short term business tax cuts. Further, it suggests any additional revenue available to the South Australian Government in 2016-17 should be allocated to initiatives that directly tackle the state's employment crisis, and ameliorate its impacts for vulnerable and disadvantaged South Australians.

Section 1: Growing employment opportunities for South Australians

1. Increase expenditure on infrastructure projects of social and economic benefit to South Australia, with priority given to increasing total public housing stock and expanding public transport across regional and metropolitan locations.

In Our Jobs Plan (2014, p. 4), the state government committed to “accelerat[ing] infrastructure projects to create jobs” and “working with the Australian Government to bring forward high priority economic infrastructure” as part of its response to the closure of automotive manufacturing in South Australia. In line with this plan, the government committed to a total infrastructure spend of \$10.8 billion over four years to rebuild and expand the state’s strategic economic and social infrastructure in the 2015–16 State Budget. SACOSS welcomes the government’s commitment to job creation through investment in social and economic infrastructure, and is particularly pleased to see the government directing a portion of this investment toward renewing South Australia’s ageing housing trust stock.

SACOSS believes, however, that the state government could and should do more. As Associate Professor John Spoehr (2015) recommends, during economic shocks and periods of high structural unemployment like what South Australia is experiencing, it is vital that governments provide substantial off-setting investment to sustain jobs and growth in the short turn, and provide time for the more medium and longer term economic transformation strategies to take effect. SACOSS notes that while total infrastructure investment remains high, investment in the general government sector has declined from a high point of approximately \$2 billion per year between 2009–2013 to approximately \$1.3 billion a year over the forward estimates (Government of South Australia, 2015d).

SACOSS calls on the government to return government infrastructure spending to record highs to lessen the pain the community is experiencing during South Australia’s economic transformation.

While SACOSS supports the state government’s continued efforts to obtain co-investment from the Commonwealth to boost infrastructure spending, we do not believe it should hitch the fortunes and wellbeing of South Australians to the whims of the Commonwealth, particularly given the scale of the employment crisis befalling South Australia.

SACOSS believes that with interest rates at historic lows,

Instead, SACOSS calls on the state government to consider other funding sources such as borrowings to supplement the existing state and Commonwealth spending.

the state government has a rare window of opportunity to borrow cheaply, and invest in social and economic development that will deliver significant long term returns for the State. As highlighted by SA Unions (2013, p. 22), “public infrastructure does not only create jobs in the construction phase, but improves the lives of working people and enables them to travel more easily to work, and engage more easily in their communities”.

In recommending that the government uses borrowings to increase infrastructure spending, SACOSS supports Spoehr’s (2015) recommendation that investment should be directed toward projects that will have long term benefits for the community, particularly those affected by high unemployment and economic structural change, such as public housing stock, transportation systems and civic spaces, creating healthy, stimulating and vibrant spaces to live and work.

In particular SACOSS calls for the State Government to give priority funding to:

- Increase total public housing stock (in addition to its commitments to renew the existing housing stock) to provide more affordable housing for South Australians and contribute to long term social benefits that flow from secure housing; and,
- Extend public transport systems in both regional and metropolitan locations to provide low cost, viable options for travel for people across South Australia who may not have access to private transport.

2. Fund a review of the Workforce Participation in Government Construction Procurement Policy to determine the levels of compliance with the policy and its overall effectiveness in meeting its objective.

In recommending borrowings as an additional funding source for the State’s infrastructure investment, SACOSS believes that it is important that the jobs-growth flowing from the construction phases of these projects are inclusive of vulnerable and disadvantaged South Australians. The state government has in place a Workforce Participation in Government Construction Procurement Policy (WPGCPP) that sets targets for the employment and skill development of Aboriginal people, trainees and apprentices, local people with barriers to employment and displaced automotive sector employees on government building and civil construction works in South Australia.

Currently the policy requires that 15% of labour hours on government infrastructure contracts between \$5-\$100 million and of at least 6 months duration are worked by the above groups. For government infrastructure

contracts exceeding \$100 million and of at least 6 months duration, the target is 20% of labour hours (Department of State Development, 2015d).

The state government (2013b) has noted that some recent major projects have met or exceeded the current targets, such as the Adelaide Oval upgrade which achieved 19% of workforce hours and the Sustainable Industries Education Centre at Tonsley which achieved 27% of workforce hours. Despite the reported success of the WPGCPP, SACOSS members have raised concerns that the targets are not being consistently met on the ground, and that more rigorous monitoring and enforcement is required.

Given these conflicting reports on the effectiveness of the policy, SACOSS recommends the government funds a comprehensive review of the WPGCPP to determine the levels of compliance with the policy, as well as its overall effectiveness in increasing the workforce participation, skill development and social inclusion of vulnerable and disadvantaged South Australians.

Should the review find that the targets are being consistently met, SACOSS calls on the government to lift the targets by 5% to meet the growing demand for employment opportunities for vulnerable and disadvantaged South Australians.

Alternatively, if the review finds that contractors are not consistently complying with the policy, SACOSS recommends the government invests in greater support for contractors to employ vulnerable and disadvantaged South Australians, and introduces stronger enforcement measures, such as financial penalties for wilful non-compliance.

The SYC's My First Job Working Group (2014, p. 3) has found that "structural changes in the economy have... resulted in a reduction in entry-level positions that have traditionally been the stepping stone to workforce participation for many young people". Data from the Commonwealth Department of Employment (2014) highlights this trend, showing that there is an average of 18 applicants per low skilled vacancy advertised on the internet and/or in newspapers. There is evidence that this widespread lack of employment opportunity is weighing on the minds of young people, particularly young South Australians. A recent survey by Mission Australia (2015) found that young Australians cite a lack of jobs as a key barrier to their future education and employment goals, with the percentage of young South Australians citing this as a key barrier above the national average.

The difficulty in breaking into the labour market is intensified for vulnerable and disadvantaged young people who face complex barriers gaining and maintaining secure employment, including lower educational attainment, mental health issues, homelessness, family breakdown, drug and alcohol addition, criminal behaviour and poverty (Youth Connections National Network, 2013). In the current highly competitive labour market, many vulnerable and disadvantaged young people who may have traditionally obtained lower skilled entry level positions are increasingly being displaced in the workforce by more advantaged young people such as university graduates who are unable to secure work in their preferred profession. As the technological revolution accelerates it is expected that more and more low skilled and/or routine-based jobs (including some white collar jobs) will disappear (The Foundation for Young Australians, 2015), further exacerbating the difficulty for young people with lower educational attainment, skills and experience to break into the workforce. In the context of an ageing population and increasing demand for higher skilled workers, the need for all young South Australians to obtain relevant skills and experience, and make the most of their abilities is becoming more and more critical (The Foundation for Young Australians, 2015; The Training & Skills Commission, 2014).

The long term impacts for young people who are unable to break into the workforce are significant. Evidence indicates (My First Job Working Group, 2014) that a young person who does not secure sustained employment by the age of 22 is more likely to become very long-term unemployed and persistently welfare dependent throughout their life. In turn this has broader social impacts for the community stemming from their increased likelihood of experiencing homelessness, poor health and social isolation (Brotherhood of St Laurence, 2014b; Youth Connections National Network, 2013).

3. Grow entry level jobs for young South Australians

Growing labour underutilisation in South Australia impacts the whole community, but the impact on young South Australians is particularly acute. The youth unemployment rate currently sits at 14.9%, which is double the general population rate of 7.3% (ABS, 2015b). In disadvantaged areas, such as Playford the youth unemployment rate can be almost three times the general population rate (The Stretton Centre, 2013; Brotherhood of St Laurence, 2014a). In addition to facing higher rates of unemployment, many young people are underemployed and stuck in precarious (The Foundation for Young Australians, 2014) and sometimes exploitative work (ABC, 2015b; The New Daily, 2015; The Age, 2015b). The Brotherhood of St Laurence (2014b) found that young people today are more likely to be underemployed than at any time in the last 36 years, and since the GFC, the proportion of young people in precarious work has grown faster than for any other age group.

SECTION 1: GROWING EMPLOYMENT OPPORTUNITIES FOR ALL SOUTH AUSTRALIANS

In response to this growing youth employment crisis,

SACOSS joins the Youth Affairs Council of South Australia (YACSA) and SYC's My First Job Working Group in calling on the state government to address the scarcity of entry level positions in both the public and private sector for young people, particularly for vulnerable and disadvantaged young South Australians.

3a. Immediately double the intake of trainee and graduate positions to 400/year under the Public Sector's Jobs4Youth program

The state government as an employer is in a unique position to directly address the lack of entry level positions for young South Australians by directly employing more trainees and graduates through its flagship Jobs4Youth program. In A Modern Public Service the South Australian Government (2013a) committed to providing more opportunity for young people in the public sector by employing 800 trainees and graduates over 4 years commencing in 2014. The program aims to give more young people a start in the public sector and address the sectors ageing workforce, with a particular focus on providing positions in areas of high youth unemployment, including the northern and southern suburbs and regional areas. Trainees come out of the one year program with a nationally recognised Certificate III qualification, while graduates obtain a nationally recognised skill set (Office for the Public Sector, 2015).

In its first year, demand for the program far outstripped supply, with over 900 young people applying for the first round of traineeships. The program also demonstrated good outcomes for young people of Aboriginal and/or Torres Strait Islander descent, with 28% of trainees coming from this cohort (Department of the Premier and Cabinet, 2014). For other cohorts of vulnerable and disadvantaged young people outcomes have been less strong but nonetheless still positive, with 5% of trainees identifying as being culturally and linguistically diverse (CALD) and 3% as having a declared disability.

SACOSS commends the state government's commitment to employing more young people; however the intake of only 200 trainees and graduates a year is simply not enough to make a dent in youth unemployment in SA, given over 23,000 young people are currently unemployed in South Australia (ABS, 2015b).

While the current intake is linked to the percentage of vacancies that are likely to occur each year in the public sector, SACOSS believes that the state government should take a leadership position and open up more entry level positions for young people to address the

current employment crisis among South Australia's young people.

SACOSS supports SYC's (2015) call for the state government to return to its more traditional role of being a skill developer, arming larger numbers of young people with the skills and experience that will enable them to build a secure, sustained career in either the public or private sectors. With increasing numbers of highly skilled older people likely to leave the workforce over the next decade, it is vital that our young people are equipped with the skills and experience that will enable them to take up those vacant positions when they arise.

To address the overwhelming demand for the program, SACOSS calls on the State Government to immediately double its intake for the remaining two years of the program to 400 trainees and graduates a year.

Noting the lower employment rates for young people with a declared disability and young people from a CALD background, SACOSS also recommends that the Government lift its efforts to employ more young people from these and other vulnerable and disadvantaged cohorts.

3b. Re-introduce the payroll tax exemption for wages paid to apprentices and trainees

SACOSS believes that employing more young people in entry level positions should not be the responsibility of the public sector alone. Private sector employers also have an important role to play.

The Training and Skills Commission (2014) and Business SA have expressed concern at the decline in traineeship and apprenticeship activity in South Australia. Between 2012 and 2014 the reported number of apprenticeship commencements has halved (National Centre for Vocational Education Research, 2015). The Training and Skills Commission (2014) has noted that the willingness of employers to take on trainees and apprentices has been affected by the prevailing economic conditions and the removal of incentive payments and exemptions. One of the key incentives removed by the state government in 2012-13 was the payroll tax exemption for apprentices and trainees.

The Business SA Survey of Business Expectations (2012) found that if the payroll tax exemption for apprentices and trainees had remained in place, three quarters of respondents would have employed more apprentices, and almost two thirds of respondents would have employed more trainees.

Given the high youth unemployment in South Australia and the lack of entry level jobs for young people, SACOSS joins with Business SA in calling for the reintroduction of the payroll tax exemption for wages paid to apprentices and trainees to assist employers to take on more apprentices and trainees.

3c. Fund the establishment of a working group tasked with developing links with South Australian employers to support the job creation and employment of young South Australians

SYC's My First Job Working Group (2014) has also identified a need to engage employers more broadly in co-designing strategies for increasing opportunities for young people, including pre-employment work experience activities that meet the needs of both young people and employers. As noted by the Training and Skills Commission (2015, p. 11) "Employers are looking for people with relevant work experience, but this cannot be gained without the opportunity to enter the workforce. Entry pathways to employment need to be created by industries, not only to provide young people with the opportunity to work but also to create workforces that cater to future skills needs".

SACOSS calls on the Government to fund the establishment of a South Australian Working Group tasked with developing links with South Australian employers to support the job creation for and employment of young South Australians.

The Work Group's activity should be informed by the findings of SYC's My First Job White Paper (2014) Improved Job Outcomes for Young People: A plan for enhancing employment services for young people leaving education and joining the workforce.

Section 2: Equipping South Australians with the training, skills and employment support they need to gain and maintain secure employment

4. Increase investment in Adult and Community Education

As structural economic change accelerates, foundational skills, such as English language, literacy, numeracy, problem solving, collaboration, self-management and digital literacy are increasingly becoming a bare minimum requirement for gaining and maintaining any form of employment in Australia (The Training and Skills Commission, 2014). However, many Australians do not possess these skills, particularly people who have disengaged from education early or experience complex social issues.

Data from the 2011-12 Programme for International Assessment of Adult Competencies (ABS, 2013) shows that 47% of South Australians aged between 15 to 74 have very low or moderately low literacy skills, and 56% have very low or moderately low numeracy skills. In the modern high skilled economy, these South Australians are at high risk of marginalisation from the labour market and ongoing social exclusion. As the Training and Skills Commission (2014, p. 8) notes “raising adult language, literacy and numeracy skills is central to expanding participation and enabling workers to take advantage of new opportunities in line with South Australia’s skills and workforce development priorities”.

A lack of foundational skills is not just a problem for individuals, it also has consequences for the overall strength of the economy (South Australian Centre for Economic Studies, 2013). The Training and Skills Commission (2014, p. 62) found that many employers struggle to source the skilled workers they need, expressing concern that “too many individuals are not equipped with basic literacy, numeracy and general life skills when entering the workforce”. This in turn is having a negative impact on business productivity in South Australia. The Training and Skills Commission (2014) has identified that a particularly large source of untapped productive capacity exists among older workers who may have a long history of employment but lack the foundational skills required for employment in growing industries and occupations. In the context of the ageing population, it is critical that older people and other vulnerable and disadvantaged South Australians are equipped with the foundational skills to enable them to gain employment and boost the economic productivity of South Australia. This is supported by the National Foundation Skills Strategy for Adults (Department of Industry, 2012, p. 7) which states “a one percent increase in literacy can lead to a 2.5 percent increase in labour productivity”.

The state government currently supports the development of foundational skill through its Adult and Community Education (ACE) program. The ACE program provides Foundation Skills Grants to community based providers to deliver locally designed and developed non-accredited and accredited training based on

the Certificate I in Education Skills and Development curriculum (Foundation Skills Training Package from July 2016). ACE is widely recognised as providing an effective and efficient learning gateway for South Australians, particularly the most vulnerable and disadvantaged (The Training and Skills Commission, 2014; SA Unions, 2013; South Australian Centre for Economic Studies, 2013). For example, the South Australian Centre for Economic Studies (2013) estimated that for a cost of \$4.73 per hour, ACE returns a value of between \$11.14 and \$19.30. SACES also found that the community based model is very effective in engaging hard to reach people who face multiple and complex barriers.

In 2013 the South Australian government (2013) recognised the significant role that ACE plays in “increasing the skill levels of all South Australians in order to improve employment opportunities and build the State’s social and economic prosperity”. It committed an additional \$6.4 million to provide an extra 6,000 training places from 2010–2016 and commenced triennial grant funding for providers. SACOSS commends the government for its continuing support of the ACE program, however during our consultation it emerged that there is still room for improvement.

4a. Increase the funding available to ACE providers through the Foundation Skills Grants

Community Centres SA (CCSA), the peak body for community and neighbourhood centres including many that deliver ACE, noted two particular areas where improvements could be made. The first is increasing the level of funding available to ACE providers through the Foundation Skills Grants. Currently providers can receive grants of up to \$25,000 for non-accredited training projects and grants of up to \$50,000 for accredited training projects (Department of State Development, 2015a). This level of funding is insufficient for sessional ACE trainers to participate in professional development in the planning, design and delivery of Foundation Skills programs, and for providers to collect and report on learner outcome data. This limits the quality of the training provided to participants and the ability of providers to systematically improve learner outcomes.

As such SACOSS calls on the State Government to increase the funding available to ACE providers through the Foundation Skills Grants.

4b. Develop a new ACE Preparation Program to prepare participants for classroom based learning

The second key area for improvement is the development of a program to prepare ACE participants to engage more effectively in ACE. ACE providers have observed that many vulnerable and disadvantaged

people do not have the confidence, skills and experience to engage in participatory, community based learning. As such, many are falling through the cracks, failing to gain the foundational skills they need to begin their learning and employment journey.

For ACE participants to engage effectively in ACE courses and reap the benefits of such participation, learners need to be able to:

- socialise with appropriate conventional courtesy and behaviours,
- follow directions,
- work cooperatively and collaboratively with others,
- be punctual and possess a degree of personal organisation, and
- communicate, comprehend, contribute and participate.

These skills are aligned to the Australian Core Skills Framework (ACSF) and the Core Skills for Work Developmental Framework (Foundation Skills).

Command of these skills is essential to the learning of the individual as well as other learners, whose own learning and wellbeing can be disrupted by participants who have significant issues engaging effectively. CCSA has suggested that individual programming is required to support individuals who require extra assistance to engage successfully in ACE courses.

Without individualised support which reflects the different needs of many participants, vulnerable and disadvantaged people are effectively being barred from positively participating in any form of learning, community engagement and employment. The outcomes of such individual support will increase the number of participants who would benefit from ACE courses and promote better ACE outcomes due to a newly created and inspired desire to learn, engage and contribute to the community.

SACOSS joins CCSA in calling on the Government to fund the development of an ACE engagement program (based on the learnings from CCSA's ACE Personal Support Program) targeted at vulnerable and disadvantaged people who need extra support to excel in the ACE program and take their first step toward full participation in the modern economy and society.

5. Ensure WorkReady better addresses the needs of vulnerable and disadvantaged South Australians

In July 2015 the state government's new flagship training, skills and employment program WorkReady commenced, replacing the Skills 4 All program. WorkReady aims to ensure that government investment in training, employment and skills is targeting the areas of greatest strategic need to industry and a transforming economy (Department of State Development, 2015e). Key changes include:

- Reducing the number of courses subsidised from 900 to 700 with a focus on priority employment and skills areas (Department of State Development, 2015c);
- Maintaining the number of subsidised places in 2015-16 (Department of State Development, 2015c) but reducing expenditure over the forward estimates to return funding to the pre- Skills 4 All program levels (Government of South Australia, 2015d);
- In the first two years of operation providing the vast majority of subsidised training places to TAFE SA. Subsidised training places for Non TAFE RTOs are set to be phased back in from 2017, with the system planned to be fully contestable by 2018-19 (Department of State Development, 2015c);
- Introducing targeted training and employment support for specific groups, industries or regions through Jobs First training and employment funded projects. Funding for providers is available on a submission basis and providers must demonstrate partnerships with employers and job outcomes for participants (Department of State Development, 2015g); and,
- Students are expected to contribute to student course fees, with concessions available for eligible students. For Jobs First projects, employers and providers are also expected to contribute substantially to the cost of training and employment support (Department of State Development, 2015f).

While it is too early to tell how the implementation of WorkReady will play out, SACOSS members have raised concerns about some of its design features.

5a. Reinstate subsidised training places for community sector RTOs who have demonstrated an excellent track record of delivering high quality specialised 'niche' training for vulnerable and disadvantaged South Australians

The first significant concern is the allocation of the vast majority of subsidised places to TAFE SA for the first two years of WorkReady. This abrupt shift has left many community sector Registered Training Organisations (RTOs) with a significant loss of business. For smaller and regional RTOs this is threatening their viability as they do not have the capacity to wait for non-TAFE training places to be phased back in. While SACOSS acknowledges that under Skills 4 All some RTOs delivered substandard training and employment outcomes for their students, SACOSS strongly believes that community sector RTOs with a strong track record of delivering high quality specialised 'niche' training to some of South Australia's most vulnerable and disadvantaged people should not be penalised along with those RTOs who exhibited poor practice. In many cases our members developed their training arms in large part because TAFE had limited relationships with sector organisations and was not managing to provide

the specialist services and support that disadvantaged members of our community needed to navigate the pathway to employment.

By preventing many community RTOs from being able to deliver subsidised training, the government risks making training less accessible for many vulnerable and disadvantaged South Australians when high unemployment and structural economic change makes it more important than ever that all South Australians have access to training that meets their needs.

SACOSS calls on the Government to reinstate subsidised training places for community sector RTOs that have demonstrated an excellent track record of delivering high quality specialised 'niche' training for vulnerable and disadvantaged South Australians.

5b. Ensure the Funded Training List/ Subsidised Training List includes all courses that are essential for workforce development within the health and community services sector, including the Certificate IV Mental Health Peer Work

SACOSS members have raised concerns that WorkReady's Funded Training List/ Subsidised Training List (FTL/STL) does not include all courses that are essential for workforce development within the health and community service sector. The Training and Skills Commission (2015) has identified that over the next five years the health care and social assistance sector will experience one of the highest rate of jobs growth of all sectors in South Australia. It is projected that between 2013 and 2018, one in every four new jobs created will be in the community services and health industry, in large part driven by the ageing population, general population growth and the roll out of the NDIS.

One example of the FTL/STL not comprehensively reflecting workforce demand is the omission of the Certificate IV in Mental Health Peer Work. The Mental Health Coalition of South Australia, as part of its Lived Experience Workforce Project, has identified that despite its omission there is growing demand for workers with this qualification. At present there are approximately 65 to 70 peer workers in the mental health workforce, but this is unlikely to be sufficient to meet the growing demand.

Under the NDIS, it is expected that approximately 4,500 South Australian living with a psychosocial disability will be eligible for services. It is also predicted that by 2027 demand for mental health services will increase by between 135 and 160 percent (The Training and Skills Commission, 2015). With SA Health's Mental Health Services Pathways to Care Policy Directive (2014) now directing mental health services to be inclusive of a structured peer workforce, peer work has the potential to be an important contributor to this predicated workforce growth.

In addition to the expected growth in demand, peer work is recognised as providing strong benefits for people experiencing mental illness, both for the peer worker and the client (Davidson, Bellamy, Guy, & Miller, 2012; Health Workforce Australia, 2014). For example, it can provide a sustainable and fulfilling employment pathway for unemployed people experiencing mental illness, as well as peer workers being highly effective in engaging "hard to reach" clients, as their lived experience helps build trust and understanding with the client. Currently, the Certificate IV is subsidised in New South Wales, Victoria and Western Australia. Yet despite the clear workforce demand for the qualification, and its significant benefits to people with a mental illness, it is not currently being subsidised in South Australia.

To address this gap in provision, SACOSS joins the Mental Health Coalition of South Australia in calling for the Certificate IV in Mental Health Peer Work to be added to WorkReady's FTL/ STL.

5c. Provide time limited wage subsidies to employers who employ jobseekers who have previously participated in WorkReady's Jobs First employment projects

Another concern raised by SACOSS members is the difficulty in accessing the Jobs First funding to provide targeted training and employment support for vulnerable and disadvantaged South Australians. Under the eligibility requirements, providers must work in partnership with employers and provide evidence of employer commitments of work placements and/or job opportunities for participants (Department of State Development, 2015h; Department of State Development, 2015i). SACOSS recognises that it is vitally important that training and employment programs have strong links with employers and lead to real job outcomes. However, our members are reporting that in the current tough economic conditions, with business confidence low, it is very difficult to obtain firm job commitments from interested employers, particularly small businesses.

To assist providers to recruit interested employers to partner with them to deliver Jobs First training and employment projects, SACOSS recommends that the state government provides time limited wage subsidies to employers who employ people who have participated in Work Ready's Jobs First Employment Projects.

This incentive has the potential to increase the number of employers willing to commit to the Jobs First projects and ultimately increase employment opportunities for vulnerable and disadvantaged South Australians.

5d. Expand the exemption for student course fees to include unemployed South Australians receiving Centrelink benefits

Finally, SACOSS members have raised concerns that the requirement for students to pay fees for subsidised courses is placing a barrier in front of South Australians who are unemployed and struggling financially on poverty level Centrelink benefits. Currently a single person on Newstart Allowance receives a maximum of \$13,608 per year, with slightly higher rates for people with children, or people aged over 60 (Department of Human Services, 2015). At this level of income, once all other living expenses are paid, those on Centrelink benefits have little or nothing left over to pay up front fees, even at concession rates. SACOSS believes that the charging of fees should match a student's capacity to pay. While the majority of students may have the capacity to make a financial contribution to their study, many unemployed South Australians simply do not. SACOSS echoes the Training and Skills Commission's view that "a fundamental role of Government is to remove barriers and redress structural disadvantage to improve access to VET and increase labour force participation". Currently the government provides an exemption from course fees for students under, or who have been under the Guardianship of the Minister.

SACOSS calls on the government to expand the eligibility for the fee exemption to include unemployed South Australians receiving poverty level Centrelink payments.

6. Commit to ongoing funding of the Building Family Opportunities program of \$2 million a year for at least three years spread across the existing location sites.

The Building Family Opportunities (BFO) program commenced in 2010 as a pilot funded for \$9.6 million over 4 years to deliver services to jobless families in Playford, Port Adelaide/Enfield and Port Augusta. In 2014 a further \$2 million was provided to extend the program for an additional three years in Playford (Weatherill, 2014). The Department of State Development sourced internal funds to extend the program in Port Pirie, Peterborough, Port Augusta and Whyalla until March 2016, and in Southern Adelaide until September 2016.

BFO provides strengths-based intensive case management to long-term jobless families over an 18 month period, with the aim of addressing the complex issues that prevent families from participating in employment. Young people and adults in each family are assisted to undertake education and training and gain and maintain sustainable employment.

The program takes a 'life-first' approach, supporting

participants to achieve outcomes in life domains beyond employment and education that function as precursors to employability, including housing, family and household functioning, health and well-being, and community and social participation (Department of State Development, 2015b; The National Institute of Labour Studies, 2014).

The BFO pilot was evaluated in 2014 by the National Institute of Labour Studies (2014, p. 12) (NILS) which found clear evidence that "the BFO program assisted jobseekers to achieve employment outcomes in various ways". Significantly it found that BFO placed an emphasis on achieving sustainable and decent employment outcomes for jobseekers and showed higher levels of success in achieving employment outcomes for its clients than the Commonwealths Job Service Australia program for Stream 4 clients. NILS (2014, p. 19) noted that, "BFO families also made progress towards improved housing and living circumstances, family and household functioning, health and well-being, and community and social participation. This evidence leads us to conclude that the BFO approach was successful in obtaining superior outcomes to those otherwise available". In addition to being evaluated positively, a cost benefit analysis by Deloitte Access Economics (2012, p. 3) found that "the program has likely made a net contribution to South Australia". Since the extension of the program in 2014, DSD has indicated to SACOSS that BFO has continued to achieve positive employment and training outcomes for its participants.

The state government has yet to commit ongoing funding to the program despite a proven track record of success in achieving positive employment, training and life outcomes for jobseekers who have traditionally been among the most difficult to engage in employment programs. Without this commitment, the BFO location sites will cease operation as their funding runs out between March and December 2016. As highlighted by the Training and Skills Commission (2014, p. 65) "in a tight fiscal environment, the BFO program represents a proven and cost-effective way to address the complex socio-economic issues associated with long-term intergenerational disadvantage and unemployment".

As job losses in key industries in South Australia accelerates over the next two years, many in locations served by BFO, it is important that the program is sustained to assist deeply vulnerable and disadvantaged families struggling with intergenerational poverty and joblessness to get their lives back on track and ultimately into sustainable employment.

SACOSS calls on the state government to commit ongoing funding to the program of \$2 million a year for at least the next three years across all the metropolitan and regional location sites.

7. Expedite the evaluation of the 12 month Successful Transitions pilot, and if found to be successful, commit ongoing funding to the program

In February 2015 the state government committed \$600,000 for a one year pilot of a structured mentoring program to support vulnerable and severely disengaged young people aged 17–24 to successfully transition into further education, vocational training or secure employment. The Successful Transitions program commenced in mid-2015 and is being delivered by five specialist youth service providers across metropolitan and regional South Australia. The program is a key element of the state government's new youth strategy, 'It Starts with YOuth'. The Successful Transitions pilot is due to complete in the first half of 2016 (Bettison, 2015; Department for Communities and Social Inclusion, 2015).

The Successful Transitions program has been designed as a response to the Commonwealth government's 2014 defunding of its highly successful Youth Connections program that provided pathways for vulnerable and disadvantaged young people into employment or further study (Office for Youth, 2015). In response to widespread concerns raised by the cessation of Youth Connections, the Commonwealth government (2015b) announced the development of a similar new program, Youth Transitions to Work, to begin in January 2016. However, Youth Affairs Council of South Australia (YACSA) has indicated that with less funding and reach than the previous program, the new Commonwealth program is unlikely to sufficiently fill the gap left behind by Youth Connections. It is vital the state government plays a role in providing support to the growing number of vulnerable and disadvantaged young people in need of transitional support into employment and training in South Australia.

SACOSS joins YACSA in calling for the state government to expedite the evaluation of Successful Transitions and if found to be successful in transitioning disengaged youth into employment and training to immediately commit funding to extend the program

8. Fund SACOSS, or another independent organisation, to undertake a scoping study that examines outreach legal services for vulnerable workers.

Over the past year there has been a spate of national and state media reports revealing systematic exploitation of vulnerable workers in workplaces across the country (ABC, 2015b; The Age, 2015a; The Age, 2015b; ABC, 2015d; ABC, 2015a; ABC, 2015c; The Sydney Morning Herald, 2015; The New Daily, 2015). Many cases involve young people and/or migrants employed in low paid casual jobs, through labour hire contractors or in franchises in the retail, hospitality, food processing and horticultural industries. High profile cases exposed in

South Australia have involved poultry processing (ABC, 2015d), horticultural (ABC, 2015d; ABC, 2015c) and convenience stores (ABC, 2015b). SACOSS members have also raised concerns about workers in restaurants and other small business environments.

The types of exploitation that have been reported include underpayment of wages and superannuation, long working hours, unsafe working conditions, sexual harassment, bullying and intimidation to stay quiet. For exploited workers, these types of experiences can lead to ongoing financial difficulty, poor housing and educational outcomes and long term physical and mental health conditions.

Young workers and migrants are typically at higher risk of workplace exploitation because of their lower awareness of their workplace rights and entitlements, and their often desperation to break into the highly competitive and increasingly higher skilled labour market. Without the knowledge, experience and skills to demand their entitlements and fair treatment, or the ability to easily find alternative employment, many remain trapped in these exploitative conditions. Currently workers may seek recourse through the Commonwealth's Fair Work Ombudsmen (FWO), or for cases of criminal behaviour the Police. However, for the reasons stated above, vulnerable workers are less likely to reach out and seek help in enforcing their rights, entitlements and personal safety.

SACOSS acknowledges the ongoing work being done by the FWO, unions and community legal centres in raising awareness about workers' rights and providing support to exploited workers to enforce their rights. However, the ongoing and systematic exploitation of young and migrant workers suggests that there is scope for more to be done. Yet at a time when more urgently needs to be done to protect vulnerable workers, substantial Commonwealth government funding cuts to community legal centres, mean it is likely in coming years that community legal centres will have drastically less capacity to provide these services.

SACOSS believes that the state government has an important role to play in supporting community legal centres to increase their capacity to reach out to vulnerable workers. It is not enough that vulnerable and disadvantaged South Australians have a job, they must also have access to secure work, be paid correctly and be safe at all times.

SACOSS calls on the state government to fund SACOSS or another independent organisation to undertake a scoping study to determine the demand for community legal services from vulnerable workers, identify service gaps and make recommendations for how best to support community legal centres and other service providers to reach out to vulnerable and exploited workers.

Section 3: Supporting vulnerable and disadvantaged South Australians, their communities and the community sector

9. Increase the funding allocated to the Community Benefit SA Fund to \$6 million per year (plus indexation).

Many communities in South Australia are experiencing massive economic change, losing big employers and industries that have traditionally been the backbone of economic opportunity. When job losses are highly concentrated in particular communities they also have the potential to threaten the wellbeing of the whole community, as well as the wellbeing of the individuals and families experiencing the job losses. The consequences for regional communities can be particularly acute, where even their ongoing viability can be put at risk.

Severe economic decline can create a number of social impacts in communities, including entrenched poverty, loss of social capital and an array of associated social problems. SACOSS members have indicated that the loss of social capital in regional and rural towns is beginning to emerge as a growing problem. For example, as employment is drying up, many younger people and families are moving away in search of employment, leaving behind older people and other community members with less capacity to find opportunity elsewhere. The intergenerational bonds and supports that have traditionally held regional and rural communities together and plugging gaps in formal social service provision, such as child and aged care, are beginning to break.

In the face of tough economic and social conditions, the government has an important role to play in supporting struggling communities to ameliorate the consequences of the massive economic changes they are experiencing. One opportunity the government has to achieve this is increasing the funds available to communities for social development through the Community Benefit SA Fund. The Fund was established under section 73B of the Gaming Machine Act 1992 in response to the impact of the introduction of gaming machines in hotels and social clubs on communities across South Australia. It provides one-off grants to not-for-profit community organisations to develop and strengthen communities through practical one-off projects, with a particular focus on supporting the most vulnerable individuals, families and communities who are experiencing poverty or hardship. Currently \$4 million dollars is allocated to the Fund each year from gambling tax revenue, which typically totals around \$500 million annually. Demand for the fund has consistently exceeded the funds available each year (The Charitable and Social Welfare Fund Board, 2012). In 2013-14 demand totalled \$78 million, almost double the \$4 million allocated to the fund (The Charitable and Social Welfare Fund Board, 2014).

In 2013-14 the now abolished Charitable and Social Welfare Fund Board (2014, p. 4) noted that it was, “impressed with the practical and well developed proposals from organisations that provide valuable services to the most vulnerable people in SA, despite scarce resources”. In that year over 85% of projects met or exceeded expectations. Despite the continuing high demand for the fund and high quality of applicants, the amount allocated to the Fund has not increased since 2003.

Over the coming years as the large number of concentrated job losses takes its toll on the social fabric of many South Australian communities, it is vital that the government invests in the social development of communities, not just their economic development.

SACOSS calls on the government to increase the Community Benefit Fund to \$6 million a year (plus indexation) to enable communities to address the social impacts of the massive economic changes that they are experiencing.

10. Free public transport in the non-peak period between 9am and 3pm for people eligible for concession fares

Currently many South Australians on low or fixed incomes are eligible for concession fares on public transport. These include Centrelink payment recipients, Senior Card holders and Department of Veterans Affairs Gold Card holders. However, in addition to being eligible for concession fares, Senior Card holders are also eligible to travel on public transport for free in the non-peak period between 9am and 3pm. A recent study by the University of Adelaide found that free public transport for Seniors Card holders has been a huge success, allowing seniors to “visit friends, family, go to appointments or do the shopping” and at the same time “reduc[ing] congestion on our roads” and “creating vibrant communities...through [seniors] volunteering and part-time work, helping raise grandchildren, supporting the arts and attending sport or supporting local businesses” (Mullighan, 2016). Despite other concession recipients, such as the unemployed, students and sole parents experiencing the same or often more financial hardship and social exclusion than many senior card holders, they are not eligible for free travel during the no-peak period (Government of South Australia, 2015b).

SACOSS believes that a double standard should not apply among public transport concession holders. Effective and affordable public transport is vital to provide opportunities for social and economic participation for all vulnerable and disadvantaged South Australians. It provides access to a range of services, including medical services, child care, basic shopping, as

well as social interactions which keep vulnerable people feeling and being part of the community (everything from family visits to trips to the local library, community centre, cinema or beach). For the unemployed, access to public transport is also vital for accessing training and employment opportunities. The Anti-Poverty Network has reported that many Centrelink recipients struggle to afford to travel more than 2 or 3 times a week on public transport, and are regularly forced to choose between essential activities such as food shopping, Centrelink and job search appointments, medical appointments and family commitments. Non-essential yet important social activities that provide social inclusion and mental health benefits often fall by the way side all together.

The non-peak period is a time when the metropolitan public transport is under-utilised, but almost by definition many of the people who utilise public transport in this period are not working: students, pensioners, carers, and unemployed people.

SACOSS calls on the Government to extend the eligibility for free public transport to all people eligible for concession fares between 9am and 3pm

Calculated in terms of “fares lost”, providing extend free off-peak public transport to all concession recipients may seem expensive, but the trains and buses that currently run at these times are hugely under-utilised and most of the costs and overheads are already fixed. The extension of free transport would not add to costs, and could enable savings in services, surveillance and enforcement. Free public transport between 9am and 3pm for concessioners would also have further benefits. It would give incentive to use public transport, thereby promoting habits of public transport use; provide positive health and environmental effects; it would decrease car usage and traffic congestion; and most importantly would provide real savings for people who are often living on poverty level welfare payments

11. Commit to ongoing funding of the Utilities Literacy Program

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. Uniting Care Wesley Bowden, Uniting Communities and The Salvation Army have partnered with DCSI to deliver the Utilities Literacy Program throughout South Australia.

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 in FY 14-15 included:

- More than 3500 financial counselling client sessions;
- Training of 227 community sector workers;
- More than 2200 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 in South Australia, SACOSS seeks assurance that the Utilities Literacy Program will be funded into the future.

12. Commit to ongoing funding of SACOSS Energy Program for \$200,000 per annum (plus indexation) for four years from 2016-17 onwards

The Minister for Mineral Resources and Energy currently funds SACOSS for SA Energy Consumer Advocacy Capacity. The purpose of the grant is to ensure that the breadth of South Australian residential energy consumers are effectively represented in energy regulatory determinations, policy making and market monitoring/ development, with a particular but not exclusive focus on consumers in the lowest three income quintiles.

The SA Energy Consumer Advocacy Capacity Project has a number of outcomes, including:

- Informed input to all relevant and prioritised energy regulation processes in/or relating to SA;
- Annual briefing to the Minister for Energy about energy pricing issues affecting SA consumers, including providing an ongoing comparison between SA and Victoria as a benchmarking tool;
- Monitor and draw attention to relevant research and trends in other national and international jurisdictions, and work undertaken by South Australian and

- Australian bodies, to provide a clearing house and amplify the impact of information relevant to SA consumers and their interests;
- Publication of at least one research report in the 2015-16 period;
 - Support residential consumer representatives on key consumer committees including those advising the Minister, the Australian Energy Regulator, ESCOSA (e.g. the Consumer Advisory Committee), South Australian government departments and energy suppliers;
 - Facilitate consumer engagement with energy utilities operating in South Australia;
 - Host an annual hardship conference, to discuss, consider and improve hardship amelioration; and,
 - Improve cooperation and collaboration between groups representing different consumer segments.

The range of outputs has been extensive and so far in FY 15/16 has included:

- Maintaining a strong consumer voice on energy issues in public debate and government and regulatory processes;
- Ongoing lead agency contribution to AGL Affordability Roundtable to ensure vulnerable customers are prioritised and provided with greater support;
- Coordinating joint action on tariff reform between consumer groups in SA from business and residential perspectives;
- Leading advocacy around the SA Power Networks Revenue Determination, helping secure lower electricity prices for all South Australians; and,
- Spearheading a concession reform campaign to ensure those impacted from tariff reform are well protected.

The program is currently funded at \$200,000 for 2015-16. Given the value of the project and the ongoing need for energy consumer advocacy capacity, SACOSS seeks assurance that the project will be funded into the future.

families, and those on low incomes. While this vital service provision must be ongoing, delays in contracting processes and payments often mean that community organisations are forced to find funds to cover the cost of services while they wait for government contracts to be put in place and paid.

SACOSS' own funding contract expired on June 30 2015, but despite long discussions over the previous year we were not presented with a draft of the contract to consider and sign until 2 July 2015. After considering some serious contract issues arising from the text (which we were told could not be changed), SACOSS signed the contract and returned it to the Department on 9 October 2015. The contract was not signed by the Minister until 3 November, and received by SACOSS on 10 November 2015 - although the funding still had not been paid at that time. As a result for at least 5 months of the first year of the contract SACOSS had to pay staff and continue services using its own resources.

Delays of this nature cause significant hardship, especially for small and medium size organisations with limited resources to fill funding gaps. This year SACOSS had one member organisation only days from insolvency because of delays to their contract payment, while in the recent past disability service providers waited more than six months to receive funding for services they were providing.

Non-government organisations cannot simply cease to provide services at the expiry of a contract and wait until a new contract is in place, as this would mean losing staff and vulnerable clients would miss out on vital services.

Currently there is no incentive for government to contract and pay on time. Similar problems were recognised with small business contracting for government work and the Late Payment of Government Debts (Interest) Act 2013 now provides for penalty interest to be paid. This, however, only applies to late payment of existing contracts. It needs to be extended in the community services sector to situations where there is an agreement to continue contracted services but the formal contract is yet to be put in place. In that instance, the interest should apply to the period to which the eventual contract and payment relate.

Given the number of organisations funded by the state government, and the number of times that delays occur, SACOSS believes that at least in the short term a compensation fund should be created to cover the costs of these contract and payment delays.

13. Create a compensation fund for government funding contract delays for non-government organisations

There are over 1700 non-government organisations in South Australia that receive funding from the state government. For the non-for-profit health and community services sector, much of this funding is from contracts for delivery of vital services in areas like health and legal services, and support for people with disabilities, youth, vulnerable and disadvantaged

Section 4: Maintaining a fair and sustainable revenue base for the benefit of all South Australians

14. Allocate any additional revenue available in 2016–17 to employment and other initiatives for the benefit of all South Australians, rather than further business tax cuts

The tax system is crucial both to the ability of any government to provide vital services to the community, and to the capacity for governments to (re)distribute income through the tax-and-transfer system to ensure a fairer and more equal society. State government spending, funded through taxation, also provides employment to thousands of South Australians directly and by boosting overall demand in the state economy.

In recognition of the long term problems of ensuring an adequate revenue base to provide services, in February 2015 the South Australian Government launched a major review of state taxes. SACOSS' submission to that review called for a range of reforms, including:

- Swapping conveyance duties for annual land taxes (provided certain fairness measures are built in);
- Inheritance taxes;
- Disused building taxes; and,
- Congestion tax/car park levy.

These remain important policy initiatives which should be explored, although SACOSS accepts that with a national tax debate in progress, any major reform to state taxes should be addressed in that broader context rather than through unilateral changes in the coming South Australian State Budget.

However, at a level below the national reform agenda, SACOSS notes that the 2015–16 State Budget (Government of South Australia, 2015c) contained a response to the State Tax Review and several changes to state taxes, including the abolition of the Save the River Murray levy and abolition of stamp duty on commercial property sales. These tax cuts were presented as a stimulus package for business, but it is too early to tell what, if any, long-term impact this has had on the South Australia's economic and employment growth.

SACOSS also notes that the tax cuts in the last Budget were able to be funded because of an adjustment in Goods and Services Tax (GST) pool funding which provided an extra \$200 million p.a. to the State Budget. By contrast, the 2015–16 Mid-Year Budget Review (Government of South Australia, 2015e) (MYBR) contained further write-downs in SA's own-revenue of some \$389m over the forward estimates. We also note that the budget surpluses forecast in the MYBR are underpinned (to some extent) by changes in the Motor Accident Commission dividend, suggesting that

the long-term sustainability of the State's revenue base remains a concern.

Against this background, SACOSS has now also identified a potential further \$86 million GST windfall to the state budget over the forward estimates. This is evident in the differences in the GST receipts figures in the state government MYBR (Government of South Australia, 2015e) and the more recent Commonwealth 2015 Mid-Year Economic and Fiscal Outlook Statement (Australian Government, 2015a). The differences are evident in Table 1 below.

Table 1: GST Receipt Figures

Year	SA 2015 MYBR \$m	2015 Federal MYEFO \$m	Difference \$m
2015/16	5,527.0	5,556.4	29.4
2016/17	6,131.0	6,152.6	21.6
2017/18	6,501.0	6,511.4	10.4
2018/19	6,657.0	6,681.9	24.9
Total Extra to SA Budget			86.3

Sources: *Government of South Australia, 2015; Australian Government, 2015*

While these figures are subject to change over time, there is at least potential for some revenue increase from GST receipts. However, given the tax cuts in the last State Budget and the problems with the long term sustainability of the state's revenue base, it is imperative that the state government use any increased revenue to consolidate the revenue base (with the ensuing benefits in services and jobs that flow from that).

In this context, SACOSS therefore proposes that extra revenue available in the 2016–17 Budget should be put directly to initiatives such as the one outlined in this submission to tackle the state's employment crisis and ameliorate its impacts on vulnerable and disadvantaged people and their communities.

It should not be used for further business tax cuts that undermine the fairness and long term sustainability of South Australia's revenue base, and in turn reduce provision of much needed social services to the community.

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