



**ACTCOSS Response to the
2002-03 ACT Budget
Consultation Paper**

April 2002

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BACKGROUND

The ACT Council of Social Service Inc. (ACTCOSS) is the peak representative body for not-for-profit community organisations and disadvantaged and low-income citizens of the Australian Capital Territory. ACTCOSS is a member of the nationwide COSS network, made up of each of the state Councils and the national body the Australian Council of Social Service (ACOSS).

ACTCOSS has the twin roles of representation and advocacy. The Council's objectives are the representation of people living with disadvantage, the promotion of equitable social policy and the development of a professional, cohesive and effective community sector.

The membership of the Council includes the majority of community based service providers in the social welfare area, a range of community associations and networks, self-help and consumer groups and interested individuals.

ACTCOSS has already made submissions direct to the Treasurer, as well as to the five ACT Legislative Assembly Committees that called for budget submissions. ACTCOSS also presented oral submissions before four of these Committees. The Council appreciates the opportunity to again press the case for increased spending on the alleviation of poverty and disadvantage in the ACT community.

The following submission is built on the previous work, but states our case in terms of the Government's own Consultation paper issued in early April and as such raises some issues not previously addressed in our earlier submissions.

What should the ACT Government's spending and service delivery priorities be?

ACTCOSS strongly believes that the first order priority for Government service provision should be areas of market failure. When people do not have the resources they need to support themselves and their dependents, to gain employment, undertake education or training, or reach optimum levels of health, then there is a role for Government to redistribute some of the collective wealth to help them participate fully in the community.

ACTCOSS's earlier submission has already identified what the Council feels is the most urgent need in the Territory. Under the heading, 'Attacking Poverty', ACTCOSS outlined five themes which aim to address the sources of poverty and help people to avoid, or climb out of, poverty. These are:

- Accessing Rights and Entitlements
- Reducing Financial Inequality
- Assuring Essential Services
- Prioritisation of Preventative Health and
- Policy Interventions for Improving Community Health

The sub-themes were developed in response to the findings and recommendations of the Poverty Task Group, contained in the report 'Sharing the Benefit' *Final Report of the ACT Poverty Task Group Outlining Recommendations for Responding to Poverty in the ACT*. (December 2000).

The themes support the recommendations of the Task Group, which were to:

- address issues of structural disadvantage and enhance accessibility
- acknowledge that all members of the community have rights and entitlements to a minimum level of resources and services
- embody self-determination principles to ensure affected communities are empowered to respond to issues linked to poverty and have control over their futures and
- encourage community participation and ownership by all sectors of the community.

In the ACT around 8.5% of residents live with poverty. The figure comes from both the ACT Poverty Task Group's final report, "Sharing the Benefits" released in 2000 as well as more recent statistics published earlier this year by the Smith Family.

As detailed in the Sharing the Benefits Report, the pattern of poverty in the ACT is markedly different from interstate, and requires a local solution. People experiencing poverty in Canberra are most likely to be from single parent families and dependent on Government welfare payments as their main source of income. They spend more on housing and transport than their interstate counterparts, and experience real difficulty in participating in community life and accessing resources. The report stated:

*"there are particular groups who have greater difficulty accessing services. These groups include our local Aboriginal and Torres Strait Islander communities, people with disabilities and chronic illness, people from linguistically and culturally diverse backgrounds, second families, young people and single-parent families."*¹

ACTCOSS feels the ACT Government has an opportunity to present a budget which seeks to overcome disadvantage. This can only be achieved if the relationship between the community, individuals and the Government is spelt out. The Council reiterates the first recommendation made in its "Attacking Poverty" submission that the way to achieve this is through the development of a People's Charter, which ACTCOSS sees as the first step in the development of a Bill of Rights.

Should more funding be spent on certain services?

ACTCOSS feels that locally-based services are the best way for communities to grow, develop and prosper. The 1999 report of the Public Sector Research Centre of the University of New South Wales, "Multiplying Benefits: the Economic Impact of Public Spending" found that spending in the areas of education, health, and community services has a strong multiplier effect, particularly for consumption induced effects. The Council is increasingly being told by its membership that demand for community, health and welfare services is growing, yet the drive for economic efficiency has meant many services are trying to do more with less. This constant strain causes its own problems, with a lack of continuity of staff, inability to meet demand in some services, and the resultant problems caused when people in difficult circumstances can't access the services they need.

ACTCOSS made a range of recommendations in its "Attacking Poverty" submission, forwarded to the Treasurer on 13 March 2002. The Council does not intend to restate those recommendations in this document. However, further submissions were made to the Standing Committees, and this paper summarises and expands on those comments.

The following points are examples of areas of need:

- ACROSS' Living on the Edge survey found that 15,000 requests for assistance had to be turned down by ACT service providers in the first half of 2001. Increased operating costs, increased client numbers and complexity of need were identified as the major causes of the pressure. Staff are providing unfunded work, or using volunteers to do what should be paid work.
- The biggest service gaps are in the individual and family support, health and community support services. Aged care, disability services and housing assistance are also areas of growing need.
- The Living on the Edge survey provides evidence of unmet need: an area the Government committed itself to identifying in the election campaign. The service providers need to secure additional funding in this budget to ensure they can meet the rising demand for services, while meeting their duty as employers, including meeting the costs associated with the SACS award increase.
- In the health sector there is a lack of after hours primary care which, anecdotally, is exacerbating problems in the ACT's hospitals. The only after hours service, CALMS, charges \$150 for call out, although the costs is less for a visit to its central clinic. Credit cards can be used to pay for this service, but this does not help people on low incomes. It is understood the rebate is less than \$50 on a call out fee.
- There is also a need to move swiftly on the promised step down facility for people making the transition from acute care back into the community. In addition, there is a need to ensure that when people are returned to the community the necessary supports are there, including psycho-social supports.

- There are community concerns about the ancillary services available that assist people to remain in their homes: community transport, Homehelp and the ACT Equipment Scheme.
- Transport has also been raised as an issue by the Unmet Needs Analysis of the Department of health and Community Care.
- The Council also sees real benefits in providing additional funds to allow the wider use of Individual Service Plans for people with a disability.
- Nursing and radio-therapists shortages need to be addressed.
- There are still many problems in the delivery of mental health services. The ACT Government needs to provide resources in the Budget to fund recommendations from current coroner's inquiries and look at innovative ways to assist people affected by mental health problems. Counselling (free or low costs, evidence based and flexible), respite care (in home or out of home), long term supported housing arrangements, quality improvement and best practice initiatives all need additional resources.
- There is a need to extend existing NGO services, and provision of new services for culturally and linguistically diverse consumers. A concurrent issue is the need to provide services in less stigmatised setting: some potential consumers shy away from using specific mental health services because of stigma in family and community groupings.
- Additional anger management programs for adolescents should be delivered in youth organisations, schools and colleges.
- There is growing need for community-based services that can respond to the needs of consumers who are involved in the ACT justice system.
- Support services for people with borderline personality disorders need to be increased.
- There are few vocational opportunities for people suffering the effects of long term mental illness.
- Dual diagnosis is being identified as a growing problem: rehabilitative programs, particularly residential based programs are required that take account of the special needs of this group.
- There is a need to extend the provision of successful programs that are available in one region in the ACT to the whole Territory.
- There is also a need to address the growing incidence of addictive behaviours in the community. The immediate need is to provide more assistance for services dealing with addictive behaviours, including drug and alcohol dependence, and gambling problems.
- As outlined at Theme 1(B) of our submission, "Attacking Poverty", providing information to the community in a variety of formats is important to allow

participation. This, in our submission, includes making material available both electronically and in print. At present documents are mostly made available on Government websites in PDF format: this is not useable by people who have text readers because of eyesight problems. Rich Text or Word are examples of formats which allow people with visual impairment to access electronic documents.

- ACTCOSS recently drew attention to the fact that many community service organisations are accommodated in Government buildings, often former schools or health buildings, and that these buildings were often below standard and indeed posed health risks for staff. Resources need to be allocated to ensure these buildings are maintained, and are kept habitable while they may be kept for future redevelopment.
- The recent inquiry into “breaching” in the social welfare system has highlighted the fact that emergency relief services in the ACT are not provided with adequate funds to carry out this vital service. While there is an issue here of cost shifting from the Federal Government, these are still ACT residents who are suffering, and we need to actively assist them.
- Community groups delivering other services to people on benefits should also be provided with extra resources. Perhaps a new model of financial assistance needs to be developed which allows these groups to access funds without drawing down their own reserves is required. This will become an issue in the consideration of the purchaser provider model, promised by the ALP.
- There is also a need to help develop new and innovative advocacy services, and publicise their existence. One of the most prominent issues to come out of ACTCOSS’s consultations in forming its submission to the Independent Review of Breaches and Penalties in the Social Security System was the need for people to act for and with those facing penalties. Many people who have been “breached” only had their issues dealt with through the intervention of welfare legal services and community groups. It is unknown how many others just “lived rough” until their payments were restored. However there is a need to adequately resource, and publicise, services for people who are on employment and training benefits, to ensure they understand the system, and are supported.

Are there any particular services where the government should spend less?

This question raises another question. What services is the ACT Government purchasing when it puts money into commercial ventures? The Consultation document focuses on service delivery, but Canberrans are seeing an increasing amount of their funds going towards what many would see as commercial ventures that benefit interstate service providers. For example, Canberra pays a premium for staging a round of the V-8 car championship. ACTCOSS seriously doubts that such a function is required for the centre of the ACT, and strongly believes such events should stand or fall on their ability to attract spectators.

Similarly the redevelopment of Bruce (now Canberra) Stadium left large deficits for the authority running the venture, but much of that money flowed straight out of Canberra.

ACTCOSS believes the government has a role to play in providing facilities and attracting corporate activity to the national capital. However this needs to be widely discussed, and the benefits clearly articulated before funds are committed to interstate operators. There should be a clear cost-benefit analysis done to show the benefits, and the flow of cash should be outlined to ensure that Canberra-based businesses *that are in need of assistance* are being supported by any business incentive schemes.

The quantum of business support should also be outlined in the budget. Most of the funds appear to come from Chief Minister's portfolio, however any other funds that go to otherwise commercial enterprises should be identified.

But to relate this back to the question, ACTCOSS believes that business support should deliver a service to the ACT: not just an event. The Council feels too much emphasis has been placed on business proposals in the past, and that fair, effective and open processes have not been put in place to ensure that scrutiny of these schemes can be undertaken. Too much emphasis has also been put on the claims of job creation benefits from business welfare, with little evidence that the millions that have been spent to date have actually provided any long term employment opportunities.

The services that should be cut back in the ACT are those services that cannot define a benefit to ACT residents, or that do not make a contribution to a more equitable and inclusive society. It is ACTCOSS' submission that providing a round of the V8 supercar series in Canberra fails on both counts.

Do you feel any existing services could be provided more efficiently? If so, which and how?

ACTCOSS feels the community sector in the ACT would benefit from the ALP's proposed revision of the purchaser provider model. The Council firmly believes that there are benefits to the system in some respects, but applauds the recent analysis of the Job Network by the Productivity Commission, which found the model is not always the best way to contract for long term provision of services to individuals.

ACTCOSS looks forward to the announcement of the timeframe for the promised review of the purchaser provider model, as the Council feels this will reveal a more efficient and effective way to deliver services which are people-centred.

The Council also feels that promoting better service planning would provide long run financial and social benefits for the community. A copy of the ACTCOSS draft Service Planning Protocol is attached for your information.

Do opportunities exist to improve services?

As discussed above, the Service Planning Protocol is one way to improve service delivery. ACTCOSS is also interested in seeing government provide better information services to all residents.

As stated above, there is a need to ensure that information is made available in a number of formats, to ensure that people with special needs are accommodated, and are not put at a disadvantage in accessing information. One success story in this regard was last year's use of electronic voting. ACTCOSS has been impressed with the range of people who were able to vote unassisted for the first time by using the new system. While there are still some problems, such as the swipe cards used, these should be no barrier to ensuring all citizens are able to exercise their right to a secret ballot.

ACTCOSS has already made a range of recommendations in its Attacking Poverty submission as to how services could be improved. This includes areas where there are no services at present, and where new services should be established. The Attacking Poverty submission should be read in conjunction with these comments.

Do you believe the current levels of Rates and Taxes are reasonable given the mix of services and quality of service delivery government currently provides? If not, why not?

ACTCOSS feels there is a need for a thorough investigation of the taxing regime operating in Canberra. In the past, the Council has called for a widening of the tax base, by the expansion of land tax to cover properties in the luxury category.

In addition to the comments made in "Attacking Poverty", ACTCOSS holds that the following recommendations from its 2001-2002 budget submission bear revisiting.

ACTCOSS recommends that:

- the Government allocate resources for an independent and systematic review of revenue in the ACT, with a view to finding the optimal mix of revenue for the Territory.
- the fixed charge component of rates be substantially reduced, or eliminated.
- rates be calculated on the improved value rather than the unimproved value of a property.
- luxury owner occupied properties with a value exceeding \$800,000 be subject to land tax.
- land tax be calculated on the improved value rather than the unimproved value of a property.
- Change of Use Charge be set at 100%.
- the Government investigate the feasibility of introducing progressive fines based on the income tax scale
- motor vehicle registration fees be based on car value rather than engine weight.
- clear and transparent criteria be developed for assessing potential business incentives and that recipient firms be required to report on their use of these funds.

- resources be allocated for a review of Community Service Obligations (CSOs). This needs to examine the overall adequacy of CSOs, eligibility criteria, the level of benefits provided to institutions and mechanisms for delivery

As a matter of principal for taxation and spending policy, ACTCOSS firmly believes that taxation should fall on those who can afford it, and that resources should be provided to people who are experiencing difficulty so that they can actively participate in the community.

What should be the Government's objective in terms of budgeted operating result, and why?

ACTCOSS has stated in other forums and at other times that budgeting for a surplus is not always advisable or desirable. The Government's revenue raising powers and ability to borrow need to be used to benefit the community, and to extract the best return for the investment. ACTCOSS would argue that the best investment a Government can make is to ensure all its citizens are empowered, receive the support they need to participate in the community, and to reduce unnecessary drains on future resources.

For example, ACTCOSS feels that windfall gains, such as unbudgeted rises in land-based taxes due to increased activity, or increases in stamp duty because of sharp rises in property prices, should be applied to ensure fundamental change in service delivery. This would include such things as providing extra ancillary and primary mental health care services in a bid to reduce the drain on hospital, police and other resources by incidents of crisis. Early intervention in all its forms is another area worthy of expansion, with long run benefits.

Similarly ACTCOSS believes that going using deficit budgeting to produce long run gains is in the interest of the ACT community. However the gains should be measurable and demonstrable. In this vein, ACTCOSS supported the former government's plans to borrow in order to construct a prison for the ACT.

Ultimately it is up to the government of the day as to whether it implements a surplus or deficit budget. What must be clearly articulated is the rationale behind the decision, and a clear outline of the actions that will be taken to achieve the stated bottom line.

Can you suggest methods for funding any new initiatives.

See comments Rates and Taxes question.

Should we continue to put aside funds to offset the Territory's accumulated unfunded superannuation liability?

ACTCOSS feels it has too little information at its disposal to make such a judgement. However ACTCOS would support the exposition of the issue through an Assembly Public Accounts Committee inquiry into the best approach to take to ensuring that ACT workers receive their entitlements, and that ACT taxpayers are not forced to pay higher taxes for less services in order to meet these entitlements.

Should we focus on repaying borrowings in order to reduce the Territory's overall debt, or instead just refinance?

These issues cannot be decided without supporting information. As a general principal, however, ACTCOSS believes that unproductive debt should be retired, however debt that has been entered into to provide long run improvement has intergenerational benefits, and therefore repayment should be spread across a longer term. ACTOCSS believes examples of such debt would be to increase the public rental housing stock, provide better and more timely aged care accommodation, and to change the focus of health care from crisis management to early intervention.

Should borrowings be increased to finance other activities?

Without knowing what "other activities" the government is alluding to, ACTCOS can only re-state the principal that the core business of government should be market failure.

If the government envisages a time when it would use borrowings to support business incentive programs or to develop non-essential infrastructure (such as the recently notorious \$5million from the Federal Government to build a corporate headquarters for a medical group) then ACTCOSS would be firmly against this use of the ACT's credit rating and taxpayer funds.

Should the government be more innovative in terms of the types of services we provide, and also the way we go about finding the money to provide them?

Yes.

Should capital investment in the Territory's asset base be increased, and if so, in what areas?

ACTCOSS has already made comments on the issue of asset management, maintenance and redevelopment in the covering letter attached to this submission. However the point bears repeating that allowing assets to run down, and then spending capital funds to bring them back up to standard is not a true reflection of the community's expectations that its capital funds are being invested to increase the asset base of the Territory. While assets, such as the ACT Legislative Assembly are constantly being reviewed for maintenance, assets such as former schools and community buildings are left to deteriorate.

ACTCOSS would like to see a comprehensive review of Territory assets with a view to a planned refurbishment of those that are tenanted to an acceptable standard. Capital spending in the future needs to be based on a clear plan that

articulates what the government wants to achieve from spending the funds. For example, while the former government viewed Canberra Stadium as an asset and an investment, ACTCOSS agrees with the Auditor General's findings that the investment was too high for the returns, and the resultant stadium, while wonderful, was not one that the ACT could afford nor crowds sustain.

Conclusion

Canberra's major assets are its people that form the skills base of the Territory. Any physical assets that the government invests in should be those that are necessary to provide support to the goals and aspirations of the diverse ACT population. Recurrent spending should be directed toward the goal of alleviating the poverty and disadvantage suffered by a small but significant number of ACT residents.

ACTCOSS believes the ALP Government's strategy of wide community consultation will result in a better informed community, and more robust debate on community expectations. Thank you once more for the opportunity to comment and have ACTCOSS' views taken into account in this important process.
