



# ***SNAPSHOT***

## **Of the 2006-07 ACT BUDGET**

**7 June 2006**





## ACKNOWLEDGEMENT

ACTCOSS acknowledges that we are occupying the traditional lands of the Ngunnawal People. We acknowledge their living culture, their contribution to the Canberra community, and their ongoing participation in the stewardship of the Territory.

ACTCOSS would also like to thank the many volunteers and staff who helped compile this analysis. This document provides a preliminary assessment of the ACT Government's 2006-07 Budget Initiatives. All due care has been taken, however errors may have occurred.

Should you have concerns, questions or would like to forward additional information, ACTCOSS would welcome your input. Please contact the ACTCOSS office on ph 6202 7200 or via e-mail to [actcoss@actcoss.org.au](mailto:actcoss@actcoss.org.au). If you require additional copies of this paper please contact the ACTCOSS office or access the ACTCOSS website at <http://www.actcoss.org.au> to obtain it in PDF and/or word format.

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## SECTOR VIABILITY AND SERVICES UNDER PRESSURE – AGAIN!

As part of its core work within the sector, ACTCOSS examines the ACT Budget each year to translate and explain how the Government's funding plan will affect the community sector. In past years Treasurers have predicated dire things IN THE RUN UP TO Budget day, usually pulling a fiscal rabbit out of a hat, although never quite making the community sector feel that its long term viability was assured.

In 2006-07 the scenario has been repeated, this time with a few major flourishes: ACT schools will close, Departments are being rationalised, the number of boards and consultative committees is to be reduced and Departments will again be reshuffled. Our Chief Minister is now our Treasurer and outlined a budget forward process that will take the ACT from deficit to surplus over the next two years.

ACTCOSS does believe, however, that there are moments of relief, if not celebration in the 2006-07 Budget. Indexation, promised last year but not funded, has been provided, and at a rate we probably didn't expect – 3.7%. The election promise of \$30m to increase public housing stock over three years is to come into this budget: although we are somewhat concerned that most of that will be funded from internal savings from within Housing ACT. There has been an increase in funding for mental health services. But the SAAP sector has lost \$1m per year.

The 2006-07 Budget also dictates major public sector reform; however a glance back at past budget papers will show that has been a long-term aim. ACTCOSS hopes that the major restructuring that is foreshadowed in the budget papers is realised: if only to reduce the level of reporting required within the community sector to acquit grants!

The bottom line is that the community sector needs increased funding to assist people experiencing disadvantage. The Community Sector Survey and the former Australians Living on the Edge show that, while we might be high spending and high earning per capita in the ACT, we also have the highest turnover of staff and have some of the highest rates of turn-aways in the country. Canberra is a wonderful place to live, but it is very harsh if you are poor, can't find affordable housing, have a disability, mental illness or drug and alcohol problem.

This publication is just a snapshot to give the sector the flavour of the 2006-07 Budget. Over the next few weeks, ACTCOSS will work on a much more detailed exploration of what the budget allocations and cuts will mean, and how they will be translated into programs, projects and consultations that affect the sector.

## COMMUNITY SECTOR VIABILITY

- The implementation of the Government's 2005-06 commitment to increase indexation is a very welcome and essential initiative. The figure of 3.7% is more than expected, and the commitment to maintain indexation above 3.5% in the next three years gives the sector some security. It must be remembered, however, that indexation does not redress inadequacies in base funding, (e.g. as arising from underlying under-funding of wage costs), facilities, workforce development etc. It will also be necessary to keep a close watch on real cost increases, to ensure that these remain within the amounts provided for indexation.
- The proposed consolidation of agreement management on a one-agreement-per-agency basis has the potential to greatly simplify agreement administration for the community sector. However, there are some concerns about the resourcing and implementation of this new model. In particular, more detail is needed on how the new 'streamlined' funding agreement management system will work. If funding agreement managers are being removed under other budget changes, it is possible that there may not be enough skilled government managers to handle this work.
- Of broader concern is the fact that the Budget contains no reference to further implementation of the Compact, the Service Funding Policy and the Standard Funding Agreement (the last of which was negotiated between the government and the sector in a long and thorough process). It would be wasteful to undertake another process of agreement-revision. There is already incomplete implementation of the existing Agreement: this needs to be addressed. In embarking on any new process, adherence to the Compact and the Service Funding Policy is vital.
- A major omission in the Budget is the lack of any funding initiatives for the implementation of the Community Sector Taskforce report recommendations, which address industrial relations, workforce development and funding issues. The sector is still urgently in need of support from ACT Government to adjust to new industrial arrangements under the Federal Government's "Workchoices" regime.

## HOUSING AND HOMELESSNESS

- \$30m election commitment to increase public housing stock over three years finally implemented. Concerned that \$6m is coming out of Housing ACT's existing budget; it is not clear where and how those savings are going to be achieved. Particular concern because stock will be expanding and the resource will be targeted at high needs people which suggest even greater demands on Housing stock and resources.
- Homelessness services already turn away half the people who seek assistance. Cutting their funds by \$1m each year will further stress this sector and actually reduce options for homeless people.
- Changes to public rental housing assistance program are causing concern about changes to residency requirements. Other changes to eligibility and allocation are seen as shuffling the deck chairs.
- Welcome wider general budgetary revenue raising initiatives but will be monitoring impact on low income people.
- Welcome end of charging land tax to Housing ACT as a part of affordable housing taskforce recommendations

## EDUCATION

- The Government proposes to close 39 schools over the next 3 years: 22 preschools, 15 primary schools and 2 secondary schools, and is expecting to save \$34m over 4 years by doing so
- The Government will "rationalise" training and adult education, resulting in cuts of \$1.5m a year.

## MENTAL HEALTH

- \$8m over four years - \$3.1m Promotion Prevention Early Intervention and \$5m for access to hospital and community-based specialist mental health services, reduced delays for service, early intervention strategies, consumer and carer participation in planning, short term and long term 24 hour residential supported accommodation and day care support for young people (step-up/step-down). Of serious concern, there is no detail of where such a facility might be located, and no capital funding.
- No investment in community-based sector service development, e.g. psychosocial rehabilitation, support, employment & training, accommodation and non-acute treatment and support options, e.g. step-up/step-down models
- In comparison to recent non-government funding initiatives in NSW & Victoria, the ACT sector has been grossly overlooked with no growth funds or provision for leadership and development – contrary to COAG directions and key recommendations of National and Territory-based inquiries. Community sector remains largely non-recurrently funded. COAG funds will require a well trained and developed community sector to deliver key initiatives.
- No detail concerning Territory's matching of and response to COAG mental health initiative. Missed opportunity.
- Detail lacking for funding initiatives required under the new Mental Health Services Plan and no detail concerning new inpatient facilities.
- Reduced funding to SAAP will have significant effects on community-based mental health services as well as clinical services. The demand for SAAP & homelessness services among people with mental health issues indicate the need for increased SAAP funding not decreased.
- Consumer and carer participation appears to be based around participation on committees however it should include clearly articulated, supported and resourced input to decision making and representation at all levels from the Executive to direct service provision

## DISABILITY SERVICES

- The joint ACT Federal initiative to reduce the number of young people with disabilities living in aged care facilities is a major advancement for one of the most marginalised and isolated groups of people with disabilities in the community.
- The community must maintain a watch on how much individual people with disabilities are expected to pay for the fundamental services that they need to participate in the community. With the imminent commencement of Welfare to Work initiatives the ACT Government should have considered the financial and community impact of this policy and factored its service provision budget accordingly to ensure human rights obligations are met.
- Planning for Welfare to Work at a Territory level must become standard practice to ensure human rights obligations are met. This hasn't been taken into account this year and heralds the beginning of further disadvantage for people with disabilities.
- There is a continuing high level of unmet need for ISPs and other general support for people with disabilities to engage in the broader community. There have not been significant gains in this year's budget so it is basically status quo for a group of people who are still highly marginalised.
- It is regrettable that the Government has reduced its target for accessible buses in the ACTION fleet. The original target of 29.1 per cent should be considered achievable.

## HEALTH

- The Budget contains good acute care initiatives, including increased spending on radiation oncology, extra cancer care staff and services, elective surgery, aged care services in acute and community settings, bowel cancer screening, and initiatives to reduce access block from the Emergency Department to the wards.
- Focus remains on acute care services rather than community and public health services. There is projected growth of 8% in acute care service funding but only 2.5% for community services and 3% for public health care services. Query whether this provides the best balance, given prevention and health promotion activities can prevent the need for costly acute care services.
- Concerned over the introduction of fees for community health services. Although these will be means-tested, there is a need to ensure that such services remain affordable and accessible.
- No new spending on dental health services: although there was \$1.2m allocated over 4 years in 2005-06 and \$0.9m over the same period for Indigenous dental health, the links between poor dental health and ailments such as heart disease have become more evident and there is a need for improved, affordable services. Waiting times continue to be around 12 months for treatment.

## INDIGENOUS PEOPLE

- The commitment of \$0.2m to the elected Indigenous body is welcome, but the reasons for delaying its funding for 12 months need to be explained: how will the continuing exploration of the model be carried out? How will that process be funded?
- Indigenous Family Violence Project has been moved from CMD to DDHCS without any form of briefing of the working group. How has the 2005-06 budget allocation of \$114,000 been spent?
- Integrated Indigenous Service Delivery is allocated \$136,000, but there is no explanation of how this will work, just that it is focussed on transitions for Aboriginal children to primary school, and between primary and high school.
- Aboriginal affairs has been transferred to DDHCS but the Chief Minister retains the title of Minister for Indigenous Affairs. Does this set up tensions between Ministers? Does it create problems for the Department?
- Concerned at the demise of the Indigenous Business Scheme, if this is correct. Need more information on the performance of the scheme.

## JUSTICE AND CORRECTIONS

- The ACT Government appears to have shelved its proposals for a Human Rights Commission, with the Health Complaints Commissioner relocated back to ACT Health, and a significant proportion of the Human Rights Commission's funding cut
- The ACT Government will spend over \$30m over the next four years on additional police officers.
- Nearly \$3m has been set aside to fund set up costs for the Alexander Maconochie Centre (the new ACT Prison)
- The ACT Government will create a new Office of Regulatory Services within the Department of Justice and Community Safety, incorporating the Office of Fair Trading, the Registrar-General, Workcover, and a range of other regulatory functions, including those of the Independent Competition and Regulatory Commission
- There are small additional amounts of funding to the Director of Public Prosecutions, Courts Case Management and the Government Solicitor

## REVENUE AND PUBLIC ADMINISTRATION

- The ACT Government will increase general property rates by 9.6% - an additional \$96 per property on average, plus a large increase in the fire and emergency service levy costing \$84 more per property on average, raising an additional \$30m.
- The Water Abstraction Charge will rise by 30c per kilolitre, raising \$14m in 2006-07
- There are increases in the way fees and charges will be calculated, based on the higher Wage Price Index rather than the Consumer Price Index
- The Government intends to attempt to generate cost-savings by merging large numbers of small agencies into the major Government Departments
- Public Servant Superannuation will be reduced to the minimum 9% for all new public service staff
- The Government will rationalise consultative boards and committees

## WOMEN

- Transfer of Community Affairs Group to DDHCS moves women's policy out of the central policy coordination department of CMD into a line department. This is in contravention of CEDAW expectations and poses the real risk of women's policy analysis being lost as the unit focuses on project delivery (the precedent in other jurisdictions for all other units that have moved out of central policy coordination departments).
- There is a continuing lack of a meaningful women's budget statement. The lack of best practice gender analysis means that several initiatives in this budget adversely impact on women, for example: school closures will cause an impact on pay equity across the community as teachers are predominantly women; the removal of \$1m out of homeless services will impact on some of our most disadvantaged women; and, the rationalisation of boards and committees will reduce the ability of women to move into leadership and decision making roles.
- It is unclear how this budget is advancing the status of women or adhering to Australia's CEDAW obligations.

## ABBREVIATIONS INDEX

**SAAP:** Supported Accommodation Assistance Program

**CMD:** Chief Minister's Department

**DDHCS:** Department of Disability, Housing and Community Services

**COAG:** Council of Australian Governments

**CEDAW:** Convention on the Elimination of All Forms of Discrimination  
against Women

**ISP:** Individual Support Package