



2008-09 NSW State Budget NCOSS Analysis Summary

The NSW State Budget for 2008–09 holds nothing new for the human services community services sector. While NCOSS acknowledges the record levels of spending in many areas this is merely the Government meeting its funding commitments made in previous budgets or in recent announcements. These funding commitments have now been guaranteed in the Budget and that is great. However, in many cases, NCOSS believes the funding allocated will barely keep pace with the demand for services.

There is also concern that there is not a consistent approach to indexation for NGOs with DOCS, DADHC and Housing applying 3.3% indexation yet Health and Transport only applying 2.5% (in essence requiring an “efficiency dividend” from their funded NGOs). NCOSS has already taken steps to have NSW Health and the Ministry of Transport change their position to be consistent with the other agencies’ approach. NCOSS also understands that the Government intends to review how indexation would apply in future years and that the issue of efficiency dividends across the board may be on the agenda. While a consistent approach to indexation is to be welcomed, requiring NGOs, who are not properly funded in the first place, to provide an efficiency dividend is just unacceptable.

What follows is our analysis of the Budget and its impact for the sector. In some cases this is a fairly preliminary view as further details are still to be provided by different government agencies. A more detailed assessment will be contained in the July edition of NCOSS News.

In this Budget the NSW Government has acknowledged that it was a mistake to under-invest in much needed infrastructure as it did in past years and has taken some steps to catch up. The sector must now campaign to ensure that in future Budgets the long-standing under-investment in human services provided by the community sector receives the same priority and attention as physical infrastructure has this year.

Alison Peters
Director

Notes:

- The projected CPI for 2008-09 is 3%. It is important to take this into consideration when looking at the percentage increases in each of the Departments. For example where there is a 5% increase in expenditure – 3% will be used to meet CPI increases – this means that the actual additional increase is only 2%.
- The wage price index for 2008-09 is 4%.
- Budget – projected amount that departments thought they would spend in 07-08 or are projecting they will spend in 08-09.
- Revised Budget – is the actual money expected to be spent in the 07-08 financial year.

Attorney General's Department

- Budgeted expenditure of \$745,692m in 2008-09 a 2.5% increase on the 2007-08 revised budget of \$727,348m
- **Crime Prevention and Community Services Program** was underspent by \$2.1m in 2007-08 (Budgeted figure was \$109,360m and the revised expenditure was \$105,604m). So while there was an increase of 1.5% in 2008-09 to \$107,721m on the revised amount of \$105,604m, there is actually a 1.5% decrease on the 2007-08 budget of \$109,360m.

Attorney General's Department – Legal Aid Commission

- Budgeted expenditure of \$193,381 in 2008-09 a 1.9% increase on the 2007-08 revised budget of \$189,867m.
- The **Criminal Law Program** budget in 2007-08 was \$98,260m and the revised budget was \$93,371m, an underspend of 4.9%. In 2008-09 the budgeted expenditure is \$95,6112 - a 2.4% increase on the revised budget but a decrease of 2.7% on the 2007-08 budget.
- The **Civil Law Program** has received a 12.3% increase in expenditure.
- In **Family Law Services** the budget in 2007-08 was \$53,402m, however, the revised budget shows an expenditure of \$61,498m, a 15% increase. In 2008-09, however, the projected expenditure is \$58,898m - a 4.2% decrease on the revised budget.

- Expenditure on the **Community Partnerships Program** has increased by 9.7% from \$16,516m in 2007-08 to \$18,114m in 2008-09.

Attorney General's Department – Corrective Services

- Budgeted expenditure of \$867,968 in 2007-08, however the revised expenditure was \$900,043. In 2008-09 the projected expenditure is \$911,389 - a 1.3% increase on the revised budget.
- The 2007-08 budgeted expenditure for the **Supervision of Offenders in the Community Program** was \$120,200m. It was underspent by 15.7% with a revised budget of \$101,409. The projected expenditure in 2008-09 is \$103,518m - a 2% increase on the revised expenditure but a 13.9% decrease on the 2007-08 budget.
- The 2007-08 budgeted expenditure for the **Offenders Program** was \$116,482m. It was overspent by 13.8% with a revised budget of \$132,515m. The projected expenditure in 2008-09 is \$133,489m - a 0.7% increase on the revised expenditure and a 14% increase on the 2007-08 budget

Department of Ageing, Disability and Home Care

- Budgeted allocation to DADHC of \$2billion in 2008-09, a 6.9% increase or \$130million more than last year. Over \$1.2billion of this will be provided to NGOs in grants and subsidies.
- **Home & Community Care (HACC):** growth funding to the NSW HACC Program will be around 7.2% or \$37.2million in 2008-09. This allocation appears to match the Commonwealth growth allocation announced in the Federal Budget. 2008-09 is the first year of the HACC Triennial Plan, now awaiting Commonwealth approval. The priorities for this Plan are people with dementia, people who are financially disadvantaged, people who are socially excluded or locationally disadvantaged, people from culturally and linguistically diverse communities, Aboriginal and Torres Strait Islander people, people in remote and isolated areas. There are seven strategic directions for this Triennial Plan: simplifying access strategies -using the Hunter Demonstration Project; better outcomes for clients and value for money; streamlined risk based strategies for performance quality assurance; building an evidence base for HACC; innovative approaches to service delivery; improvements to the Minimum Data Set; equitable allocations across NSW. Due to the weight of escalating demand, NCOSS proposed an increase by NSW to HACC of 20% in 2008-09 which has not been met.

- The **Home Care Service of NSW** will receive \$207m in 2008-09, an increase of 2.5% or \$5m. This will provide four million hours to 42,000 people per month. There will be an independent review of the Referral and Assessment Centre (RAC) and implemented improvements as well as another Customer Satisfaction Survey in 2009. The Home Care Service receives 32% of the HACC budget in NSW.
- **Disability Services:** The third year of the *Stronger Together Disability Plan* has been fully funded at \$89.3m in 2008-09. Increases this year include \$4.6m for therapy services, \$9.1m for post school programs for 1000 new school leavers, \$2m for 400 Intensive Support Packages for young people and families, \$1.5m for intensive assistance with challenging behaviours to 410 children and families \$7.5m for 100 new Attendant Care places, \$5.1m for an extra 340 day program places, \$7.6m for younger people in nursing homes, \$38.7m for an additional 280 supported accommodation places for adults with disability. NCOSS believes that all new supported accommodation places must be delivered in accordance with the NSW Disability Services Act and not through the re-development of disability institutions or large residential centres. There are still 2400 people with disability in institutions in NSW. NCOSS welcomes the continued implementation under the *Stronger Together Plan*, but proposed a raft of spending measures totalling over \$62.5m in 2008-09 so that NSW can move away from crisis service provision to people with disability.
- **Ageing Program:** Funding to the Ageing Program has been maintained at \$5.8m in this budget. There have been no increases to this program, despite the rapid ageing of the population, in several years. The NSW Government's commitment to older people is fully described in the NSW *Towards 2030 Plan*, which sets out action priorities to prepare for the challenge of population ageing. In its Pre-Budget Submission, NCOSS proposed an allocation of \$4m to support positive ageing in NSW.
- **Capital Expenditure:** In 2008-09 DADHC will spend \$115.2m in capital expenditure in both HACC and Disability services programs. This includes \$35m for new accommodation facilities under *Stronger Together*, \$25.8m for the redevelopment of large residential centres at Grosvenor, Lachlan and Peat Island, \$35m for improvements and replacements of accommodation for people with disability.
- **Commonwealth State Territory Disability Agreement:** While interim arrangements were agreed at the Disability Ministers' meeting of May 30, the current CSTDA has been extended to the end of 2008 pending negotiations. The previously announced Disability Assistance Package will now be allocated under the new CSTDA and a National Disability Strategy is under development. In the meantime, NSW will receive 33.7% of the Commonwealth's new \$100m capital allocation for

supported accommodation for 309 people with disability. Details have not yet been finalised about how this funding will be delivered.

Department of Climate Change and the Environment

- Budgeted expenditure of \$986m in 2008-09, a 1.5% decrease on the revised budget expenditure of \$1,001m in 2007-08.
- Ongoing roll out of the \$340m **Climate Change Fund**. However, looking at the program line in the budget papers there has been no increase in expenditure for the Climate Change Fund from 2007-08 to 2008-09 (\$74,450m). Taking into consideration the 3% projected CPI this is, in effect, a decrease in funding.
- **Environmental Trust Competitive Grants Program** has increased by 4.7% from \$24,568m 2007-08 (revised) to \$24,673m in 2008-09. However, the number of grants to be awarded has remained static from 2007-08 to 2008-09 (186 grants).
- **Environmental Trust Major Programs** has increased by 1.2% from \$68,397m in 2007-08 (revised) to \$69,273m in 2008-09. However there is a projected decrease in the number of grants to be awarded from 21 in 2007-08 to 16 in 2008-09.

Department of Commerce, Office of Fair Trading

- The Budget confirms funding for **NILS schemes and financial counselling services**. The Premier announced on 13 April 2008 that an additional \$1.0 million would be provided for financial counselling services. Further, the NSW Government committed to providing No Interest Loans Schemes with \$840,000 to assist services with administration and support. NCOSS welcomed these initiatives at the time they were announced.

Department of Community Services

- For 2008-09 the Department of Community Services' budget has increased by around \$88m or 7.0% from the 2007-08 budget. However, DoCS' expenditure for 2007-08 is projected to be around \$30m over the budget forecast. This means that (if DoCS can keep to budget in 2008-09) the actual increase will be around \$58m or 4.5%. After accounting for inflation, the real increase is only 1.5%.
- The increases in expenditure reflect initiatives previously announced by the Government and welcomed by NCOSS such as:

- \$21m for **Preschools** under the Preschool Investment and Reform Plan
 - \$33m for out-of home care places
 - \$16.8m for **family and domestic violence programs**.
- Given the projected overspend in **out-of-home care** in 2007-08 this additional \$33m is unlikely to be sufficient for the number of extra out-of-home care placements needed.
 - There was no increase for **the Community Services Grants Program (CSGP)** as requested by NCOSS. In real terms the CSGP budget has decreased by 1.5%. The CSGP review identified additional funding was needed simply for 'maintenance of effort' but this has not been included in the budget.
 - In a strange decision, DoCS and Treasury have moved the CSGP funding from 'Community Development and Capacity Building' to the 'Statutory Child Protection' area of the budget statement. The NGO members of the CSGP Roundtable will be taking this up with DoCS as a matter of urgency.
 - **Brighter Futures** funding has been increased by around 23% (in real terms) to reflect the continued expansion of the program to all DoCS Community Service Centres.
 - **Families NSW** has suffered a reduction in funding in real terms by 1.5%.

Department of Juvenile Justice

- Budgeted expenditure of \$169,221m in 2008-09, a 6.1% increase on the revised budget.
- Majority of increase due mainly to increased juvenile custodial accommodation and other initiatives targeted at reducing re-offending.
- Expecting a 7.5% increase in juveniles admitted into custodial services from 5,610 in 2007-08 to 6030 in 2008-09.
- Ongoing roll out of the **Intensive Support Program**, a four year pilot in Newcastle and Western Sydney (\$1.6m). This program has been independently evaluated as one of the most successful and cost effective treatment models for serious, repeat young offenders.

Department of Premier and Cabinet – Office for Women

- \$2.9m for **Domestic Violence** services transferred from NSW Health.

- No increase in expenditure from 2007-08 to 2008-09. The only program under “Policy Support” programs to not receive an increase. If the projected CPI of 3% is taken into consideration this could effectively be seen as a decrease in expenditure.
- However, some positive **grant payments** were made including \$261,600 to the NSW Rape Crisis Centre to appoint a Counselling Coordinator to assist women with complex trauma to access services and \$900,000 for projects targeted at Aboriginal women.

Department of Housing

- The overall budget for the **Housing Policy and Assistance Program** for 2008-09 is \$803.9m, an increase of \$40.7m or 5.3% on the 2007-08 allocation.
- The allocation for the **Aboriginal Housing Office** is \$66.6m, an increase of \$3.8m or 6% on last year’s budget.
- Disappointingly the budget contains no new initiatives to address the massive unmet need for affordable rental housing for low to moderate income households.
- The Government has provided \$70m of the extra \$120m needed to fulfill its 2005 commitment to meet the Department of Housing’s working capital requirements over four years. NCOSS believes the full \$120m is required and this aspect of the Budget should be reviewed when cabinet considers the findings of the recent Premiers Department review of the Department of Housing.
- The flow of loan funds to meet housing’s massive maintenance backlog has also been halted. No explanation has been provided for this.
- Overall social housing stock numbers are projected to decline from 148, 097 as June 2008 to 147,880 in June 2009. Within this overall figure public housing stock levels will fall from 125,064 to 123,837, while community housing stock levels will increase from 15,433 to 16,416. This reflects the combined impact of the stock transfer program (from public to community housing) and the large number of demolitions and sales associated with Housing’s redevelopment activities. There are very small increases in Aboriginal housing and crisis accommodation dwelling numbers of 16 and 11 respectively.

Ministry of Transport

- Budgeted expenditure of \$3,746,166b in 2008-09 - an 11.6% increase on the revised 2007-08 budget.

- Ongoing funding of the **Easy Access Station Upgrades**, \$25.3m, well ahead of Disability Discrimination Act requirements.
- Increased funding on infrastructure and the purchase of 'green' buses, as well as more funding to improve country rail services.
- **Community Transport** funding has increase by 2.5% to \$3,026m in 2008-09 - this covers the 2.5% indexation, so there is no actual additional funding. **Area Assistance Scheme** funding has increased by 2.4% to \$694,000. However if the projected CPI of 3% is taken into consideration this is effectively a decrease in funding. This will be exacerbated by rising fuel costs.
- **HACC transport** funding has increased by 1.4% to \$33,477m.
- **Taxi Transport Subsidy Scheme** has had a 7.1% increase to \$22,390m in 2008-09

NSW Health

- In 2008-09 total expenses are budgeted at \$13.151b. This is an increase of 3.4% from the revised 2007-08 budget, making it a real increase of 0.4% (excluding 3% CPI.) The health budget represents about 27% of the state budget.
- **Oral health** has received a funding increase of \$7.5m over three years in capital subsidies to expand water fluoridation and \$4m for recruitment and retention of public oral health practitioners across NSW. This is part of the 2006-07 announcement of \$40m over four years. Whilst any increase is welcome, this amount will not adequately address the significant workforce, waiting list, and service gaps currently experienced.
- Total expenses for **population health** services has declined 11% in 2008-09 compared to revised funding from 2007-08. NSW Health has informed NCOSS that this is due to a decrease in Commonwealth funding for an immunisation program. Given that early intervention and prevention are priorities of both the State Plan (F4) and the State Health Plan (the first strategic goal) NCOSS is disappointed that this has not been reflected in funding to population health services.
- Total expenses for **Primary and Community Health** services have increased 6.4% for 2008-09 compared to revised figures for 2007-08. However, grants to voluntary organisations and agencies have only risen by 1.9% (this includes funding for the NGO Grants Program). The Department has also informed NCOSS that indexation of 2.5% will be applied to the NGO grants program. This is inconsistent with indexation

rates for 2006-07 and 2007-08 of 3.3%, and is inadequate given there will be a 3.5% increase in the SACS award. It is also below the NSW Government's forecast of 3% increase in CPI. NSW Health has informed NCOSS that they are applying a 1% efficiency dividend across the board, including to NGOs. NCOSS does not believe it is appropriate to apply an efficiency dividend to NGOs as they do not have the same infrastructure base as the Department. DoCS, DADHC and Housing have all given 3.3% indexation to NGO grants, despite applying similar efficiency dividends. NCOSS will be pursuing this as a priority issue with the Department and Minister.

- Total expenditure for Aboriginal Health Services has risen 0.6% for 2008-09 compared to revised figures from 2007-08. This figure is below 2.5% indexation for health programs, and also below NSW Government estimates of 3% CPI. As such, this could be seen as a decrease in real terms, even if a 1% efficiency dividend is applied. A \$15.2m was announced for an Aboriginal HASI (Housing and Accommodation Support Initiative), with \$1m allocated for the 2008-09 period. It appears this is likely to be for the development of a culturally appropriate model that will then be rolled out across subsequent years. NSW Health has indicated recurrent funding will be available after the initial four-years. \$19.1m over four years commencing 2008-09 was also allocated for the *Building Strong Foundations for Aboriginal Children, Families and Communities* strategy (more information on this is being sought).
- Total expenses for mental health funding in 2008-09 have risen by 5.4% from revised 2008-08 funding. However, capital expenditure has risen by 134% on the back of investment in mental health capital works projects. Funding has also been allocated to a number of initiatives associated with *A New Direction for Mental Health*.
- Overall \$839.5m has been allocated to capital works as part of the four-year \$2.3b health capital works program.

SAAP

- The budget for SAAP increases from \$117.18m in 2007-08 to \$119.66m in 2008-09. This is an increase of just 2.1%, less than the projected CPI.
- Individual SAAP services will receive indexation of 2.65%, comprising a 3.3% increase in the state-funded component and a 2.0% increase in the Commonwealth funded component.
- Action to address the viability pressures facing SAAP services has clearly been postponed until the finalization of the Federal Government's promised White Paper on Homelessness, due in September.

Department of Water and Energy

- The Government's **electricity safety net package** has not been implemented. On 10 April 2008, the Premier announced an electricity safety net package to help cushion low income households from of substantial increases in electricity prices. The package included:
 - an increase in the Pensioner Energy Rebate from \$112 per annum to \$130 per annum (and indexing it to inflation);
 - an extension of the rebate to include recipients of Carers Allowances (child under 16), Sickness Allowances and Special Benefits;
 - an increase in funding for the Energy Accounts Payment Assistance scheme.
- None of these announcements are reflected in the 2008-09 budget statement. NCOSS will seek assurances from the Government that these are not dependent on the lease and sale of electricity assets but will be implemented irrespective of the ownership of these assets.