



## **Treasurer's Budget Responses**

*On budget night 2004 NCOSS wrote to the Treasurer Michael Egan to ask him 12 key questions about the budget. Set out below are the questions, and the Treasurers reply.*

### **Question1 - Community Services**

The Department of Community Services overspent its out of home care budget by \$30 million in 2003-04. How will it deliver 1000 extra places in 2004-05 with \$21 million less in allocated funds?

#### **Treasurer's reply**

Last year Treasury provided the Department of Community Services with additional funding to enable it to meet the cost of its Out-of-Home Care services. The Department has also instituted a range of new procedures for managing the Out-of-Home Care budget better this year.

The Department has introduced better procedures to prevent children in care from entering the system inappropriately and then drifting through a series of costly and unsustainable placements. Regular monthly reviews of high needs children and young people will ensure that the care they receive actually meets their needs. Fifty of the Department's new caseworkers will be specifically dedicated to improving the case management of high needs children and young people.

In March this year the Department issued an expression of interest encouraging potential service providers to propose better ways of assisting high needs children and young people. Many service providers are eager to move to longer term funding arrangements. These arrangements may provide more flexibility around the number of children placed with a particular service provider, which is a factor in the current cost of services.

The Department will continue to work with the non government sector towards to development of new types of care arrangements. These arrangements will better meet the requirements of high needs children and young people and at the same time will ensure that costs are contained.

## **Question 2 - Children's services**

In a State Budget aimed at families and children, why is there no new funding to increase the affordability of, and access to community based pre schools in NSW?

### **Treasurer's reply**

The Department of Community Services is undertaking a review of preschool funding to explore more effective use of all existing sources of funding. A cross sectoral advisory committee, which includes key childcare providers, is guiding the review. It examines the factors affecting preschool affordability and access to preschool services. Issues include funding trends, the cost to service providers, and factors affecting service provision in rural and urban areas. The review is expected to be completed by the end of 2004.

## **Question 3 - Legal services**

With the incidence of domestic and family violence on the rise, why has the Domestic Violence Court Assistance Scheme had its funding levels cut by 4.5% for 2004-05?

### **Treasurer's reply**

In 2004/05 the Legal Aid Commission will provide \$3.241 million funding for the Women's Domestic Violence Court Assistance Program. This is higher than the estimated funding published in the Budget Papers. Since the publication of the Budget Papers, the Commission has revised the amount of grant funding available to this program from within its overall budget. Funding for 2004/05 is \$77,000 higher than last year, an increase of 2.4%.

## **Question 4 - Health**

With most health outcomes for Aboriginal people much worse than those for the general population, why has this budget cut funding assistance to Aboriginal non government organisations by 28% compared to the budgeted figure for 2003-04?

### **Treasurer's reply**

Total expenses for Aboriginal Health published in the 2004/05 Budget Papers amount to \$41.141 million, an 11% increase on the budget for 2003/04. This is a real increase to assist in improving Aboriginal health services.

The Department of Health has advised me that there is an error in the published figure for funding for voluntary organisations within the Aboriginal Health Services program. The figures for Aboriginal Health Services and Population Health Services were transposed.

Total funding to voluntary organisations across NSW Health is unaffected by this error. However, it means that the Budget Papers understate the estimated grant funding within the Aboriginal Health Services program both for the revised 2003/04 year and for the 2004/05 budget.

The correct figures for grants to voluntary organisations within the Aboriginal Health Services program are as follows: \$8.195 million for the revised 2003/04 year and \$8.178 million for the 2004/05 budget. The budget for 2004/05 is lower than the revised 2003/04 due to rollovers and one-off grants provided last year. Grants to voluntary organisations within the Aboriginal Health Services program are estimated to increase by more than 2% over the original budget for 2003/04.

As a result of correcting the transposition error, total expenses for Aboriginal Health in 2004/05 are revised upwards to \$44.123 million, which is an increase of more than 16% on the budget for 2003/04.

The Department apologises for any concern caused by the publication of an incorrect figure for funding for voluntary organisations within the Aboriginal Health Services program.

### **Question 5- Home and Community Care**

With demand for community care services as much as 50% higher than supply in many parts of NSW, why was the budget for the Home and Community Care Program underspent by \$24 million in 2003-04?

#### **Treasurer's Reply**

The allocation of growth funds to Home and Community Care (HACC) providers was delayed by the Commonwealth Government's late approval of the HACC State Plan for 2002/03. As you know, the Commonwealth refused to meet its obligation to increase funding to cover the cost of the Social and Community Services Award. In response to this, the NSW Government made an unmatched contribution to the program of more than \$4 million in 2003/04.

As a consequence of the late approval of the 2002/03 State Plan and the more timely approval of the 2003/04 State Plan, there was an unprecedented roll out of additional funds during the past financial year. By the end of the financial year HACC service capacity had been expanded by

more than \$41 million in recurrent funding. As well, over \$23 million in non-recurrent funding had been allocated from 2002/03 and 2003/04.

Some funds, mostly non-recurrent, were not able to be allocated during 2003/04. These funds will be distributed over the coming year.

### **Question 6 - Ageing**

With a rapidly ageing population, why has the Government cut \$800,000 from this funding area, which amounts to an effective cut of 21% over two years?

#### **Treasurer's Reply**

The NSW Government will spend more than \$4.5 million in 2004/05 providing information, early intervention, and support services to older people, people with dementia and their carers. More than half of these funds are allocated to the continued delivery of the Government's dementia plan, *Future Directions for Dementia Care and Support 2001-2006*. The reduced funding this year simply reflects the historical funding structure for the delivery of this program.

In addition, the NSW Government will host a Forum on Ageing in September which will contribute to the review of the Healthy Ageing Framework for NSW.

### **Question 7 - Education and training**

With the size of the Aboriginal population growing in NSW and an increased focus on reducing the high early school leaving rates of Aboriginal young people, why are the numbers of Aboriginal students in NSW schools anticipated to decrease in 2004-05?

#### **Treasurer's Reply**

The number of Aboriginal students in NSW government primary schools has been gradually increasing in the period 1998 to 2003. The proportion of Aboriginal students within the primary school population has also been increasing. In that period, the number of Aboriginal students increased by 23% and the proportion increased from 3.9 to 4.9%.

At the same time, there has been a trend towards Aboriginal students enrolling in non government schools. Based on the available data, the Department of Education and Training conservatively predicted that Aboriginal student enrolments in government schools will not continue to grow at the same rate as in previous years.

The enrolment projections in the Budget Papers are not a precise estimate of student numbers for the coming years. They will be revised once enrolments for 2004 are available, following the August census.

The Department of Education and Training predicts that the proportion of Aboriginal students within the overall school population will increase. However it is rather more difficult to provide an estimate of actual numbers of students identified as Aboriginal enrolling in government schools.

### **Question 8 - Housing**

With 85,000 applicants on the NSW public housing waiting list, why has the Government reduced both the amount of units in public ownership and the proportion of public housing stock in the market at a time when housing affordability is in crisis and Sydney is projected to grow by 1,000 people each week?

### **Treasurer's Reply**

The number of units of public, community and Aboriginal housing will rise to 148,262 in 2004/05, up from 148,040 in 2003/04. Almost 15,000 new households will be assisted directly with social housing during the year. Many thousands of other households will receive other kinds of assistance from the Department of Housing, including rent assistance, mortgage assistance, special rent subsidies and crisis accommodation.

Under the current five-year Commonwealth State Housing Agreement, which expires in 2008, funding from the Commonwealth Government to NSW will be reduced by \$201 million in real terms. This comes on top of five years of funding reductions from the Commonwealth. The NSW Government has responded by providing enhanced funding of \$187 million over the three years to 2006, above our commitments under the Agreement.

### **Question 9 - Corrective services**

With the highest recidivism rate amongst prisoners in Australia, why has this Budget cut \$9.5 million from specialised rehabilitation type services for inmates in NSW?

### **Treasurer's Reply**

The Department of Corrective Services has advised me that the apparent reduction in funding for specialised rehabilitation services is the result of a change in accounting practices. The Department has changed how it distributes its corporate overheads between program areas, which means that less funding is allocated for non-employee related operating expenses

in the relevant program. There is also a reduction in the estimated depreciation and amortisation for the program for 2004/05 compared to the budget for 2003/04.

These accounting changes do not affect the resources committed to rehabilitation services within the Department. As the Budget Papers make clear, the equivalent full time staffing for the program, and the staff budget for the program, have both increased for 2004/05.

### **Question 10 - Transport**

Why is revenue from the parking space levy being used for the North West Transitway when these funds are supposed to be used for public transport infrastructure such as bus-rail interchanges and car parks at railway stations?

#### **Treasurer's Reply**

The parking space levy was introduced via the Parking Space Levy Act 1992. Its object is to discourage car use in business districts by imposing a levy on off-street commercial and office parking. The revenue raised is used to finance the development of infrastructure to encourage the use of public transport to and from those districts.

Funds collected from the levy are being used for the construction of infrastructure on the North West Transitway to encourage the greater use of public transport along this corridor. Funding is provided for the construction of bus stations, commuter car parks and the installation of bike lockers.

In 2003/04 \$18.4 million was spent on Stage 1 of the North West Transitway, with a further \$19 million expected to be spent this year.

### **Question 11 - Businesslink**

What evidence is there that Businesslink, a joint enterprise between the Departments of Community Services, Ageing, Disability and Home Care and Housing, is making any savings in "back office" expenses which are being passed onto front line services?

#### **Treasurer's Reply**

Comparisons to relevant sectors suggest that savings to "back office" expenses are achievable. Extensive financial modelling has shown that there will be significant operating cost reductions as a result of consolidation, co-locating staff working on similar processes, introducing new IT solutions, and re-engineering a number of transaction related

processes. businesslink is working on implementing these initiatives. Over the coming years the savings realised through businesslink will allow a greater proportion of government funding to go to front line services.

### **Question 12 - Mini budget savings**

Where are the details of the \$81 million of savings to Departmental spending which were announced as part of the 6 April Mini Budget?

#### **Treasurer's Reply**

At the mini budget in April 1 announced savings of over \$365 million for 2004/05. This includes a range of specific savings initiatives from several government agencies, as well as \$81 million worth of administrative savings from most agencies. It is up to each agency to determine how it can best meet its administrative savings target, focusing particularly on advertising, travel and accommodation, and publications budgets. As you will appreciate, the Budget Papers do not break down agencies' operating expenses into such fine detail.

### **Question 13 - Mature Workers Program and Skilled Migrant Strategy Program**

Given that the Carr Government allowed the projected 2004-05 Budget deficit to rise by \$79 million today, why couldn't it reinstate its highly effective Mature Workers Program and Skilled Migrant Strategy at an annual cost of \$5.5 million?

#### **Treasurer's Reply**

As you know, the Commonwealth Government cut funding to NSW by \$345 million for the coming year. At the mini budget in April, the NSW government had to make some difficult decisions. While the Mature Workers Program and Skilled Migrant Placement Program have been worthwhile programs, employment and migration are Commonwealth responsibilities. Unfortunately the NSW government cannot afford to continue to subsidise these kinds of services.