

# NCOSS Analysis of the 2007-08 NSW State Budget

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## Ageing, Disability and Home Care

The overall budget to the Department of Ageing, Disability and Home Care (DADHC) in the next financial year amounts to \$1.894 billion, an increase of 7.7% on last year. Of this, non-government organisations receive \$884m or 53%.

### Home & Community Care

The Home and Community Care program (HACC) is jointly funded by the Australian and State governments to provide basic support services to enable older people, people with disability and their carers to remain in their own homes and avoid premature entry to long term residential care. HACC provides:

- domestic assistance;
- personal care;
- respite care;
- food services;
- community transport;
- home nursing;
- home modification and maintenance;
- neighbour aid and social support; and
- services to people with complex care needs.

In 2007-08, Australian Government spending on HACC will be \$1.038m, including \$316.787m in NSW. The NSW Government has matched the Australian Government HACC growth allocation at 8.1% totaling \$38.7m, bringing total HACC investment in NSW to \$533.9m.

The Productivity Commission reports that, in 2006, NSW again had the lowest government real expenditure per capita of eligible population on HACC services.

The NSW growth contribution is \$15.5m, resulting in a total NSW contribution of \$210m. While this is a very welcome increase, it falls short of the 20% increase recommended by NCOSS in recent years.

The Ministry of Transport reports a very welcome 10% increase in funding to Community Transport (*see Transport*).

In a vast improvement on previous years, the HACC State Plan for 2006-07 was signed and consequent funding released in a more timely manner. NCOSS welcomes the new HACC Agreement which moves HACC planning cycles from an annual to a three year basis. This should ensure that delays in joint approval of HACC funding priorities are a thing of the past.

DADHC reports that the HACC Capital Strategy will be released in 2007-08, primarily to provide improved facilities for 16 day care services, particularly for people with dementia, in NSW.

### **Home Care Service of NSW**

The Home Care Service of NSW (HCS) will receive a 7.1% funding increase bringing expenditure in 2007/08 to \$199.7m. This will deliver a 7.8% increase in hours of service delivered, now totalling 3.99 million hours.

### **Older People**

The NSW Budget papers show no increase in expenditure for the Ageing Program over previous years. Premier Iemma's State Plan indicates a commitment to an Ageing Strategy for older people but NCOSS and the NSW Aged Care Alliance are concerned that older people may continued to be undervalued without deliberate action in the short term.

There is no evidence of a budget allocation to make the NSW Seniors Card available to Aboriginal and Torres Strait Islander people at age 45 plus years. NCOSS looks forward to the NSW Government to make this provision as soon as possible.

### **Disability Services Program**

Beginning in 2006-07, the *Stronger Together* package is a ten year plan for specialist disability services and includes five years of measures totalling \$1.3 billion overall spending.

This Budget provides second year commitments in the *Stronger Together* package on new spending initiatives of \$38m in 2007-08. At the end of the five years (2010-11), *Stronger Together* will have delivered total additional recurrent spending of \$377.6m.

Commitments under the *Stronger Together* package for 2007-08 include:

- 450 new places for school leavers with disabilities to enter into either the Transition to Work Program or the Community Participation Program (\$18.3m in 2007-08).
- 20 new Attendant Care places to support people with disabilities at home. DADHC reported that targets were exceeded for the first year in this program (\$1.3m this year).
- 60 new flexible respite places (\$1.2m this year).
- 160 new supported accommodation places (\$24.9m this year).
- 10 new places to support people in Department of Housing and community housing (\$800,000).
- Support to 50 younger people in nursing homes and develop alternative models etc. (\$7.4m).
- \$3.6m towards new case managers.
- \$800,000 towards training of government and non-government disability workers

The 2007-08 Budget provides two new initiatives comprising \$1m to intensive support to children with challenging behaviours (\$5m over 4 years) and \$125,000 to maintain children with autism spectrum disorder at school (\$500,000 over four years).

DADHC's capital expenditure has been cut by approximately 10%. The capital budget for this year is \$62.4m which will:

- Reconfigure Grosvenor and Lachlan Centres (\$6.8m);
- Redevelop Peat Island (\$8.8m);
- Acquire new supported accommodation (\$19m);
- Improve or replace DADHC's accommodation facilities (\$15.2m)

NCOSS has grave concerns about the redevelopment of the three large residential centres in light of this Government's previous cast iron promises/commitments to close all disability institutions.

### **Carers**

DADHC will spend an additional \$11.4m towards Ageing Carer Respite in 2007-08.

## **SPECIAL NOTE**

### **Alarming Developments in the Commonwealth State Territory Disability Agreement CSTDA**

The Commonwealth has suddenly withdrawn an offer of matched growth funding to states that allocate new expenditure towards supported accommodation and respite care for people with disabilities. This means NSW could now miss out on up to \$428m in matched funding from the Commonwealth over the next five years.

The present CSTDA concluded on 30 June 2007 and negotiations between Commonwealth and states and territories have been extended for six months. These negotiations included the Commonwealth offer of an "open chequebook" offer to match state/territory growth funding, dollar for dollar, towards unmet need for supported accommodation and respite for people with disabilities.

On 4 July 2007, Federal Minister Brough wrote to State and Territory Ministers withdrawing the offer of uncapped matched growth funding under a new CSTDA for all but three jurisdictions (ie WA, NT and ACT). The State Ministers were working towards the deadline of 25 July when Federal and State Ministers will meet in Sydney. At this meeting the state Ministers were intending to continue negotiations towards a national agreement that included matched growth funding towards supported accommodation and respite over the life of the next CSTDA. This was to be an uncapped offer. Minister Brough has now withdrawn this offer without notice, except for the above jurisdictions.

The Prime Minister recently announced the Disability Assistance Package which he said was in addition to the CSTDA. This package could deliver up to 550 new supported accommodation places and 270 new respite places in NSW. The NSW *Stronger Together* Plan, a ten year plan for disability services, sets out the NSW Government's strong commitment to disability unmet need across a range of support services.

Together, the NSW *Stronger Together* Plan and the Commonwealth Disability Assistance Package could deliver up to 1,550 new supported accommodation places in NSW by 2011.

However, the recent Australian Institute of Health and Welfare report conservatively estimates that NSW needs between 7,000 and 10,000 places to approach critical unmet need for supported accommodation for people with disabilities in the community. Similarly, the need for respite care outstrips supply. The recent Senate Inquiry into the CSTDA recommended substantial additional spending on supported accommodation and respite services. This is why we need the Commonwealth to match unmet need. Then we need the Commonwealth and state to work together to deliver more than these first steps.

In NSW, a position statement has been finalised which has been endorsed by many disability peak organisations to promote the impact of this decision on people with disabilities in this state.

ACOSS and AFDO have written to Minister Brough and the Prime Minister calling for a return of the CSTDA matched growth funding offer and that the Federal Disability Assistance Package must meet acceptable standards of provision and practice and must be timely but avoid quick-fix solutions not in the best interests of people with disabilities and their families.

NCOSS warmly welcomes additional spending on the long-neglected disability sector but warns that the new spending must be sustained and must address escalating needs and populations of people with disabilities.

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## **Community Services**

The Community Services budget sees the final roll out of the 2002 \$1.2 billion enhancement for child protection, early intervention and out of home care, with the addition of some funding to meet election commitments and some previously announced increases for preschools and domestic violence programs.

This contributes to an 11.6% increase (9.1% after CPI) for the Department of Community Services, up from \$1,129.1m 2006-07 to \$1,260.2m in 2007-08 (Total expenses figure). On net cost of services, the picture is similar, with the budget increasing from \$1,118m in 2006-07 to \$1,250.4m in 07/08. There is an extra \$89.9m from the 2002 funding package in this total, bringing the funding package total in 2007/08 to \$398.3m.

Funding to non-government organisations, which now represents around 60 % of the DoCS budget, has included a 3.3% increase across State funded programs to help services meet the second year of the SACS award increase. While NCOSS and the ASU had argued for 3.4%, we welcome the Government's support in providing indexation at a level that recognises the real cost to services of salary increases that must be paid. Payments will be made in September.

However SAAP, as usual, will bear the brunt of the Commonwealth's refusal to come to the party on indexation. Indexation for SAAP is 2.75% with only the State component attracting the 3.3%.

### **Child Protection and Out of Home Care**

Total funding for child protection is now at \$314.8m and for out of home care, \$453.1m. The additional funding this year includes funding for an additional 380 DoCS staff (including 200 child protection caseworkers and 75 caseworkers and support staff for out of home care).

The main focus for 2007-08 will be the roll out of the out of home care money (over \$600m over five years) following the expression of interest process this year. The budget papers have also flagged a move to e-reporting for mandatory reporters in 2007-08.

While the DoCS budget briefing claims that DoCS will be working on developing "policies and projects in response to the Aboriginal Child Sexual Assault Taskforce and the Joint Investigation Response Team Review", there is no new funding allocated for this. NCOSS has consistently expressed its concern that the Government has not seen fit to fund the recommendations of the Taskforce. We do not believe that a proper response can be achieved within existing resources.

Foster Care allowances will increase by CPI (2.7%) as promised.

### **Prevention and early intervention**

This program is up 11.7% with funding rising from \$203.2m to \$226.9m. This program includes both *Brighter Futures* and the Children's Services funding streams.

In *Brighter Futures* there is continued expansion of Community Service Centres (CSCs) across the State and the DoCS briefing flags that by the end of 2007-08, all CSCs will have Brighter Futures teams operating, and the program will be expanding the target group to families with children aged 9-14. There is no information about additional resources to support this expanded target group.

New resources will be developed for children, young people and families from Aboriginal and CALD communities and new Aboriginal intensive Family based Services will be established in Campbelltown, Blacktown and the Hunter.

In Children's Services, which now has its own Directorate within the Department, there is no new funding, with the focus on continued roll out of the Preschool Investment and Reform Plan - \$8.8m as per last year, and not enough to achieve viability for all community based preschools. The \$21m additional for expansion of preschool places will appear in the 2008-09 budget.

The Directorate will also be focusing on internal changes to processes around the monitoring of regulations. Work will begin on reviewing the Children's Services Regulation for 2009.

There is no funding as yet attached to the implementation of regulations for the Outside School Hours Care sector, although extra funds for this once the cost is known were not ruled out in the briefing.

### **Community Services**

The rest of DoCS programs now sit under the broad program heading of Community Services. Funding here (\$265.4m) has not kept pace with CPI, so decreases in real terms, although this is partly due to the Community Solutions funding coming to an end and the transfer of the Schools as Community Centres program back to the Department of Education and Training.

There is new funding in this stream for the *Triple P: Positive Parenting Program* (\$5.2m over four years, \$900,000 in 2007-08), and \$4m over four years for a so-called Supernanny parent Hotline. These are both election promises.

Some of the new funding promised by the Premier last year for domestic violence programs appears to remain in DoCS, although we had anticipated this moving across to Premiers. It includes the funding for

continuation of the Integrated Case Management sites, and for the Staying Home, Leaving Violence initiative (\$16.8m over four years, \$3.3m in 07/08). The \$2m announced last year for support services will apparently be administered through the Department of Health.

SAAP and CSGP remain in the doldrums with no new funding and SAAP attracting lower indexation than other programs (*see above*). Continuing work on reviewing CSGP has been flagged, with potentially a business case for an increase being put to Treasury for the next budget cycle.

### **Capital**

Capital funding for DoCS totals \$16.3m - \$13.4m is for relocation and/or expansion of Community Service Centres to accommodate additional caseworkers and staff.

### **Concessions**

Concessions are reduced prices for the sale of goods and services subsidised by the Government through forgone income for particular groups of consumers, for example, lower public transport prices for pensioners and students.

As part of its pre-election policy package, *A Fairer NSW 2007: Bold solutions, real results*, NCOSS called for an overhaul of the NSW concessions system. In particular, NCOSS called for an extension to transport concessions and energy rebates to include low-income earners who are entitled to a low-income health care card.

NCOSS also called for concession cards to Indigenous people aged of 45 years who are not working full-time (similar to the Seniors Card for the over 60s). These modest proposals were estimated to cost the NSW Government around \$81m per annum in tax expenditure. This is less than one quarter of the cost of the tax cuts given to businesses and the land owners in 2007-08.

No significant changes were announced in the budget to the concessions system in NSW.

## **Department of Aboriginal Affairs**

The reduction in the DAA budget between 2006-07 and 2007-08 is mainly due to the winding down of the Aboriginal Communities Development Program, which is in the final years of operation.

This program is a \$240m capital construction and infrastructure upgrade program for better wellbeing in Aboriginal communities across New South Wales. The program aims to raise the health and living standards of 22 priority Aboriginal communities by providing environmental health and essential infrastructure targeting a high level of identified need in housing, water, sewerage, roads, and recreational and cultural facilities.

In 2006-07 ACDP expenditure was \$27.5m, which is less than the budgeted amount. The budget papers say this is due to delays in construction and other approvals.

In 2007-08 the ACDP will have a budget of \$16.9m.

Other budget items in 2007-08 include:

- \$10m for the *Two Ways Together* Package( this is a four year program that commenced in 2004-05)
- \$800,000 for the Aborigines Assistance Program allocated to support Aboriginal Job Compacts, Aboriginal Language Programs and significant Aboriginal events; and
- \$200,000 recurrent funding for the NSW Reconciliation Council.

DAA is the lead agency in coordinating and monitoring NSW Government agencies' responses to the Aboriginal Child Sexual Assault Taskforce recommendations. No additional spending is allocated in any Government agencies for the roll out of those recommendations. NCOSS does not support that approach.

Without a clear allocation of additional resources the end result will be that the strategies and solutions identified in the Government response to the Taskforce report will be left to wither on the vine as agencies try and implement services within existing budget allocations. Given the current rates of child sexual assault in Aboriginal communities (at four times the non-Aboriginal rate), it is clear that existing budget

allocations are currently failing to meet the needs of Aboriginal children at risk of, or experiencing sexual assault.

## Department of Corrective Services

NSW now spends nearly \$900m dollars on corrections. Total expenses will increase by 6.4% in real terms in 2007-08.

### Prison beds

The prison population is set to top 10,000 in 2007-08. This continued increase in the number of people in custody adds to both capital and recurrent costs.

In 2007-08 an extra \$12.8m has been allocated to recurrent costs in response to increased inmate numbers. Over the next few years the additional recurrent costs are in the order of \$70m.

An additional \$59.3m will be spent on an extra 1,000 prison beds in 2007-08. Contrast this with the \$17m for affordable housing, and additional 196 units of social housing. Over the next four years, the additional capital costs are \$286,000.

NCOSS is greatly concerned about the increasing rate of full-time inmate population in NSW, and the increasing number of people on remand following amendments to the Bail Amendment (Repeat Offenders) Act 2002. NCOSS believes significantly more could be done by the NSW Government to reduce this dramatic increase in offence and imprisonment rates including strategies for early intervention, community rehabilitation and support, legal aid services as well as adequate provision of and access to post release support.

The budget does not address the urgent need for bail hostels in order to ensure people are not remanded in custody due to a lack of availability of appropriate accommodation.

NCOSS welcomes increased response to the medical and operational needs of the female prison population of NSW by way of stage two of redevelopment of Silverwater Women's Correctional Centre. However, this strategy is limited by the Correctional Centre's uniformly high security class.

*Wellington Correctional Centre:* It is unclear as to whether the 500 beds located at the Wellington site form part of the 1,000 beds also announced in this budget. NCOSS is concerned as to the lack of support and targeted rehabilitation services that are required in correspondence to the opening of new correctional beds in NSW.

*Kariong Juvenile Correctional Centre:* NCOSS would welcome more information regarding details of \$1.9m refurbishment work planned for this financial year, specifically what proportion of this funding will be allocated to health, rehabilitation and education facilities at this juvenile centre run by adult corrections.

### Post release support

No detail is given on the allocation to NGO based post release support. In previous budgets NGO post release programs have accounted for less than 0.03% of the total corrections budget.

### Electronic Case Management

Whilst NCOSS would welcome a strategy to provide effective case management and follow up services to inmates and people recently released, more details of this strategy are required in reference to confidentiality, ethical use of obtained and recorded information, and plans regarding the strategy for roll-out of support, assessment and management services facilitated by electronic management of information.

### North Coast Second Chance Program

NCOSS supports this program in providing training and re-establishment of cultural links for indigenous offenders who are recipients of a first custodial sentence. This strategy comes some of the way in supporting the development of community skills and competencies. NCOSS also has concerns in limiting this strategy to a particular 'class' of inmates (i.e. those on first custodial sentences) and seeks more information regarding assessments and accessibility in relation to this facility.

## **Men's Transitional Centre**

NCOSS is supportive of this strategy in offering transitional employment, education, counselling and substance use interventions to people prior to, and post-release. However, this strategy will be accessed only by inmates who have passed through two stages of assessment. Whilst this may be advantageous in terms of a targeted response, such processes may also limit accessibility. NCOSS would welcome more information as to assessment procedures and program delivery. This program will not offer support to people who have already come out of the Corrections System and is therefore further limited in accessibility.

## **Other budget allocations**

*Strategic Directions:*

- \$14.7 million is allocated for reform and management of offenders in the community.
- \$1.8 million has been allocated for Drug Court Programs.

More information is required regarding the implementation/further development of a standard assessment instrument for measuring the risk of re-offending as well as ways to reduce this risk. In particular, a timeframe for further development, the basis and location of prospective intervention paths stemming from assessments, and the consultation process for development is unclear.

NCOSS also takes the view that evidenced-based rehabilitation programs should not be limited to offenders who are assessed as 'high-risk' as programs should be available to all offenders. Further information is required as to what constitutes 'high-risk' in relation to this strategy, and to what criteria 'targeted' alludes.

NCOSS welcomes the provision of additional residential services and programs for parolees who are assessed as at high-risk of re-offence due to lack of accommodation and access to programs in the community. Information as to the locations and frequency of services and detail of funding is needed. NCOSS is not supportive of the position that only offenders who are deemed at high risk of re-offence get access to services due to rationing of post release resources. NSW has a recidivism rate of 44% - suggesting that a significant proportion of prisoners could be deemed "at risk" of re-offending.

NCOSS welcomes the commitment to improving the provision of services and programs for offenders with intellectual disability, mental illness and/or substance abuse problems. More detail regarding the location of these services, the level of funding allocated to this initiative and how the strategy will be rolled out is needed. Further information as to the determination of eligibility for these services is required, particularly in light of the stated condition of offenders suffering from 'significant mental health disorders'.

A strategy for addressing dual diagnosis of mental illness of female offenders should not be limited to cases where challenging, self destructive and/or violent behaviours are present. NCOSS however supports the intersectional approach to service delivery and intervention.

NCOSS supports a strategy for culturally appropriate correctional service provision for Aboriginal offenders by means of strengthening community supervision and support. There is inadequate detail of this strategy that will inform further critique, including accessibility, appropriateness and effectiveness of services, and adequacy of funding.

# **Economics and Finance**

## **Budget Predictions**

After predicting a deficit in the 2006-07 budget the latest figures show a significant turnaround in the NSW Government finances.

At budget time last year, Treasurer Costa was forecasting a deficit for 2006-07 of \$696m. This was revised to a deficit of \$497m in the half-year budget review. Now, the projected figure for 2006-07 financial year stands at a budget surplus of \$444m.

The turnaround in the budget outlook in 2006-07 arose from significantly higher revenue than projected and expenditure being only slightly higher than projected (apart from a one off rail debt reduction payment). In particular, stamp duty from the sale of commercial property and government income from investments were both significantly higher than projected.

The Treasurer has predicted a budget surplus in 2007-08 of \$376m.

### **Economic outlook**

The budget papers predict a modest improvement in the economy. Gross state product is predicted to grow by 2.5 % in 2007-08, up from 1.5 % in 2006-07. The rate of inflation (measured by Sydney CPI) is expected to fall slightly to 2.5% in 2007-08 from 2.75% in 2006-07. The rate of unemployment is expected to fall slightly to 5.0% in 2007-08 from 5.25% on 2006-07.

The major risks to the economy listed in the budget papers that may affect the budget position include a downturn in the US economy caused by a decline in the housing market, volatility in world oil markets, delayed recovery from drought, and higher national domestic demand growth putting upward pressure on inflation and interest rates.

Of particular concern is the projection contained in the budget papers that inflation will remain stable around the mid-range of the Reserve Bank of Australia's target of 2-3%. Given the projection of increased domestic demand and the projected reduction in unemployment with the resultant possibility of significant wages growth it seems an overly optimistic projection that the rate of inflation will not rise and the Reserve Bank will not increase rates. Most economists are now projecting a rise in interest rates in the second half of 2007.

A major risk to the NSW Government budget, not discussed, is the possibility that a tight labour market will require a significant increase in public sector wages. The budget papers indicate that the Government is satisfied with the current level of public sector wages after reasonable increases in recent years and are projecting no real increases without productivity trade offs. However, the historically low level of unemployment and the lack of skilled workers puts public sector employees in a strong bargaining position. The non-government human services sector is well aware of the impact of wages in competitor industries and is already having difficulty filling positions. The public service could soon find itself in a similar situation.

### **Revenue measures**

Overall, revenue is projected to be \$44,994m in 2007-08, a modest 1.1% increase from 2006-07 and a decrease in real terms (after adjusting for inflation).

The small level of revenue growth is the result of the NSW Government decisions to reduce taxation. The Treasurer announced a reduction in land tax from 1.7% to 1.6% which is projected to reduce revenue by \$110m in 2007-08 and \$467m over the next four years. Further revenue will be forgone from the abolition of stamp duties announced last year and arising from the Intergovernmental Agreement on the Reform of Commonwealth-State Financial Relations (IGA) on the following:

- hire of goods duty (from 1 July 2007);
- lease duty (1 January 2008);
- unquoted marketable securities duty (1 January 2009); and
- mortgage duty (1 September 2007).

The abolition of mortgage duty has been brought forward to 1 September 2007 from a phase out commencing on 1 January 2010 as announced in the 2006-07 budget.

The abolition of these duties and the reduction in land tax will incur a significant cost to the NSW Budget, \$343m in 2007-08 and around \$2.5 bill-ion in the four years to 2010-11. This is money that could be better spent on support for low-income and other disadvantaged people in NSW.

Revenue is also obtained from dividends and income tax equivalents from government trading enterprises. The electricity companies contribute the bulk of this income. Revenue from the government

owned electricity companies is expected decline from \$1.20 billion in 2006-07 to \$1.15 billion in 2007-08 but rise again to \$1.26 billion in 2010-11. This is paid through increases in electricity prices.

## Education and Training

There is an overall increase of 5.5% (3% real increase after CPI) in the Education Budget which now sits at around 23% of the total state allocation, compared to 28% for Health. This sees the budget rise from \$10,583m in 2006-07 to \$11,174.5m in 2007-08. Without access to the usual headline indicators in the Budget papers, it is difficult to determine how the funding relates to student numbers in either schools or TAFE.

NCOSS has welcomed the funding of a range of election commitments made in this area, although these have not necessarily reflected some of the priorities we have identified such as more ESL teachers, increased support to students with disabilities (including planning time and professional development for teachers), increased support for transition to high school programs specifically geared to Aboriginal students, and resource standards for schools that would recognise a needs base for funding.

Maintenance of school buildings remains an issue, as does the continued funding support of private schools at a time when public schools need a serious physical upgrade. Non-government schools will receive an extra \$40m bringing total funding to \$773m in 2007-08. This represents a 5.5% increase in funding.

The Department will introduce a \$65m Grants Assistance Scheme for non government school building works to replace the former Interest Subsidy Scheme. While the Minister claims that this will now target the funding better to the smaller fee charging private schools, it is still money that could have gone into the public system.

Election promises to receive funding in this budget include:

- “\$81.6 million over four years for the Literacy (*The Best Start*) initiative to introduce a consistent literacy and numeracy assessment to better guide the learning of all kindergarten students in public schools;
- \$38.8m (excluding depreciation) over four years for the *Connected Classrooms* initiative to significantly expand technology-based learning in government schools;
- \$22.1m over four years for the Support for Beginning Teachers initiative to enhance the quality and retention of permanent new teachers;
- \$11.5m over four years for the Transition to Year 7 initiative to provide support for students’ transition from primary to secondary schools; and
- \$7.8m (excluding depreciation) over four years for the School Sport initiative to promote and extend school sporting competitions and encourage students’ participation in physical activity.”

TAFE continues to be neglected despite an acknowledgment by the Government that we need to address the serious skills shortages in NSW. Without detailed information in the budget papers we cannot determine what the predictions for increased student places might be. The 2007-08 NSW Budget provides for an increase in expenditure of only \$55m to \$1,798m for TAFE and Related Services. This is an increase on last year’s budget allocation of about 3.2%, when inflation is predicted to be 2.5%, teacher pay is to go up 4% and growth in student hours of 2-3% is expected to be provided.

## Health

In 2007-08, total expenses are budgeted at \$112, 518.7m, an increase of 7.1% (4.6% in real terms) compared to 2006-07. In 2007-08, net cost of services are budgeted at \$10, 876,981m, an increase of 6.1% (3.6% in real terms) compared to 2006-07. Health spending now represents around 28% of the total State Budget.

The NSW Government is committed to its four year, \$2.4 billion capital works program with \$714m allocated in 2007-08, an increase of \$140.9m (22% in real terms) from 2006-07.

## **Rural and Regional Services**

\$56.7m has been allocated to continuing the next stage of the Governments Rural Hospital and Health Services Program.

The Government reannounced its \$62.4m allocation for capital works programs in regional NSW including the Queanbeyan, Bathurst and Orange Hospital redevelopments. The Bathurst Hospital redevelopment was announced in June 2006 and the Orange and

Queanbeyan hospital redevelopments were announced in February 2007.

## **Oral Health**

In 2006-07 the NSW Government announced \$40m expansion of funding over four years consisting of \$4m in 2006-07 and \$8 m in 2007-2008. The funding this year is a continuation of the Government's commitment from 2006-07.

- \$4m of this year's budget has been provided for a range of dental workforce and infrastructure initiatives including increasing the number of dental therapists and hygienists and expanding Rural Oral Health centres. No detail was provided on the location and makeup of the Rural Oral Health Centres.
- In addition, an extra \$4m was announced aimed at reducing waiting lists for children.
- Under capital programs, \$2m has been provided to the Oral Health Strategy for continuation of fluoridation in rural NSW and the refurbishment of dental clinics at Port Macquarie, Orange and Nepean.
- Within their Country and Coast Health Care Strategy, Labour promised \$1 million to establish major dental clinics at Orange and the Shoalhaven and replace 10 rural dental chairs. It is unclear where this promise (besides the Orange dental clinic) fits within the allocated budget.
- The total Oral Health Budget for 2007-08 is \$138m compared to \$130m for 2006-07. This is an increase of \$8m or 3.6% in real terms.

Although any expansion in funding for these services is more than welcome by NCOSS, this is way below the \$170m investment in public dental services that is needed to redress waiting lists, workforce shortages and limited services.

## **Ambulance Service Health Transport and the Isolated Patients Transport Accommodation Assistance Scheme (IPTAAS)**

The budget for the Ambulance Service has increased by \$20.7m to \$316.3m, an increase in real terms of 4.5%.

- 1 million has been provided for additional ambulance officers.
- No details were provided on funding for the Transport for Health Program or IPTAAS.

## **Integrated Health Care:**

### *GP Clinics*

This is a continuation of the Government's program begun in 1999. \$8m over 4 years aims to establish 12 additional after-hours GP clinics. Each clinic will be self-sustaining in 3 years. Clinics to finalise opening in 2007-08 are Shoalhaven, Dubbo (which were announced as close to completion in March 2007) and, Broken Hill Hospitals with a new clinic at Ryde Hospital.

### *HealthOne NSW*

This is a continuation of the Government's strategy announced in 2006-07. \$2.3m (\$12.2m over four years) to continue establishing one-stop shop primary and community health service called HealthOne. This year's rollout will see a HealthOne located in Corowa, Cootamundra, Molong, Rylstone and Manilla. These were originally announced in November 2006 with completion of the sites stated to take until 2009.

### *Healthy at Home*

\$18m over 4 years has been allocated over 4 years to assist the elderly to stay at home. For the first two years Healthy at Home will continue at the existing four pilot sites and in the next 2 years it will be expanded to all 8 Area Health services. Areas will need to progressively invest towards the strategy.

### **Mental Health**

The Mental Health Budget has increased by \$105m (8.6% in real terms) to \$1.050 billion.

This continues the Government's commitment under *NSW: A New Direction for Mental Health* announced in 2006-2007. \$358.4m was allocated under this strategy for the 2007-08 budget.

Two thirds of the Mental Health Budget increase (\$66.5m) has been allocated to improving mental health facilities.

Budget highlights were dominated by reannouncements and the Governments continuation of programs already committed to by the state under the COAG National Action Plan for Mental Health 2006-2011 and the states 5 year mental health plan, *NSW: A New Direction for Mental Health*.

Such reannouncements included:

- \$5m for HASI (\$625,000 for each area health service);
- \$1.5m for the expansion of NSW Family and Carer Mental Health Program;
- \$2m increase in Child and Adolescent Mental Health Services;
- \$2m for NGO infrastructure grants;
- \$5.4m for the Mental Health Telephone Access Line; and
- An enhancement of \$3.5m over four years was announced for *Families NSW for the Safe Start* program which provides psychosocial assessment and depression screening for pregnant and postnatal women.

### **Aboriginal Health**

Two new initiatives were announced although no further details about the programs are available.

- \$4.4m in 2007-08 for child and maternal health and \$2m in 2007-08 for chronic renal care;
- It is unclear if the \$2m for renal care forms part of the Governments additional \$3m to expand renal services or is separate money.

### **NGO services**

There is no breakdown in the budget of funding to NGO services. The 3.3% indexation has been allocated by NSW Health to NGOs for fully funded state NGOs. Further clarification is required from NSW Health regarding indexation for those NGOs who are both state and commonwealth funded.

### **Other commitments**

- \$3.2m (\$14.2m over 4 years) to establish the Statewide Eyesight Pre-schooler screening.
- The Government continued its' ongoing commitment to the *Australian Better Health Initiative* (announced in 2006-07):
  - \$6.5m over four years to support a national campaign aimed at promoting physical activity and healthy diet to reduce chronic disease;
  - \$83.7m over four years to reduce the burden of chronic disease through early intervention and self-management;
- The Cancer Institute will receive \$134.3m this year, an increase of 8.3m (4% increase in real terms) from 2006-07. This funding includes the expansion of Breastscreen services.

# Housing

Total funding for the Housing Policy and Assistance Program in 2007-08 is \$763.179m, compared to \$712.068m in 2006-07.

Despite this increased funding, the social housing system in NSW continues to contract in real terms with total dwelling numbers projected to increase by just 196 from 148,172 at June 2007 to 148,368 at June 2008. Within this total, public housing dwelling numbers continue to decline, offset by strong growth in community housing and only very modest increases in Aboriginal Housing and Crisis Accommodation.

## Affordable housing

The Budget includes just \$17.7m for affordable housing initiatives in 2007-08. This is in marked contrast to the generous tax cuts provided in the Budget to investors in housing through the reduction in the rate of land tax from 1.7% to 1.6% and the staged abolition of stamp duty on mortgages.

The Budget allocation includes the next instalment of the Debt Equity Affordable Housing program funded by the Rental Bond Board. At the time of writing the DOH was unable to provide a complete breakdown of the likely distribution of the \$17.7m.

In any event, it is clear that an allocation of this size will have little impact on the housing affordability crisis facing low to moderate income households in NSW.

NCOSS is extremely disappointed that we have yet to see the Affordable Housing Strategy promised by the Premier in 2005. To date all that the Government has announced are some extremely modest measures that DOH will take.

It remains the case that a comprehensive Affordable Housing Strategy is required, in line with the measures outlined by NCOSS in our state election platform. This must include provision for the planning system to make an increased contribution to the supply of affordable housing.

## Public housing

Total funding for public housing in 2007-08 is \$413.9m, compared to \$384.9 million in 2006-07. Within this total, the allocation for supply has decreased from \$266.7m to \$236m, while asset management spending increases from \$118.2m to \$177.9m.

Public housing received an extra \$25m in the budget as part of a 4 year program, announced in the 2005-06 Budget, to address the Department of Housing's working capital requirements. With earlier allocations of \$20m in 2005-06 and \$25m in 2006-07, this takes the cumulative extra funding to just \$70m of the promised \$190m. This means the State Government will need to provide an extra \$120m in 2008-09 if it is to meet its original commitment.

While the extra funding is welcome, public housing in NSW would be in a much better position if a greater proportion of the enhancement funding had been provided in this year's Budget.

With much public housing activity focused on redeveloping poor stock and addressing DOH's maintenance backlog and, with substantial stock transfers to community housing occurring, total public housing dwelling numbers are predicted to fall from 126,523 as at June 2007 to 125,274 in June 2008.

The Budget includes welcome funding to implement the four year *Building Stronger Communities Program* which was announced by the Premier in January 2007. The Program aims to revitalise 18 priority public housing estates in six major locations. Funding of \$21m has been allocated for Building Stronger Communities in 2007-08, as part of the promised total funding of \$66m over four years.

## Community housing

Total funding for community housing (including crisis accommodation) in 2007-08 is \$161.429m, compared to \$134.905m in 2006-07.

The Government has committed to more than double the size of the community housing sector to reach 30,000 dwellings within 10 years. In April 2007 the Minister Matt Brown released *NSW Planning for the Future*, the Government's draft five year strategy for community housing growth and sustainability.

NCOSS considers that some of the underlying assumptions about the source of this growth appear to be very optimistic.

Overall community housing dwelling numbers are predicted to increase from 14,199 as at June 2007 to 15,574 as at June 2008. This includes a predicted 966 stock transfers from public housing. While the proportion will fall slightly in 2007-08, it remains the case that more than a third of all community housing dwellings in NSW are leased stock.

### **Indigenous housing**

Total funding for the Aboriginal Housing Office in 2007-08 is \$62.847m, compared to \$68.161m in 2006-07. The reduction in funding reflects the end of the Aboriginal Communities Development Program, managed by the NSW Department of Aboriginal Affairs, which had a housing component.

The number of Aboriginal housing dwellings is predicted to increase only slightly from 5,979 in June 2007 to 6,009 in June 2008.

There is growing concern about the future prospects for indigenous housing in NSW as a result of foreshadowed policy changes by the Commonwealth Government. The Aboriginal Housing Office pools funds from a number of sources including the Aboriginal Rental Housing Program (a component of the CSHA) and the former ATSI Community Housing and Infrastructure Program (CHIP). The Commonwealth Government has announced that CHIP is to be abolished and replaced with a new Australian Remote Indigenous Accommodation (ARIA) Program which is focused entirely on remote communities. As only 7% of NSW Aboriginal people live in areas that the Commonwealth considers to be remote, NSW will be severely disadvantaged by this change.

The Commonwealth Minister Mal Brough has also made it clear that he does not believe that community organisations should be allowed to manage indigenous housing.

### **Other housing programs**

Funding for other housing programs totals \$124.984m in 2007-08 compared to \$124.067m in 2006-07. This category covers a diverse range of housing-related measures including RentStart for private tenants, Special Assistance Subsidies for people with a disability or HIV/AIDS, tenant participation programs, New Products and Services Initiatives and programs managed by the Centre for Affordable Housing.

## **Juvenile Justice**

Total expenses include:

- An extra \$9m on juvenile custodial accommodation to cope with rising number of young people in detention.
- \$4.4m under the Government Plan of Action on Drugs (previous announcement).
- \$400,000 for implementation of a 12 month trial of a Youth Conduct Orders Program which will restrict the behaviour and movement of juveniles charged with or guilty of anti-social behaviour. NCOSS does not support the principle of Youth Conduct Orders.
- \$900,000 for the introduction of a new Intensive Supervision Program to work with young offenders in a family setting. This was an election promise. NCOSS seeks further information on the details of this program and in particular how the punitive and rehabilitative aims of the program can co-exist.
- Capital expenditure is estimated at \$8.9m in 2007-08. NCOSS notes this includes the commencement of the construction of a new accommodation unit at Orana Juvenile Justice Centre in Dubbo.

## **Recent developments:**

### *More young people in detention, most on remand*

Total admissions have risen from 3,403 in 2003-04 to an estimated 4,220 in 2006-07. Numbers are expected to peak in 07-08 with a progressive decline thereafter "as the government's diversionary programs start to take effect".

NCOSS is disappointed the numbers are rising and expenditure is directed at increasing the capacity of the system, rather than prevention and early intervention strategies. NCOSS also notes with concern that 90% of young people in detention are on remand.

The rise in admissions will result in more money being spent on additional custodial units (additional recurrent funding amounting to \$9m in 2007-08 and \$7m per annum from 2008-09 to 2010-11, plus capital costs).

### *NCOSS notes the following strategic directions of the department*

- Implementation of Community Integration Project, which focuses on the most effective methods of managing young offenders in the community and in diverting juveniles from custody.
- Intensive Supervision Program will be piloted 2007-08. The pilots will occur in the Hunter and Western Sydney and are based on Canadian and New Zealand multidisciplinary team models. NCOSS would like more details on the logistics of this program and the nature of the supervision.
- A centralised Programs Unit will be established with a specific focus on programming for Aboriginal young people. NCOSS welcomes this initiative, but would like to see more detail such as time frames, financial commitments and how the unit would work
- Enhancement of the capacity of the youth justice conferences to identify the factors relating to the young offender's needs and the likelihood of re-offending. NCOSS supports the fulfilment of the election promise to extend young adult conferencing to all courts in NSW but notes that this is currently a pilot in two sites only and will not roll out until 2008-09.
- Focus on services and programs for young Aboriginal offenders and young offenders with mental health problems. NCOSS welcomes this initiative but would like to see more detail such as time frames, financial commitments and how the programs would work. NCOSS would also like to see specific initiatives targeting juvenile offenders with care and protection orders, 91% of whom move into the adult system.

# **Law and Justice**

## **Attorney General's Department**

There is no line item detail in the budget papers. The following analysis is based on text in the budget papers.

The commentary includes a cross reference to election promises and other previous announcements.

Domestic violence services funded by AGs are included in this analysis, others area within DoCS (though they will soon transfer to Premiers Department).

In 2007-08, total expenses are budgeted at \$716.2 million, an increase of 9.6% (7.1% in real terms) compared to 2006-07.

However these increases are largely due to accounting changes, rather than significant increases to programs and services. (This increase is mainly due to the expenses of the Crown Solicitor's Office accounts, and the employee related expenses of the Office of the Protective Commissioner and Public Guardian, the Public Trustee NSW and the Legal Profession Admission Board being reported in the 2007-08 estimates for the first time, reflecting changes in annual report requirements)].

Net cost of services fell by \$4.9m against last years budget (0.9%, 3.4% in real terms).

NCOSS welcomes the following specific increases in the 2007-08 Budget:

- \$300,000 to continue programs to reduce the representation of Aboriginal people in legal processes, particularly through mediation and diversionary programs and the further extension of Circle Sentencing Courts (election commitment).
- Continuation of trial of conferencing for young adult offenders at Tweed Heads and Liverpool Local Courts. The program enables some young adult offenders (18 to 24 years old) to participate in a conference with victims of crime, support people and other relevant people prior to, or as part of, sentencing. NCOSS welcomes the commitment that this program will be rolled out across the state in 2008-09.

### **Legal Aid Commission**

Net cost of services are projected to increase by \$2.5m (2.9% increase, 0.4% in real terms).

Total expenses are projected at \$186.6m in 2007-08, an increase of 9.5% on 2006-

07. (7% in real terms). This is mainly due to additional funding of \$9.4m from the *Public Purpose Fund*.

This PPF money will be used to :

- Increase the hourly rate paid to private legal practitioners who undertake work on behalf of the Commission. These rates remain significantly below commercial rates for similar work;
- Expand the Commission's means test which will enable more socially and economically disadvantaged people to have access to legal aid; and
- Pilot a Regional Solicitors Scheme that will enhance the services available to people with a legal need in regional and rural locations.

NCOSS supports these activities, noting the transfer of these funds from the Public Purpose Fund. This trend of using funds from previously quarantined funds to fund activities previously paid for by Consolidated Revenue is increasing. Note for example the use of \$8m from the Rental Bond Board (interest on tenant's bonds) to fund affordable housing, and also funds from the Rental Bond Board being used to fund additional financial counsellors.

NCOSS notes that the Legal Aid Commission has expanded its services as a result of changes in Government policy including:

- The costs of representing people accused of terrorism offences;
- The significant growth in numbers of self represented litigants;
- The continued impact of increased resources committed by the Department of Community Services to investigation and litigation of cases involving the care and protection of children.

Other factors influencing the Commission's spending include:

- The implementation of the Commission's rural strategy to enhance access to its services in regional and remote areas of NSW. For example, the Co-operative Legal Service Delivery Program. This Program is now operating in four regional areas and there are plans to expand it to an additional four regions over the next two years;
- A significant expansion of the Commission's civil law practice.

Both of these are welcome.

NCOSS also notes that the Legal Aid Criminal Law Program has been allocated:

- \$400,000 to support the ongoing operation of the NSW Drug Court (existing commitment, NCOSS welcomes);
- \$100,000 million for legal services for young people participating in a 12 month pilot program of Youth Conduct Orders addressing youth anti-social behaviour. NCOSS does not support the principle of Youth Conduct Orders, but recognises that they will impact upon the Legal Aid budget.

## **Domestic Violence** (See Also *Community Services and Health*)

NCOSS welcomes the following specific increases in the 2007-08 Budget:

- \$2.1m recurrent funding to continue the Domestic Violence Court Intervention Model at Wagga Wagga and Campbelltown (election commitment);
- Roll out of remote witness facilities in NSW Courts will continue over the next four years. NCOSS understand the capital cost is \$4.9m. These remote witness facilities allow domestic violence victims to give evidence in court protected by a screen or video link, reducing the trauma and distress of testifying in the presence of the accused.

NCOSS also notes that the Legal Aid Commission is undertaking a review of its services in relation to domestic violence in alignment with Government priorities. NCOSS is seeking further clarification as to the scope and timeline of this review.

There was an election commitment to expand the DV Court Assistance Scheme by changes to the funding formula plus establishing five new locations. There is no detail in the budget papers on this initiative which were originally costed at \$2.54m in 06-07 dollars. The budget summary indicates that no additional money will flow until 2009-10. NCOSS is seeking clarification on exact figures for DVCAS through the Budget Estimates Committee.

### **Big disappointments**

#### *Aboriginal child sexual assault taskforce*

The DOCS commentary indicates that departments will implement the recommendations of the report , *"Breaking the Silence: Creating the Future. Addressing child sexual assault in Aboriginal communities in NSW"* (2006), however there are no dollars attached. NCOSS is highly critical of this approach.

#### *Comprehensive DV services*

There is still no commitment to the establishment of a 24 hour, seven days a week domestic violence multi-agency project.

### **SAAP**

SAAP services in NSW continue to feel the impact of the Commonwealth-State SAAP V agreement that was signed in September 2005. That agreement made no provision for an increase in core program funding over five years, other than for indexation.

The SAAP budget for 2007-08 is \$117.18m, compared to \$113.783m in 2006-07. This represents no change in real terms.

Owing to different approaches to indexation by the Commonwealth and NSW Governments, SAAP services will only receive indexation of 2.75% in 2007-08. This comprises 3.3% indexation of the NSW half share of the program's funding and just under 2.2% indexation of the Commonwealth share.

## **Transport**

### **Transport Services**

The 2007-08 State Budget, sees a reduction in allocation for the Ministry of Transport, down from \$3.43 billion to \$3.34 billion, a real reduction of 5.2%. The budget papers and the briefing attended by NCOSS explained that this variation was a result of the shift from grants for rail infrastructure projects to borrowing. For the last two years, funding for the Ministry of Transport administered public transport services has exceeded the allocation for the roads program in NSW; 2007-08 will see the end of this trend (the RTA has been allocated \$3.6 billion in this budget).

## **Rail**

The budget papers reveal some significant variations in funding for rail services and capital for the 2007-08 year. Where some \$2.4 billion was allocated in 2006-07 for capital and services, funding in 2007-08 is stated to be "nearly \$2 billion" a real reduction in expenditure of 19%. As stated above, the shift from grants to borrowing for Railcorp capital expenditure would explain part of this reduction in allocation.

Another anomaly is the funding for Cityrail and Countrylink services: the allocation for Railcorp passenger services has remained stagnant at \$1.5bn in 2007-08, or a real reduction in allocation of 2.5%. Budget details remain sketchy in the rail area, and mean that the budget papers must be interpreted with care.

NCOSS has been unable to gain any information on the specific allocation for Countrylink services in 2007-08. There are continuing allocations for rolling stock and infrastructure upgrades: for example, \$12.5m has been allocated for XPT and Endeavour car upgrades.

Easy access rail station upgrades will commence at Lindfield, Newtown and St James stations.

## **Bus Services**

The allocation for STA metropolitan bus services has increased by approximately 5.2% (or 2.7% real), taking the 2007-08 total investment to \$281.3m. STA will purchase 134 new buses in 2007-08.

The Budget Papers report on the planned allocation for metropolitan privately operated bus services. In 2007-08, these operators will receive \$178.1m. There will be 50 new buses for these operators in 2007-08.

There appears to have been a reduction in the allocation for outer metropolitan and regional privately operated bus services in NSW, with the allocation for these services reduced from \$383.2m in 2006-07 to approximately \$360m (a real decrease of 9%). This may reflect the effect of the new contracting system for outer metropolitan providers (including better accountability around payments for the School Subsidy Transport Scheme), but NCOSS will request confirmation from the Ministry of Transport that the decline in expenditure will not effect service provision over the coming year.

It is important to note that rail infrastructure upgrades and maintenance aside, there has not been any new allocations for additional services in rural and regional NSW reported in the budget papers. Rural bus reform has commenced, although no firm indication has been provided on when service improvements might occur, and what budget government intends to allow for to ensure that there are more affordable and appropriate services in these areas.

## **Sydney Ferries**

Sydney Ferries have again received a substantial injection of funds for services in 2007-08, with the operator receiving a 33% increase in funding to (\$60.2m) for services. No detail is provided on why this injection of funds was required, or how increase relates to the pending outcomes of the Special Commission of Inquiry into Sydney Ferries.

## **Parking Space Levy**

The Parking Space Levy (PSL) is a NSW Government revenue measure aimed at decreasing the use of private motor vehicles in busy urban districts.

No information is provided in the budget papers on revenue derived from the fund in 2007-08, but there is a continuing allocation for bus stations on the North West Transitway, and new funding for interchanges at Hurstville, Macarthur, Morisset and Windsor that are derived from this fund.

## **Community Transport**

There has once again been very healthy growth in the allocation for community transport services funded through the Home and Community Care (HACC) which has grown from \$26.2m to \$29.5m a real increase of approximately 10%. This is a sign that the high levels of unmet need for community transport services has been fed through HACC regional planning processes, and the increases will lead to real improvements in the delivery of services.

Unfortunately, in real terms, funding for other community transport programs remains stagnant. Although both the Community Transport Program (CTP) and Area Assistance Scheme (AAS) have

received indexation, the failure of government to grow more flexible community transport funding means that there is significant unmet need in the community transport area for people who are not eligible for HACC services, but face transport disadvantage.

### **Taxi Transport Subsidy Scheme (TTSS)**

The TTSS provides subsidised taxi transport to people with disability. TTS is an entitlement scheme for those who are eligible, so funding allocations for the scheme through the budget process will not necessarily shape demand. Nevertheless it is a positive sign that the NSW Government acknowledges growing demand in this area through increased allocations – in 2007-08 there is a real increase in allocation for this Scheme of approximately 10%.