



The NSW Budget 2012-13: Building houses but not building fairness

by Alison Peters

In handing down the O'Farrell Government's second budget on 12 June, The Treasurer, Mike Baird said: "We must take our medicine today, if we're to be healthy tomorrow."

For NCOSS this was an interesting metaphor for two reasons. Firstly, for most of our almost eighty years we have been advocating for prevention (and early intervention) over a cure. Secondly, NCOSS takes a social determinants approach which says that health is determined by a range of societal factors that need to be taken into account if we are to improve our health overall. On that analysis, NCOSS would have to say that this year's budget puts too much emphasis on treatment at the expense of investing in the things that will build strong foundations for the overall health of NSW.

Many of the Budget's main features had been announced or "leaked" in the days leading up to its formal release and so there was little surprise about the focus on infrastructure or cuts to the public sector. Despite initial relief that there were no upfront cuts to funding important sector programs for vulnerable and disadvantaged people and communities, this was short lived with the realisation that further cuts were to be determined within agencies over the coming year.

The Budget Papers identified four key policy priorities:

- Development of productive infrastructure
- A housing acceleration package
- Support and opportunities for vulnerable community members
- High quality health, education and transport services

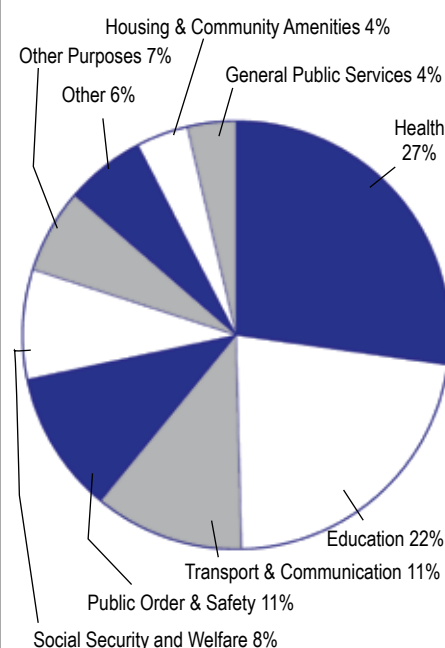
These align with the Government's State Plan, NSW 2021 priorities and are to be expected.

"...the question for NCOSS is whether these saving measures are fair for low income and vulnerable people."

However, the Budget's overall themes reflected two of the Government's oft stated priorities of fiscal responsibility and improving infrastructure. The Budget set out that while revenue growth has slowed substantially and is not expected to improve until 2013-14, there has been a significant slowing in the growth of expenses. This means that while there is a projected deficit for 2012-13 this curtailing of expenses together with a growth in revenue will lead to surpluses from 2013-14. Government agencies are expected to make further cuts and savings to meet the targets set in the Budget.

While this saw much praise from many economic commentators the question for NCOSS is whether these saving measures are fair for low income and vulnerable people.

Chart: Total Expenses by Policy Area



NCOSS is also seeking some understanding from Government about how such decisions will be made and how the sector can be involved in this process to ensure the impact on low income and vulnerable people and communities can be mitigated.

The Budget also had a heavy emphasis on infrastructure. NCOSS would argue that the focus was very much on "housing" not homes, buyers not renters and the historical bias in favour

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Table: Projected Budget Position

	2012-13	2013-14	2014-15	2015-16
Revenue (\$m)	59,727	62,636	64,916	68,074
Expenses (\$m)	60,552	62,347	64,353	66,902
Budget result (\$m)	(824)	289	562	1,172
Last year's Budget Forecast	292	156	152	

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NCOSS Analysis of the 2012-13 NSW State Budget

The 2012-13 NSW State Budget was handed down on 13 June 2012 by Treasurer Mike Baird. The NCOSS Policy Team worked initially at NSW Parliament House as the Budget was delivered and attended departmental briefings and, having analysed the available budget information, have put together the following breakdown of the human services related spending.

■ Attorney General and Justice

In the 2011-12 budget the inclusion of Correctional Services and Juvenile Justice made comparison with previous years difficult. This is not a problem this year. The total budget for 2012-13 is \$5,756.5m, this includes both the Expenses and Capital Expenditure budgets and is an increase of 0.7% before inflation. Taking into account the Budget's inflation figure of 2.5% this is actually a decrease of 1.9% or a loss of \$105m.

The forecast expenses show a slight increase of 0.4% (ie \$20.7m) however after inflation it is actually a decrease of 2.1% or in real terms a drop of \$138.9m from the total expenses budget. Taking into account inflation, this translates in most cases as small increases or decreases of between $\pm 5\%$.

The largest decrease was to Crime Prevention and Community Services (-7.1% after inflation) which amongst other things develops programs to prevent crime and reduce re-offending as well as reduce Aboriginal involvement in criminal justice processes. In real terms this is a reduction of \$8.5m.

The budget has allocated \$66.2m for nine key initiatives or budget highlights. Of these \$41.2m are for physical and systems infrastructure improvements including:

- \$28m to continue upgrading courts across the state
- \$4.2m over two years to replace the current jury service system

An additional \$20m is for core legal services provided by the Crown Solicitor's Office.

Of the remaining \$5.2m, there are two budget highlights which aim to improve people's lives. These are:

- \$2m to fund the new Intensive Drug and Alcohol Treatment Program at the John Morony Correctional Complex with a further \$1m committed for related court-based activities in the second metropolitan Drug Court at the Downing Centre.
- \$1.2m to increase the number of full-time Intensive Learning Centres for inmates. The objective of the Centres is to significantly reduce the risks of re-offending by improving education outcomes.

However both of these highlights appear to be part of the \$21.3m recurrent four year funding announced

in the 2011-12 budget. So while these programs fall within the NCOSS budget priority *Rehabilitation Programs within Prisons* outlined in the 2012-13 Pre-Budget Submission and would appear to be a positive outcome, they do not appear to reflect additional funding and nor have they made a noticeable impact on the budget for the Offenders Program which has been reduced by 3.4% (after inflation) or \$5.5m.

NCOSS identified another four areas in our Pre-Budget Submission where budgetary measures could enhance the vulnerable and disadvantaged, none of which were reflected in the budget and included increased funding for Community Partnerships (ie Community Legal Centres and the Women's Domestic Violence Court Program). For the second year in a row there has been a reduction in the combined funding for Community Legal Centres and the Women's Domestic Violence Court Program. The actual reduction is \$1.978m or 7.1% of the combined budget.

Amanda Smithers

■ Family and Community Services

■ Aboriginal Housing Office

The budget papers indicate that funding to the Aboriginal Housing Office (AHO) will reduce from \$122.9m in 2011-12 to \$110.7m in 2012-13, a fall of 10%.

The Build and Grow Strategy for Aboriginal community housing has been allocated \$37.9m for repairs and maintenance, recurrent subsidies and other reform measures. This is down from \$49m in 2011-12.

Funding for new housing supply totals \$37.4m, including 35 Commonwealth funded homes in remote areas and six new homes for employment and training related housing.

Warren Gardiner

■ Ageing, Disability and Home Care

Ageing Grants Program

The Ageing Grants Program has once again received no increase, but has been maintained at \$6m for 2012-13. Funding for projects and programs related to ageing will likely be announced

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of roads over rail continues. NCOSS is concerned that there is a focus on providing support for home purchasers rather than people in the private rental market who are struggling with unaffordable housing costs.

The focus on infrastructure can be viewed as a way to keep construction and related workers in jobs and this is not a bad thing. However, other areas for investment were needed but not addressed. NCOSS was looking for increased investment in early intervention programs for children, young people and families. These programs are essential if the

Government is to meet its target of reducing the numbers of children in out of home care (OOHC). Other areas long overdue for additional investment such as dental services also missed out.

NCOSS was also concerned to see cuts to TAFE and Vocational Education and Training (VET) as these are services and programs that help people build skills to get and keep a job. If the Government wants NSW to have a strong economy then such programs are essential.

NCOSS will continue to advocate that the NSW Government commit the same attention and resourcing to programs and services that build social infrastructure as they have shown for physical and economic infrastructure in this Budget. This is required if we are to have a strong, robust and fair NSW.

along with the announcement of the NSW whole-of-government Ageing Strategy in July. NCOSS advocated for \$8.8 million in funding for advocacy, legal services, projects and improved access to the Seniors Card for Aboriginal and Torres Strait Islander people in our Pre-Budget Submission, *Making NSW #1 for Fairness*. These enhancements to existing services need to be implemented in order to address unmet need and to grow community infrastructure to support positive ageing in NSW.

Home and Community Care

Funding for the Home and Community Care (HACC) Program, which provides in-home and community based support to frail older people, people with disability and their carers, is being delivered quite differently from 2012-13 than in previous years. From 1 July 2012 the Commonwealth Government will have all funding and administrative responsibility for HACC services for non-Aboriginal people over 65 and Aboriginal and Torres Strait Islander people over 50 (65/50), and the carers of these individuals. Where the Commonwealth Government previously provided payments to State and Territory Governments for HACC services, it will now contract directly with service providers. Over \$450m in HACC funding therefore no longer appears in the NSW Budget.

The NSW Government allocation for 2012-13 for HACC services for people under 65/50 and their carers is \$231.6m. This includes growth funding of \$12.9m. Minus CPI, this amounts to an increase of around 3.5% on the previous year's funding. While this increase is welcome, it falls short of the considerable enhancement that community care services require in order to address unmet need.

Funding agreements between HACC service providers and both ADHC and the Commonwealth Department of Health and Ageing (DoHA) are currently under negotiation. Government agencies therefore do not have a breakdown of HACC funding allocations for the Home Care Service of NSW, Ministry of Health, or NGOs. HACC funding being delivered through Transport for NSW amounts to around \$47.7m for 2012-13. Unlike other HACC providers, HACC transport providers will maintain a single contract with the State Government.

The Commonwealth component of funding for the Home Care Service of NSW, while yet to be finalised, will



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"While this increase is welcome, it falls short of the considerable enhancement that community care services require."

amount to over \$100m. Along with State Government contributions, the total budget for the Home Care Service will be some \$230m, and it is projected that the Home Care Service will operate at a loss.

Although the commitment by the Council of Australian Governments (COAG) in the National Health Reform Agreement 2011 was for no significant change to HACC services until 1 July 2015, some changes that will occur in 2012-13 were set in motion prior to that agreement:

- Home modification services will be subject to new policies and arrangements, including a new state-wide fee policy, and further changes to the model of service.
- Access to community care services in the Central Coast will be delivered through the Community Care Access Point, which has been operating for the Hunter region since 2008.
- A pilot of person centred packages for people with younger onset dementia will commence, offering HACC services in quite a different way than they have previously been delivered.

The Commonwealth Government's aged care reform package gave considerable indications about how the HACC program will be transformed after 1 July 2015. HACC will be amalgamated with the National Respite for Carers program, the Assistance with Care and Housing for the Aged

program, and Day Therapy Centres into the Home Support Program. Further changes are subject to review and inquiry processes.

However, the NSW Government has not yet made any firm decisions about arrangements for basic in-home support services for younger people with disability beyond 2015. NCOSS will continue to advocate for person centred approaches to be applied for basic community care services for people with disability over the coming year.

Rashmi Kumar

■ Disability

The entire Ageing, Disability and Home Care ADHC Agency budget is \$2.7bn, an increase of 9% on last year.

Stronger Together 2 is the second phase of the 2006-16 plan for the expansion of services to support people with disability in NSW and is fully funded and included in the forward estimates until 2016.

The 2012-13 Budget provides the largest planned increase of \$178.2m, in the whole second five year phase. Minister Constance asserts that the sustainability of spending under *Stronger Together* relies on the introduction of a National Disability Insurance Scheme (NDIS) to continue to provide necessary supports to people with disability into the future.

The 2012 Budget continues the \$10m allocation over 5 years, additional to *Stronger Together*, to provide a payroll tax rebate (\$4000 each) to any employer providing a permanent job for someone with disability coming out of ADHC's Transition to Work Program. No rebates have been claimed in the first year so NCOSS urges a comprehensive communication strategy to inform and encourage prospective employers.

A further \$5m has been allocated in 2012-13 for the establishment of a Social Impact Bond.

This year continues preparations for the important provision of individualised portable funding arrangements for people with disability. *Stronger Together 2* provides that anyone receiving disability services can convert them into an individual and portable funding arrangement from 1 July 2014. The second round Living Life My Way consultations, which will shape the implementation of the person centred plans for the new funding arrangements, finishes at the end of June/early July.

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Highlights of *Stronger Together* 2 for 2012-13 are 9,125 new places including:

- 530 supported accommodation places including 100 Supported Living Packages
- 630 places for school leavers with disability in the Community Participation & Transition to Work Programs
- 70 Aboriginal and family intensive support packages
- 300 Community Engagement places for adults with disability
- 860 places on Flexible Respite options
- 55 attendant care places
- 710 opportunities for skills development in children and young people
- 6,770 new short term intervention places including 3,900 decision support "places" for people with disability

NCOSS calculates that the decision support places refer to the number of Tier 2 people to be assisted by the soon to be established Ability Links Coordinators NSW in the first year. These places are aimed at people with disability requiring assistance but not in receipt of disability services in this year.

The 2012-13 ADHC Budget contains \$148.5m for capital works, including \$58.2m on new accommodation places; \$60.8m on improvements in government operated large residential centres; \$8.8m to progressively close NGO large residential centres and develop contemporary accommodation models.

The 2011-12 Budget announced \$3.1m for peaks, advocacy and information services but this was later channelled to other purposes and did not expand the peaks program or advocacy and information programs as promised. NCOSS recommended an allocation of \$6m in 2012-13 in our Pre-Budget Submission to provide essential independent advocacy, independent information and capacity building for people with disability and families towards exercising choice and control in individualised arrangements. NCOSS has no information on any allocations to independent advocacy, independent information or capacity building in this Budget.

Further, NCOSS is concerned that from 1 July 2014, there may not be funding equity among people now using disability services who want

to convert into an individualised funding arrangement. The amount of individualised funding a person can convert depends on the level of service that person receives. But the level of service a person with disability receives can depend on where they live, who they are, what program they originally entered and how old they are. This has been characterised in the past as the disability lottery. In the NCOSS Pre-Budget Submission, NCOSS recommended an initial allocation of \$11.6m for equity adjustments for people in day programs with other program types to be reviewed and similar equity adjustment allocations made in advance of the 1 July 2014 deadline. The 2012-13 appears to give no consideration to funding fairness among people with disability at this stage.

"No rebates have been claimed in the first year so NCOSS urges a comprehensive communication strategy to inform and encourage prospective employers."

NCOSS welcomes the *Stronger Together* 2 spending to extend supports for people with disability. NCOSS remains concerned at the slow pace of growth of supported accommodation for people now living in the community. The Pre-Budget Submission recommended an increase in 2012-13 of \$25m for an immediate expansion of supported accommodation for people with disability now living in the community, including staged increases for a further five years. The Budget appears to contain no accelerated allocations to supported accommodation.

The National Disability Agreement shows an increase of 8.4% over 2011-12 overall, including the Commonwealth contribution. The 2012-13 ADHC Budget provides \$2,237.1m with \$416.4m (or 18.1%) from the Australian Government.

The NSW Budget Papers renew the NSW Government commitment to the development of a National

Disability Insurance Scheme NDIS and to engaging in constructive dialogue towards its introduction on the understanding that the Australian Government is best placed to finance the entire costs of an NDIS. Minister Constance has nominated two possible NDIS launch sites in NSW, Hunter and Western Sydney, but warns that NSW will not disadvantage people with disability in NSW to meet Commonwealth criteria to win these sites. NSW will continue to negotiate however on the NDIS and to provide its increasing share of disability spending to support people with disability.

There appears to be no new allocations to EnableNSW for important expansions to the provision of equipment and assistive technology in the areas of mobility, self care, communication, and respiratory support. Informed by the Assistive Technology Community Alliance NSW (formerly the PADP Community Alliance) NCOSS recommended an allocation increase of \$24m in 2012-13 rising to a total budget of 100m by 2016-17 to meet eligible population forecasts.

Christine Regan

■ Community Services

The Community Services budget has been reconfigured this year, making comparisons with previous years difficult. However, NCOSS analysis indicates that there have been some significant changes to the budget in 2012-13 compared to 2011-12.

The budget contains four main program areas of Community Development and Support, Child, Youth and Family Prevention and Early Intervention, Statutory Child Protection and Out-of-Home care (see table below).

Community Development and Support

The appearance of a dramatic cut in Community Development and Support is the result of the move of responsibility of Specialist Homelessness Services from Community Services to Housing NSW.

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Table: Community Services main program areas

Program	2011-12 Budget \$m	2011-12 Revised \$m	2012-13 Budget \$m
Community Development & Support	283.4	297.9	141.2
Prevention & Early Intervention	168.6	150.9	131.2
Statutory Child Protection	424.8	410.3	411.6
Out-of-Home Care	700.3	753.1	723.0

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As a result \$134m of the apparent reduction is merely an accounting exercise.

Key programs within Community Development and Support include Community Builders (\$49m), Families NSW (\$25m), and the Aboriginal Child, Youth and Family Strategy (\$4m). In our 2012-13 Pre-Budget Submission NCOSS called for increases in each of these programs. No increases have been forthcoming.

Prevention and Early Intervention

Again the initial impression of significant cuts reflects moves of programs within the budget papers. In this instance the changes to the *Brighter Futures* Program implemented from January 2012 has moved \$40m from Prevention and Prevention Services to Statutory Child Protection for Strengthening Families. However, \$48m has been transferred into Prevention and Early Intervention from Statutory Child Protection. Given these changes there is expected to be a reduction in spending on Prevention and Early Intervention of around \$27m compared to 2011-12.

Key Programs in Prevention and Early Intervention include *Brighter Futures* (\$67m) and Child, Youth and Family Services (\$42m). The Pre-Budget Submission called for an increase in Child, Youth and Family Services.

There is also \$10m for a new program for innovative early intervention for vulnerable 9 to 15 year olds.

Statutory Child Protection

In contrast, the appearance of no change in Statutory Child Protection may mask a significant cut in expenditure. As previously mentioned, \$40m has been added to the Statutory Child Protection for the Strengthening Families Program with \$48m being switched to prevention and early intervention. These changes with some programs ending has meant that total spending on Statutory Child Protection is expected to be virtually unchanged in 2012-13 from 2011-12.

Out-of-home care

The Out-of-Home Care budget remains the largest component of the Community Services budget with \$723m allocated in 2012-13. The Government will continue the staged transfer of Out-of-Home care to non-government sector and is providing \$11m to assist in the transfer.

The budget papers indicate a fall in the number of children and young people in out-of-home care of around 500. Over the past few years there has been a steady increase in the Out-of-Home care numbers. To achieve such a turn around would be a significant achievement. NCOSS believes that these targets are ambitious, especially without additional funding to prevention and early intervention services.

Dev Mukherjee

"NCOSS believes that these targets are ambitious, especially without additional funding to prevention and early intervention services."

■ Department of Education and Communities

The budget for the Department of Education and Communities is one of the largest of the NSW Departments, with total recurrent expenditure budgeted at \$14.2bn. The \$466m increase on the 2011-12 budget is very small and it shows in further analysis.

Department-wide there are minimal increases overall, most below indexation and some actual reductions in allocation. Just so we cannot say it is all disappointing, there are a few specific increases for small cost initiatives in each portfolio and modest levels of capital funds have been found.

Primary and Secondary Schools

NSW primary and secondary schools have had very small increases that will not cover the increased cost of doing business, which is actually a decrease in funding, while trying not to look like it is.

Some of the smaller projects to receive some additional funds include:

- \$47m for the Assisted School Travel Program
- \$26m for the Literacy and Numeracy Action Plan (the State component of this Commonwealth initiative)
- \$21m for school maintenance.

The increase in funds of 4.6% for non-government schools will take them above the suggested 2.6% indexation figure.

There is also a reduction in capital expenditure for primary and secondary schools due to the reduction in the Commonwealth Government's Building the Education Revolution program.

TAFE and VET

The TAFE sector was not given any encouragement, with a slight reduction in their budget, again made greater with no increase for indexation. The only support from the government was a small allocation to allow some mentoring for women who were training in non-traditional roles. VET was even worse off with an overall reduction of 6.4%. Comment was made that this will not help with the lack of skilled workers in trades across the board.

Citizenship and Communities

The Citizenship and Communities service group is a small arm of this Department, with a forecast budget of \$80,669m. The two notable increases were \$81m for Working with Children Checks and the OOHC Accreditation Scheme, which are both about regulation and accountability. Communities may be happy with \$47m in Community Building Partnerships for community infrastructure.

The other expenditure of note is Sport and Recreation receiving \$100m for Sydney Cricket Ground.

Aboriginal Affairs

One of the most disappointing reductions in this budget is the small but significant 10% drop in support for Aboriginal cultural programs.

Faye Williams

Children's Services

The NSW Government announced a \$98m increase in the Early Education and Care Budget for 2012-13. This is a real and significant increase on the 2011-12 budget of around 33%. This increase would include the Commonwealth Government's provision an additional \$55 million to the NSW Government under the National Partnership Agreement for universal access to a preschool program.

In 2011-12, the Department underspent their full allocation on early education and care by \$40m. NCOSS has sought clarification from the Department of Education and Communities as to why the budget was not fully spent and whether this money is being reallocated to the 2012-13 budget which would account (along with the extra Commonwealth money) for the additional allocation.

NCOSS requested the NSW Government to ensure that low income families would have access to a preschool program for free in

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our 2012-13 Pre-Budget Submission. NCOSS is waiting on the outcome from the independent Review of NSW Government funding for early childhood education with expectation that the review report would have considered how best to ensure low-income and other disadvantaged families can access a preschool program for their children.

Dev Mukherjee

■ Homelessness

The 2012-13 budget saw the consolidation of FaCS homelessness programs within the Housing Policy and Assistance Program budget.

The Specialist Homelessness Services program (formerly known as SAAP) has been allocated \$134m in 2012-13, compared to \$131m in 2011-12 when it was in the Community Services part of the budget.

Funding under the separate COAG NP on Homelessness is estimated to be \$37.1m plus \$13.3m for *A Place to Call Home*. There were underspends of Commonwealth funds for earlier years of the COAG NP and we are awaiting an announcement from the Commonwealth Minister on how these funds can be used.

The existing COAG NP ends on 30 June 2013 and there has been no agreement to date that either the Commonwealth or NSW Government will maintain their investment in new services funded under the Agreement. NCOSS and the other members of the Homelessness Community Alliance will be pursuing this matter with both governments.

Minister Goward confirmed at the F&CS budget briefing that the Government planned to develop a reform agenda for homelessness services, in partnership with the sector, over the coming months.

■ Housing NSW

Analysing the 2012-13 housing budget presents particular difficulties because of changes in responsibilities within the NSW Government, and because of the paucity of information provided in the budget papers and departmental briefing material.

The change of responsibilities involve the transfer of the NSW Land & Housing Corporation, the owner of the state's public housing assets, to the Department of Finance and Services, and the consolidation of FaCS

homelessness funding programs within Housing NSW, whereas they were previously split between Housing and Community Services.

These changes make it difficult to make like-with-like comparisons with 2011-12. We will be seeking more detailed information from the Department to give us and the sector a fuller appreciation of the real picture.

"Getting adequate and timely main-tenance work carried out on existing public housing properties remains a major concern of tenants."

Mainstream social and affordable housing

The budget papers suggested that the overall allocation to the Housing Policy and Assistance program within F&CS experienced a healthy funding increase from \$801.4m in 2011-12 to \$888.7m in 2012-13. NCOSS calculations suggest that on a comparing like-with-like basis the change in the HP&A budget was from \$856.3m in 2011-12 to \$888.7m in 2012-13, or little change in real terms. (Our calculations, which are subject to confirmation, are based on including Specialist Homelessness Services in the budget for both years and excluding for both years functions that were transferred in 2011 to Finance and Services).

In our PBS NCOSS had sought a formal Commonwealth/state plan to expand the supply of social and affordable housing in NSW over the next four years. To date neither the Commonwealth nor the NSW Government have agreed to do so. As a result low to moderate income households continue to face restricted access and high housing costs in the private rental market.

The housing and development industries were more successful in lobbying Treasury for new measures to try to stimulate new construction in the home purchase market. First home buyers lucky enough to be able to afford to buy a brand new dwelling will now get increased cash assistance, while previous stamp duty concessions to investors and purchasers trading down are withdrawn, partially replaced by a \$5,000 handout to anyone buying a new dwelling under \$650,000. These changes appear to be more or less budget neutral as they involve substantial losers (particularly first home purchasers

of an established property) as well as winners.

Capital expenditure by the Land & Housing Corporation (now in Finance & Services) for new supply is \$61.3 m for new works and \$69.7 m for works in progress. Despite this the budget papers predict that the total supply of social housing will remain static at 141,000 dwellings. By comparison spending on asset improvement for existing properties is far more substantial at \$194.5m; this presumably includes estate redevelopments currently underway.

Getting adequate and timely maintenance work carried out on existing public housing properties remains a major concern of tenants. This work is funded out of the Land and Housing Corporation's rental income and has been allocated \$210.2m in 2012-13.

The number of properties available for rental under the National Rental Affordability Scheme (NRAS) is projected to increase from 1,557 to 2,213. This reflects the rollout of previously announced projects.

It was notable that a number of policy decisions with a clear budget impact were not announced until later in budget week, separate from the budget lock up and sector briefing. These decisions include:

- The announcement that carbon tax compensation payments to pensioners will be assessed as income for rental purposes from March 2013,
- Measures to tighten access to the Private Rental Subsidy program for people with disabilities and HIV / AIDS from July 2012, with some entitlements of existing recipients being grandfathered. This follows already introduced moves to shift RentStart from a grant to a loan scheme and to contain the growth in spending on Temporary Assistance for homeless people, and
- The termination of a little used lending program for home purchasers experiencing temporary difficulty in meeting their mortgage payments.

While welcoming the continuation of funding for the regional Tenant Participation Resource services and the existing Housing Communities community development projects until June 2013, at a total cost of \$2.4m, we have been advised that the future of these two programs within the broader Family & Community Services cluster is to be reviewed this calendar year.

Warren Gardiner

■ Health

Overview

The 2012-13 health budget is up 5.4% from the previous year to \$18.3bn. This modest funding increase in the context of a fiscally restrained budget reflects the continuing growth pressures in the health portfolio. In 2012-13, Health will account for over one-quarter (27%) of the NSW State Budget.

Spending on health services (recurrent expenses) is \$17.3bn, an increase of 5.2% on 2011-12. This represents a real funding increase of 3% on the 2011-12 revised budget, a similar growth rate to previous years.

Spending on infrastructure (capital works expenditure) is \$1bn, a 9% increase on 2011-12. However, there was a \$214m underspend in 2011-12 due to delays associated with negotiating national agreements and bad weather. When recurrent expenditure is added, the total capital works program is \$1.2bn.

Major initiatives

The majority of new budget measures are small, piece-meal commitments. Areas of significant new investment include:

- Workforce = \$70m
- Medical research = \$45m
- Sub-acute services = \$42m
- Mental health services = \$38.3 m
- Preventive health = \$29m

Health promotion and prevention

This budget includes \$29m for preventive health, including the Healthy Children and Healthy Workers initiatives under the National Partnership Agreement on Preventive Health. While this funding is welcome, it is a small investment targeted at lifestyle risk factors. NCOSS believes that a broader, more comprehensive approach to health promotion, prevention, and early intervention is required to keep people healthy and out of hospital in line with the goals of NSW 2021.

Overall, the budget for health promotion remains steady. While the budget papers show a significant funding decrease for the Health Promotion service group, this is due to the reclassification of Cancer Institute NSW grants to a new Cluster Grant Funding service group.

Primary and community health

Recurrent expenditure on Primary and Community Based Health Services is up 3.4% on the previous year to \$1.2bn. However this equates to real funding



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“Funding growth rates are significantly lower for primary and community health services...”

growth of less than 1% on the 2011-12 revised budget.

Funding for primary and community services continues to lag behind hospital services. The NCOSS PBS 2012-13 recommended a staged four year funding increase to re-orientate the NSW health system from hospitals towards more sustainable community-based services. However, spending on primary and community services accounts for just 7% of the total health services budget, compared to 58% for in-patient hospital and emergency services. Funding growth rates are also significantly lower for primary and community health services, at less than one-third the rate of in-patient hospital and emergency services.

Health NGO Program

Grant funding for the Ministerial Health NGO Program will again be indexed at a 2.5%, which is more in line with inflation than previous years. However, the Ministry of Health has advised that it will make \$28m in program expense savings across the health portfolio this financial year. It is not yet known how much will come from the NGO Program. The Ministry plans to make the savings through a new Grants Management Improvement Program. The Program will build on the 2009-10 Health NGO Review recommendations to improve grants administration, governance and accountability. The Ministry has advised that the Program will be negotiated in partnership with the sector through the NGO Advisory Committee.

NCOSS remains concerned that the continued under-funding of the Health NGO Program and delays in renewing funding contracts is affecting

the viability of many organisations. NCOSS welcomes the commitment by the Ministry of Health to work with the sector and we will continue to monitor these developments closely.

Mental health

Spending on Mental Health Services is up 5.4% to \$1.4bn. Key initiatives include \$16m for additional clinical in-patient mental health services, and \$14m additional funding for HASI and a Boarding House project under a National Partnership Agreement to improve the care and support of people with severe mental illness. This budget also allocates \$8.3m as part of \$30m over three years to support the new NSW Mental Health Commission which will be established on 1 July 2012. NCOSS welcomes the continued growth funding for mental health, which has been historically under-resourced and under-served. However, we would like to see this investment directed to community-based services as recommended by the NSW Mental Health Coordinating Council (MHCC).

Aboriginal health

Recurrent expenditure on Aboriginal Health Services increases by 3% to \$1bn, just above inflation. While there was a marginal budget underspend (0.5%) in 2011-12, this is an improvement on the successive underspends in previous years of 5-7%. Disappointingly, the budget does not contain any funding for the new 10-year Aboriginal Health Plan due for release in 2012-13.

Oral Health

The biggest disappointment in the health budget is the lack of any new state funding for oral health beyond general escalation of 2.5%. The oral health budget in 2012-13 is \$178m. This is despite the long waiting list for NSW public dental services that exceed the waiting list for public hospitals.

The NSW Government made an election commitment to reform oral health. However, it has so far failed to publically release or respond to the expert report of its own Ministerial Advisory Committee on dental health. The Commonwealth committed oral health funding of \$515.3m nationally over four years in the 2012-13 federal budget. However, it stated that it will not substitute adequate funding by the States and Territories, which retain responsibility for public dental services.

Transport for Health

There is no budget enhancement for Transport for Health this year despite

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the NSW Government's election commitment to increase IPTAAS funding. The 2012-13 budget is \$28.2m, up \$700,000 on last year with escalation. The Isolated Patient Transport and Accommodation Assistance Scheme (IPTAAS), accounts for \$19.7m of the total budget. Last year, IPTAAS received an additional \$7m as part of the NSW Government's election commitment of \$28m over four years. Disappointingly, there is no allocation this year.

Solange Frost

■ Planning and Infrastructure

■ Department of Planning and Infrastructure

The total state sector infrastructure budget for 2012-13 is \$15bn, which appears to be a significant increase on the expected 2011-12 spending of \$13.4bn. However, the original infrastructure budget for 2011-12 was in fact \$15.3bn but was underspent by \$1.9bn for a variety of reasons, including poor weather.

The biggest infrastructure spending areas are energy (\$4.2bn), roads (\$2.8bn), rail (\$2.5bn) and health (\$1bn). There were few major new infrastructure initiatives in the budget, partly because the Government is awaiting the release of Infrastructure NSW's long term State Infrastructure Strategy in September. As well funding for new infrastructure initiatives is subject to the completion of major privatisation processes (involving Port Botany, certain electricity assets and now Port Kembla) and the finalisation of new funding agreements with the Commonwealth, both of which are a long way from completion.

In the meantime the Government's Restart NSW fund has just \$331m in the kitty, from the proceeds of the sale of the desalination plant and the sale of Waratah bonds to investors.

There is a strong emphasis in the budget on measures to expedite housing and other development activity, accompanied by modest additional community infrastructure measures. A substantial proportion of this funding will only become available if the Government manages to raise \$300m from the sale of surplus properties identified by the Property Asset Utilisation Task Force, which reported to cabinet in February.

In addition there is a \$30m increase in interest rate subsidies for councils

borrowing for infrastructure purposes under the Local Infrastructure Renewal Fund, administered by the Division of Local Government, and \$50m from the Department of Planning and Infrastructure to councils redeveloping urban activation precincts.

"...infrastructure spending on roads in the 2012-13 NSW Budget continues to outweighs spending on public transport."

In response to lobbying by business groups, the Government has announced that Landcom and the Sydney Metropolitan Development Authority are to be merged into a new growth delivery entity called Urbangrowth NSW.

2012-13 is also likely to see major developments on the planning policy front with the completion of the review of the Affordable Housing SEPP, the promised new planning system and legislation, and yet another review of the Metropolitan Strategy.

Warren Gardiner

■ Transport

Despite there being several major public transport projects currently underway, infrastructure spending on roads in the 2012-13 NSW Budget continues to outweighs spending on public transport.

The funding allocated to those projects already in progress includes \$360m for the North West Rail Link (of which \$222m is to buy land), and \$397m for the South West Rail Link. \$116m has been allocated to the Inner West light rail extension from Lilyfield to Dulwich Hill, with \$25m to plan for future light rail development.

Spending on roads includes \$845m on Pacific Highway upgrades, \$629m on the Hunter Region and \$248m on M2, M5 and F5 motorway upgrades. An additional \$30m has been allocated to kick start a new motorway project identified as a priority in the State Infrastructure Strategy.

Buses and Bus Services

An additional 269 buses, worth \$127m, will be purchased. This includes 200 replacement buses and 69 buses for new services. Funding for State Transit Authority services has decreased due to the savings measures that apply across all Government agencies, while funding for the Metropolitan and Outer Metropolitan bus services has increased,

with the expectation that this is where the majority of the new services will be delivered.

Transport Access Program

The Transport Access Program brings six programs together: the Easy Access program (which aims to make stations accessible for people with mobility difficulties), station upgrades, commuter car parks, interchanges, park and travel safety, and wharf upgrades. This program has been allocated \$148m in 2012-13. NCOSS has requested a breakdown of funding against each of the sub-programs from Transport for NSW, but this has not yet been provided.

Community Transport

The total 2012-13 Transport NSW budget allocation for community transport is \$53.8m, including \$47.0m of HACC funding and \$6.8m in the Community Transport Program (CTP). The CTP funding includes \$2m in additional funds as part of NSW Government's election commitment to provide an additional \$12m in funding over four years.

Taxi Transport Subsidy Scheme

The Taxi Transport Subsidy Scheme subsidises the cost of taxi transport for people with disabilities. It is funded at \$27.4m, a 3.1% increase on 2011-12.

Transport Funding and Revenue

The budget states that the Long Term Transport Master Plan will consider alternative sources of funding to alleviate the burden transport infrastructure places on the state budget. These include the potential for more public private partnerships, the role of road pricing in alleviating congestion, and increasing the extent to which customers pay for public transport.

Traffic fines will also increase by 12.5 per cent from 1 July 2012.

Rhiannon Cook

NCOSS is preparing for the next NSW Government Budget...

Each year, NCOSS prepares a Pre-Budget Submission (PBS) recommending expenditure and revenue measures for the NSW Government to make our state a fairer place. These recommendations are mostly for specific department's or agencies in the NSW Government but we do include cross portfolio recommendations. The 2012-13 submission made 34 recommendations across eight government departments.

NCOSS has commenced consulting with stakeholders for the 2013-14 PBS. If you wish to make any suggestions please contact the relevant NCOSS staff member.