

7 DRAFT BUDGET PROCESS

This chapter provides an overview of the Draft 2001-02 Budget process. It also provides an overview of the main themes that emerged from the Assembly Committees' consideration process and community submissions received by Government.

Details on initiatives that the Government has developed in response to recommendations made by the Committees and the Community can be found in Budget Paper 3, chapter 4.2 Budget Initiatives or chapter 5.4 Capital Works.

The Government will table a detailed response to each of the Portfolio Standing Committee's reports on the 2001-02 Draft Budget Initiatives and Draft Capital Works Program in the Assembly at a later date. The Government responses will address all recommendations made by the respective Committees.

Draft Budget Process

The Government elected to continue with a draft budget style of consultative process for the 2001-02 Budget, believing that the potential for facilitating better outcomes for the ACT community outweighed concerns, noted from the previous year's process, regarding the relevance and practicality of such a process.

In particular, the Government felt the difficulties associated with implementing such a consultation process were outweighed by more informed debate on the allocation of resources. In addition, such a process provides the Assembly and community/business groups with a degree of understanding of the Government's specific budget initiatives in a timeframe that allows for concerns and alternatives to be raised.

However, the Government did make a number of key changes to the process, as a result of an evaluation of the trial 2000-01 Draft Budget process. In its evaluation of the trial, the Government reviewed comments made by both Assembly Committees and community groups during the process, and sought specific views from key stakeholders regarding both the strengths and weaknesses of the trial and any suggestions they had for future budget consultation processes.

In general, the majority of stakeholders had welcomed the opportunity to provide input into the draft budget. However, stakeholders also expressed concern at the consideration of the draft budget only on a portfolio basis, requesting the inclusion of a process that could assess policy implications across all portfolios.

Consequently, the Government decided to implement a two phase consultation process. The first phase aimed to address broader cross portfolio issues by addressing the broader parameters and principles underpinning the current published estimates. The second phase focussed on specific service related issues, with the release of the draft initiatives and capital works program that the Government proposed for the 2001-02 Budget.

Phase I

Phase I saw the establishment, on 18 October 2000, of the Select Committee on the 2001-02 Budget. The Select Committee was appointed by the Assembly to inquire and report on the broad parameters of the 2001-02 Budget with particular reference to:

- spending priorities;
- change to the mix of outputs;
- the surplus/deficit operating position and strategies for aging assets;
- unfunded liabilities; and
- any other related matters.

In order to assist the Select Committee in its deliberation process, the Government provided the information package “*2001-2002 Budget Consultation: Principles and Parameters*”.

The Select Committee had nearly two months to complete its inquiry and tabled its previously circulated report in the Assembly on 13 February 2001. The Government’s response to the Committee’s report was tabled in the Assembly on 29 March 2001.

Phase II

Phase II, which commenced on 16 February 2001, invited both the Assembly’s Portfolio Committees and the wider ACT community to provide input on new initiatives and capital works projects that the Government proposed for the 2001-02 Budget.

The Government released a consultation package for each Portfolio Standing Committee, with an additional package, addressing the Government’s draft 2001-02 Capital Works program, provided to the Planning and Urban Services Standing Committee. Each of the Portfolio Standing Committee packages outlined the draft budget initiatives proposed by Government and the estimated impact of each package on the General Government Sector (GGS) operating result.

The six packages released in Phase II were made available to the ACT community through the ACT Government website and the Department of Treasury.

In addition to the information included in the Phase II packages, the Government also canvassed the Committees’ and community’s views on how the Government should:

- return \$10m of the revenue burden to the ACT Community; and
- use the anticipated \$4.6 m net increase in revenues from the commonwealth, resulting from the findings of the Commonwealth Grants Commission’s in “*Report on State Revenue Sharing Relativities 2001 Update*”.

Portfolio Standing Committee Consideration Process

The Portfolio Standing Committees were given approximately five weeks to consider and make recommendations on the draft budget initiatives and capital works program for each agency. Each Committee also invited the community to make submissions and held a number of public hearings. The Committees then tabled their previously circulated reports in the Assembly on 29 March 2001.

Community Consultation Process

In tandem with the Committees' consideration process, the ACT community was also invited to make submissions direct to the Government. Thirty four submissions were received by the Government, coming from a broad cross-section of the ACT community, including both the business and community sectors.

Themes

A number of common themes emerged from the reports and submissions provided to Government as part of the 2001-02 Budget consultation process. These themes ranged across all areas of government, encompassing a variety of government service provisions.

In considering the proposals put forward by the Assembly and ACT community during the consultation process, the Government must decide on the best way of allocating scarce resources amongst a vast number of competing priorities and demands. Competing priorities and demands that the Government must consider include:

- ensuring that the Government has a modest surplus with a balanced approach to revenue generation;
- providing services for those whose needs are greatest in the community;
- providing quality services, such as education and health;
- ensuring that the Territory's economy is appropriately stimulated in terms of employment and business investment;
- ensuring that the Territory is an attractive and vibrant place to live; and
- providing for the Territory's unfunded liabilities and the replacement of the Territory's aging assets.

Consequently, Government will not be able to accept all initiatives proposed, although, as individual projects, the Government is likely to consider each one as extremely worthy.

Draft Budget Process

As with the 2000-01 Draft Budget process, Portfolio Standing Committees' reaction was largely negative, with all five Committees complaining about the process. However, in contrast to the 2000-01 Budget consultation process, the majority of the criticism was levelled at the way in which the process was undertaken, rather than the value of the process itself.

The Portfolio Committees identified three main areas of concern with the 2001-02 Draft Budget process:

- the extent to which the process itself was explained and communicated to the community;
- the limited timeframe within which both the committees and the community had for comment; and
- the level of information provided in the Phase II packages.

The first area of concern seemed to emerge as a result of the committees receiving significantly fewer community submissions than last year. However, the Government received well over 30 submissions, a three-fold increase on last year's consultation process.

In terms of the time provided for the committees to report, while only five weeks were provided to consider draft initiatives and capital works projects, another eight weeks were also provided in Phase I to consider budget parameters and principles. In total, committees were provided with three weeks more in the 2001-02 Draft Budget process compared to the 2000-01 Draft Budget process.

The level of information provided in the Phase II packages is the same as that provided for initiatives and capital works projects in the current budget papers. The Government is committed to maintaining the usefulness and transparency of information in its budget documents. However, this is generally a matter of balancing competing priorities, in order to provide information in a timely manner.

The committees also raised concerns over the extent to which the information gathered through the consultation process would be taken on board and used by the Government in formulating the 2001-02 Budget. Each committee highlighted proposals, made to them by community groups, that they considered worthy.

In contrast, the community response towards the budget development process was generally positive, as highlighted by the more than three-fold increase in the number of community submissions received. The majority of draft initiatives and capital works projects received widespread community support. Where support was qualified, the submissions often identified ways in which the initiatives and capital works projects could be enhanced.

Housing

Housing was a common theme throughout the submissions from the community sector. Concerns centred mainly on the level of affordable housing stock available to meet the current level of demand and the services being provided to public housing tenants. The Standing Committee on Health and Community Care report reflected the views of these community groups.

In response to the call to increase the provision of appropriate housing stock, the Government has proposed a supplementary appropriation of \$2m in 2001-02 in order to purchase additional community housing stock.

The Government had proposed the initiative *Community Support within a Multi-Unit Development* as part of the Phase II, which provided indexed funding of \$0.150m to link residents in major public housing complexes to a number of relevant services. Given the demand identified in community submissions, this program has been expanded by \$0.350m and renamed *Community Linkages in Housing*.

The availability of a range of low-cost accommodation options for older people was also raised as a concern. The Government, through ACT Housing, has recently completed 200 aged persons units. Construction of a further 200 units over the next three years is planned. The Government will also be considering a range of options as part of implementing the Forward Plan for Older People in the ACT 2000-2003.

Family, Youth and Other Community Services

The initiatives proposed by Government relating to family, youth and other community services all received support from the both the committees and community. Where suggestions were offered in relation to initiatives, they generally requested that Government consider specific issues when implementing an initiative. Other suggestions generally requested that Government expand the initiative further.

A number of community submissions also identified additional areas that they believed needed to be addressed by Government. Youth, victims of sexual abuse/assault and disability services all emerged as areas of concern, with a number of recommendations from the standing committees supporting these concerns. Key areas identified include:

- the capacity of the human services sector to meet cost increases related to pay awards, occupational, health and safety requirements, insurance policies and workers compensation premiums; and
- the need for further early intervention programs for youth and their families.

In response to these concerns, the Government has added the following initiatives to the 2001-02 Budget:

- *Building Community Capacity*, which will facilitate improvements in service delivery by the non-government sector through current service purchasing arrangements, particularly in health and community services areas;
- *Recreation Support Program for at Risk Youth*, which will work intensively with youth to increase community participation and encourage the constructive use of leisure time; and
- *Supporting Families with Adolescents*, which will establish a pro-active, early intervention program for families with adolescent children who are experiencing family conflict and/or dealing with issues such as substance abuse;
- *Young Carer's Package*, which will support young carers in their education by providing such assistance as additional tuition and school materials, as well as support in addressing their responsibilities, accessing counselling and providing in-home practical support; and
- *Support Learning for Life*, which will allow the Smith Family to expand its work supporting disadvantaged young people from primary school through to university to participate more fully in the education process and recreational activities.

Health

Initiatives proposed by Government relating to Health again generally received support from both the committees and community. Services for youth again emerged as a consistent theme, along with a number of other key areas including mental health, drugs, disability services and post-hospitalisation and respite care.

In recognition of these concerns, the Government will implement a number of additional initiatives. These include:

- expansion of *Post Hospitalisation Care for Older People*, which will provide improved discharge planning, in-home support, overnight or short stay accommodation or day centre based care;

- *Youth Smoking and Health Campaign*, which will identify and implement the most effective campaign to target teenagers aiming to generate behavioural change and prevent the uptake of smoking or assist with stopping smoking;
- *Enhanced Indigenous Health Services*, which will enhance indigenous health services including outreach and case management workers;
- *Enhancement of Drug and Alcohol Treatment Services*, which will enhance existing drug and alcohol services to ensure a high quality service for treatment clients;
- *Residential Youth Withdrawal Bed*, which will provide for a four bed residential withdrawal service in association with the Ted Noffs Foundation youth residential rehabilitation service;
- *Sexual Health Services*, which will provide funding for the provision of a sexual assault service to the indigenous community, establishment of a part time Cantonese speaking sexual health worker and the establishment of a sexual health outreach worker; and
- *Extended General Practitioner outreach hours to meet young client needs*, which will provide for extended General Practitioner hours at the Junction Youth Health Service, to support at risk and disadvantaged young clients.

Education

The Government's initiatives relating to Education again received general support, although groups associated with the non-government schooling sector had a number of concerns regarding the level of per capita funding the ACT Government provides to this sector. The non-government schooling sector also requested an increase to the existing funding for the *Interest Subsidy Scheme*.

The Government has incorporated two new initiatives aimed at improving outcomes for non-government schools, in addition to the funding proposed as part of Phase II. The first provides an indexed increase of \$0.250m to non-government schools per capita funding. The second provides an indexed increase of \$0.3m to the *Interest Subsidy Scheme*.

The non-government schooling sector also expressed concern on the level of funding provided to the sector for students with disabilities. The Government will be providing an overall increase in 2001-02 of \$0.1m, in line with the four year commitment made in the 1998-99 Budget. It will also monitor any increasing pressure on these funds.

There were also a number of concerns expressed regarding the level of IT in government schools. In addition to the Phase II initiatives, \$0.5m will also be provided for a *Centre for IT Excellence*, which will have a strong hands-on focus for both teachers and students and act as a demonstration school of the future.

Justice and Community Safety

Comments on justice and community safety issues focussed mainly on corrective service and policing issues. Generally, support was provided for the Phase II initiatives, proposed by Government. However, submissions also raised the following areas of concern:

- support for people visiting relatives in NSW prisons;
- support for ACT Policing to build relationships with the ACT Community; and

- models for delivering legal services to youth.

The first two issues have been addressed with three additional initiatives:

- *Additional Funding to Prisoners' Aid for NSW visits*, which will provide assistance for families to maintain contact with ACT prisoners incarcerated in NSW prisons;
- *Police – Increased Task Force Capacity*, which will provide ACT Policing with resources to enhance communications with members of the public who are victims of serious crime or major property related offence; and
- *Australian Federal Police - Additional Policing in Gungahlin*, which will provide 10 additional police to patrol the Gungahlin area.

The community also expressed some concern regarding the accommodation of women in the proposed ACT prison. The Government is aware of the research undertaken by groups such as the ACT Prison Women's Working Group, and of their recommendations regarding the best way to accommodate women prisoners. Further consultation and discussion on women's correctional needs is occurring and will take into consideration practices in other jurisdictions.

Roads, Planning and Infrastructure

There was general support for the Phase II road and infrastructure initiatives and capital works project proposed by Government. In particular, the bicycle path rehabilitation, streetlighting and trial of 50km/h speed limit received widespread support.

However, the community and Standing Committee on Urban Services highlighted a number of issues that they believe need to be addressed by Government. These included accelerating a number of currently scheduled road works projects. As a result of the issues raised, the Government has provided an additional \$8.150m which will be spent in order to advance the Traffic Congestion and Road Safety Improvement program.

The Standing Committee also identified the need to develop on-going across-government program to identify and plan for the provision of new facilities and infrastructure, as well as to identify and program necessary infrastructure maintenance and replacement work. This view was also outlined in submissions from Canberra's business community. The 2000-01 budget provided for a scoping study of roads and stormwater infrastructure assets. The Government is currently finalising its Asset Management Plan, in the light of that study, which will address many of these issues.

Business and Tourism

A number of issues relating to business and tourism were raised through submissions to Government.

In relation to tourism, there was a belief that the Territory needs to consolidate and build on the tourism generated by the 2000 Olympics and Centenary of Federation celebration. The Standing Committee on Finance and Public Administration also believed that a review of cultural festivals was timely. The Government has introduced a number of initiatives that should address these issues, which include:

- *Australian Masters Games*, which will provide assistance to stage the 9th Australian Masters Games in 2003;
- *Floriade Free Entry*, which will allow the community and tourists to enjoy Canberra's premier spring festival at no charge as often as they wish;
- *Festivals Strategy and Incentives*, which will develop a festivals strategy and provide a festival development fund to assist with the planing and promotion of quality festivals through the new Festivals ACT office;
- *Product Development – Event Development Fund*, which will provide additional capacity for the Event Development Funding Program to attract new events to the ACT; and
- *Tourism Marketing and Promotion*, which will assist the Canberra Tourism and Events Corporation to expand the currently successful consumer marketing and media campaign.

A number of community submissions did not support funding for *GMC 400*, suggesting that the funding should be reallocated to issues such as poverty and unmet need. The Government, however, believes that the injection into the Territory's economy provided by the event is so significant that it has widespread benefits for the Territory as a whole.

The business sector also expressed a need for the Territory to maintain momentum in gaining a share of the convention market and in developing export markets. In order to assist in this area, the Government has introduced the following initiatives:

- *Canberra Convention Bureau*, which will assist the Canberra Convention Bureau to expand its matching efforts to help the ACT hold its share of the convention market in the face of increasing competition; and
- *Building Export Capability of ACT Firms*, which will provide an export assistance program, export action plans for specific industries, development of an export capability database and a pilot program on e-commerce for exporting.

Revenue

The Government's call for views on the best method of returning \$10m to the community generated considerable interest. Generally, the community sector did not support a tax cut and recommended that the return be redirected into providing services, subsidies or concessions to the disadvantaged.

There were also a number of community submissions that supported a tax cut and suggestions included reductions in land tax, rates and motor vehicle registrations. Those that supported a tax cut generally regarded motor vehicle registration as being the most equitable form of return to the ACT Community.

The Standing Committee on Finance and Public Administration took a long-term view, suggesting that the surplus be used to address the Territory's future liabilities. However, this recommendation seemed to result from a belief that the Government would not be continuing its commitment to provide for the Territory's superannuation liability.

The Government will be continuing its commitment to provide for the Territory's superannuation liability and has provided a number of additional initiatives, to those initially proposed in Phase II, that benefit the disadvantaged in the ACT. As a result, the Government

believes there is capacity to provide a reduction in registration fees for all private and business passenger vehicles including motor bike registrations.

