

## **7 DRAFT BUDGET PROCESS**

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This chapter provides an overview of the Draft 2000-01 Budget process. It also provides an overview of the main themes that emerged from both the Portfolio Standing Committee consideration process and community submissions received by Government.

The Government will table a detailed response to each of the Portfolio Standing Committee's reports on the Draft 2000-01 Budget in the Assembly on 23 May 2000. The Government responses will address all recommendations made by the respective Committees.

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.

### **Draft Budget Process**

As part of the 2000-01 Budget development process, the Government decided to trial a draft budget process in line with a recommendation made by the Select Committee on the Report of the Review of Governance. This particular recommendation resulted from issues raised in the Report of the Review of the Governance of the Australian Capital Territory, also known as the Pettit Review, regarding previous budget processes.

The Pettit Review argued that, while the responsibility to devise and implement a budget lies directly with the Executive, there was room to engage the Assembly in a wider and deeper discussion of budget matters. The Review provided some direction on how this could be achieved. The Standing Committee majority considered these views and recommended that the Government trial a draft budget process.

The Government agreed to trial such a process, believing that there was the potential to develop a more co-operative and inclusive approach to financial management among Assembly Members and the community and business sectors. The Government also hoped that the process could lead to a better understanding of the financial issues that the Territory faces, and provide better outcomes for the Canberra community.

Under the new approach, the Government presented draft estimates and an overview for the 2000-01 Budget on Monday 17 January 2000. The draft estimates were distributed to Assembly members and peak community groups as well as being made available through the ACT Government website and at public libraries for the community to access.

The Draft Budget presented each agency's contribution to the Territory's financial position, together with a brief summary of proposed new initiatives for 2000-01. The summary included increases and decreases in expenses, revenue initiatives, restructuring proposals and

information on the proposed capital works program. The Draft Estimates also included the Government's global financial targets for 2000-01.

#### *Portfolio Standing Committee Consideration Process*

Under the process endorsed by the Assembly in December 1999, the five Portfolio Standing Committees were given approximately ten weeks to consider and make recommendations on the draft budget for each agency. As part of the deliberation process, each committee also invited the community to make submissions and held a number of public hearings. The Committees then tabled their findings in the Assembly on Tuesday 28 March 2000.

#### *Community Consultation Process*

In tandem with the Committees' consideration of the 2000-01 Draft Budget, the Community was also invited to make submissions direct to the Government. The Government received eleven submissions, which came from various sectors of the ACT Community, including both the business and community sectors.

### **Themes**

A number of common themes emerged from the various reports and submissions received as a result of the Draft budget process. These themes ranged across all areas of government service provision.

#### *Draft Budget Process*

The portfolio committees' reaction to the trial draft budget process was generally negative. All, except for the Justice and Community Safety Committee, were critical of the appropriateness of using such a process in what is ostensibly a Westminster style of government. Criticism was also levelled by the Committees at the lack of resources that they had at their disposal to address their respective areas of concern adequately.

The submissions received directly from the community were generally positive about the potential to comment and contribute towards the budget development process, although judgement was reserved in some cases until organisations were able to see tangible benefits from the process.

The transparency of information in the Draft Budget Papers was also an issue for some of the Portfolio Committees, particularly the level of detail that should be disclosed. The Government is committed to maintaining the relevance and coherence of information for all users of the Budget Papers. However, this is generally a matter of balancing the competing priorities of different users in order to ensure that the Budget Papers do not become unnecessarily long or unwieldy.

## *GST*

A number of groups, particularly the not-for-profit sector, were concerned about the impact of implementing the GST. The not-for-profit sector was concerned about both the administrative burden that would be placed on its agencies and the effect of a GST on the Government's service purchasing payments.

The Government has announced that ACT Government agencies will top up, by the full 10% GST, the funding paid for all services purchased from any Community Sector organisation that has both an ABN and is registered for the GST.

The Government has also agreed not to reduce payments to the community sector to recover any embedded Wholesale Sales Tax savings that may be achieved. This decision effectively translates into a small funding increase to these agencies, as they no longer have to pay Wholesale Sales Tax.

ACT Government agencies will also prepare the relevant tax invoice, on behalf of the community sector organisation, at the time the payment is made. The preparation of the tax invoice by the Government will reduce the administrative burden on the not-for-profit sector.

## *Family, Youth and Other Community Services*

There was a widespread view, in community sector submissions, that the Government should address the level of demand for services focussing on the needs of disadvantaged and at-risk families, including youth. This view also came through the committees' reports, which were, in part, also reflecting the respective committees' own community consultation process.

The main areas of need identified are:

- support programs for disadvantaged families as a preventative measure for both 'causes of crime' and child abuse and neglect;
- substitute and foster care;
- supported accommodation assistance program (SAAP); and
- youth justice programs, including rehabilitation, alternative sentencing and post-release programs.

In response to this widespread concern, the Government is introducing a suite of 'Building Social Capital' programs. These programs include:

- community initiatives: aims to develop and strengthen links within the ACT community. Initiatives include:
  - 'Schools as Communities' centres on strengthening families' links with health, community and education services and will initially focus on addressing the needs of children at risk. In the medium to long term, the program will expand to involve local schools as a hub for community activities;

- ‘Community Renewal Program’ centres on involving precinct community groups to tackle issues such as safety, the environment and opportunities for local employment. The program will build on the Government’s local centre renewal program;
  - ‘Canberra Community Foundation’ centres on bringing Government and business together to establish a philanthropic agency to support community initiated programs;
  - ‘Community Mentoring Scheme’ centres on promoting skills development for young Canberra leaders, through groups established under the ‘Community Renewal Program’; and
  - ‘Community Online’ and ‘Community Links Portal’ centre on promoting community groups and activities through the Internet.
- health initiatives: aim to address the health and wellbeing of the ACT Community. Initiatives include:
    - ‘Well Babies Program’ and ‘Addressing Post-Natal Depression’ centre on babies and their mothers;
    - ‘Child and Youth Nutrition’, ‘Preventing Youth Suicide’, ‘Improving Health of At Risk Young People’, ‘Intensive Support for Juvenile Offenders’ and ‘Focussing on Teenagers through Kids Friends’ centre on children and youth;
    - ‘Healthy Aboriginal and Torres Strait Islander Young People’ and ‘Accommodation Support for Aboriginal and Torres Strait Islander Young People’ centre on Aboriginal and Torres Strait Islander youth; and
    - ‘Reducing Substance Abuse in Families’ and ‘Good Beginnings’ centre on families.

Other new initiatives to assist community members with higher needs include:

- providing supplementation for foster carers to meet increases in prices without disadvantage following the introduction of GST;
- increasing funding for the community service grants program;
- providing supported accommodation for clients with dual diagnosis;
- expanding the Domiciliary Oxygen Scheme to assist pensioners receiving prescribed oxygen; and
- increasing funding for special needs transport.

In addition to these measures, the Government is also developing a Youth Strategy that aims to encompass and co-ordinate cross-portfolio service issues.

There were also a number of requests asking the Government to provide clarification of the community sector service purchasing mechanisms. In particular, explanations were requested on the mechanisms for determining the price of existing services and the effect of the SACS Award on the cost of providing those services.

The Department of Education and Community Services will undertake a costing exercise, during 2000, in consultation with the non-government sector. This project will particularly focus on SAAP services and determine prices and unit costs where feasible. It will also take into account the costs associated with delivery of quality services, differences in the complexity of client needs, staff training and development, management and operational costs (including award salary rates).

Current purchasing arrangements address the issue of award salaries but only as one aspect in the overall context of determining the purchase price for these outputs. The implementation of service purchasing arrangements focuses on the purchase of specific outputs to achieve identified outcomes for clients.

### *Justice and Community Safety*

Issues concerning corrective services and crime prevention were raised through both the Committee deliberation process and community submissions.

Both consultation processes recommended that Government develop a corrective services strategic plan. The Government will develop a custodial framework as part of the planning and development process for the proposed ACT prison. This framework will address the achievement of successful rehabilitation as well as the management of people in custody.

The Justice and Community Safety Standing Committee also made a number of recommendations regarding Youth Justice, Crime Prevention and Community Safety. The majority of Youth Justice and Crime Prevention issues have been addressed as an integral part of the 'Social Capital' program of initiatives mentioned above. An additional initiative, the Crime Prevention Fund, will encourage partnerships with industry and facilitate target hardening particularly of homes and cars. Government will also be considering other issues in the ACT Youth Strategy development process and the periodic evaluation of existing justice and correctional services.

Community Safety will be improved with the creation of six 'community beat police' and the funding of a further 44 new police positions.

### *Road Safety*

Issues concerning road safety were raised through both the Committee deliberation process and community submissions.

The Planning and Urban Service Standing Committee had some specific concerns about the need to advance work on certain roads in Gungahlin, Belconnen and Tuggeranong. The Traffic Congestion and Road Safety Improvement initiative addresses these and other identified areas of traffic congestion and will enhance road safety, particularly on residential streets.

### *Business Development and Tourism*

Issues concerning business development and tourism were raised through both the Committee deliberation process and community submissions.

Community submissions endorsed many of the Government's existing services and projects, such as the BRL Hardy's Wine Tourism project assistance, the Very High Speed Train negotiations, and the Research and Development Grants Scheme. The submissions also made proposals about approaches that the Government can take to further assist the business and tourism sectors to be more competitive. The requests include:

- continuing to involve the peak business and tourism organisations in the development of related initiatives;
- maintaining funding for marketing and promotion of the ACT, in order to attract both tourists and businesses to Canberra;
- taking steps to ensure that worker's compensation premiums do not exceed NSW;
- investigating the establishment of a permanent Customs Documentation Centre at Canberra Airport;
- broadening the client base of businesses currently supplying to Government agencies; and
- maximising the long-term outcomes of Focus on Business.

The Government is addressing many of these requests through its existing services, projects or consultation processes. The Chief Minister's Department liaises actively with industry groups to review and identify opportunities to assist business. The Canberra Tourism and Events Corporation will also continue to seek opportunities in consultation with relevant industry groups.

### *Planning and Environment*

There were some concerns expressed from the waste industry regarding the potential impact of the proposed green waste bin trial on trash pak franchises. After consultation with the industry, Government has addressed this concern by reducing the bin size for the trial from 140 litres to 80 litres. The industry will also participate in the trial to monitor any impacts the service may have on their businesses.

The Planning and Urban Services Standing Committee also requested that the Government give priority to completing an accurate, easily accessible land data system that is readily available to the public. Following the introduction of a new national standard for collecting, storing and applying spatial data, the Government has provided funding to assist with the implementation of the Geocentric Datum of Australia (GDA) system. The system will contribute to an increase in public safety and accuracy of the existing land titles system through the delivery of modern accurate land data and maps.

The Department of Urban Services is also funded, through output 5.2 Development Management, for the production of Land Information. The Department has also been working with ACTEW to identify the options for sharing database information.

### *Revenue*

There were a number of issues concerning ACT Government Revenue raised through both the Committee deliberation process and community submissions. Suggestions were made, in particular, regarding General Rates, the Emergency Services Levy and the Criminal Injuries Levy.

The Finance and Public Administration Standing Committee recommended that the Government define its long-term intentions with the calculation of General Rates. The Government intends to increase the fixed portion of general rates to a level where rates bills reflect both the user-pays and capacity-to-pays principles. The fixed charge will be increased gradually over the next two years to a maximum of 40% of the total revenue from rates (currently estimated at \$320 per property), with the remaining 60% raised from the land-value based portion.

There were a number of requests for the Government to abandon the Insurance Levy. The Government has announced in the 2000-01 Budget the removal of the Insurance Levy from 1 July 2001. This announcement has been made in recognition of the improved financial position of the Territory from 2001-02 onwards.

The Justice and Community Safety Standing Committee also recommended that the Criminal Injuries Levy be increased from \$30 to \$50. The amount of the levy has not been increased since it was first imposed by legislation in 1997 and the Government will apply this increase in 2000-01.

### *Housing*

The First Home Owners Scheme was welcomed by community groups, as was the GST compensation provided to ACT Housing and greenhouse related initiatives by ACT Housing.

However, there were also requests for Government to investigate and identify current and prospective community and public housing tenants' needs. The Department of Urban Services commissioned the report "Assessment of Housing Needs in the ACT" in 1999, which provided background information for developing the 1999 Commonwealth-State Housing Agreement. In addition to this, ACT Housing regularly monitors demand for accessible housing for all needs groups and will continue to implement strategies to meet these needs.

### *Education*

There were a number of issues raised through the Education and Community Services Standing Committee's consultation process, much of which came from the Australian Education Union and the Parents and Citizen's Association.

The main issues relating to Government Schooling included maintenance of funding, predicted teacher shortages and associated teacher EBA negotiations. The Government has clearly shown in the recently commissioned report that it has more than met its election commitment to maintain Government Schooling funding in real terms. An additional \$3.8m has also been provided in 2000-01, and increasing in the forward years, for productivity enhancements as part of the recently negotiated teachers EBA. This additional funding should significantly increase the ACT's ability to attract and retain teachers.

Other educational issues related to concerns about the social impacts associated with the introduction of competitive tendering in the vocational education training sector. The Skilling ACT 2000 framework ensures that the broad training needs of the ACT community are address while also allowing for the provision of addition support for students form targeted groups.



