



Mr John Langoulant
Chair, Independent Expert Panel
NT Department of Treasury and Finance
By email: FiscalStrategy.dtf@nt.gov.au

8 February 2019

Dear Mr Langoulant

Thank you for the opportunity to provide a submission to the Independent Expert Panel.

- About NTCOSS

NTCOSS is a peak body for the community sector in the Northern Territory and is a voice for people affected by social and economic disadvantage and inequality. The community sector in the NT is made up of community managed, non-government, not for profit organisations which work in social and community service delivery, sector development and advocacy.

- About this submission

NTCOSS is making the following submission in response to an invitation to do so when NTCOSS met with Mr John Langoulant, Chair of the Independent Expert Panel.

We note that NT Shelter has provided a detailed case study demonstrating the case for the transfer of some human services to the NFP sector.

This submission is brief and general in terms. NTCOSS looks forward to commenting on specific proposals when the panel's final report is released in March 2019.

Please contact NTCOSS Senior Policy Officer Caitlin Perry on 8948 2665 or caitlin@ntcoss.org.au if you have any questions or require any further information.

Yours sincerely

Wendy Morton
Executive Director

Summary of NTCOSS response to A Plan for Budget Repair - Interim Report

1. NTCOSS commends NTG for undertaking this process and endorses plans to address NT budget sustainability by implementing medium-term measures
2. Better informed, more strategic advocacy for Commonwealth funds
3. Importance of clear strategy and policy that underpins budget decision-making
4. Cuts to community services are not the answer

1. NTCOSS commends NTG for undertaking this process and endorses plans to address NT budget sustainability by implementing medium term measures, starting with reform to the NTPS

NTCOSS is pleased that the NTG has made a commitment to medium-term measures to achieve budget sustainability rather than attempt a quick-fix based on austerity measures.

Deep cuts to essential and community services and infrastructure will have a negative impact on the economy as a whole and will adversely affect already disadvantaged people and communities.

We acknowledge limited capacity to address long-term budget sustainability through own-source revenue raising – the 2018 NT Revenue Review looked at this in detail. NTCOSS provided a submission to that review.

The NT's current economic difficulties are associated with a declining share of Commonwealth income. Previous economic mismanagement aside, we need to look forward.

NTG investment and borrowing must prioritise productive infrastructure and projects rather than recurrent expenses.

It is imperative that Commonwealth funding allocated to address disadvantage in the NT must be appropriately applied.

Planning for major developments in the NT needs to address all phases of the project, including operational and/or wind down phases of the project.

We agree that NT Public Service (NTPS) reform is required, with the focus on getting it right rather than significant job losses.

The NTPS is an important part of the NT economy, providing fundamental infrastructure and services in the absence of a market. It needs dedicated, skilled staff at all levels to carry out its functions. Any talk of wholesale cuts will impact public confidence and may result in the NT losing essential expertise and capacity.

A review of the NTPS should include examination of internal structures, including ratio of executives/managers to front line staff, a review of use of consultants, and consideration of activities and services that could be more appropriately provided by the community sector or private sector.

2. Better informed, more strategic advocacy for Commonwealth funds

There has been a sharp decrease of Commonwealth funds provided to the NT in the last 3 years. As well as a reduced share of GST income and reduced tied and untied grants, a significant amount of Commonwealth funding has been withdrawn from the NT as a result of the operation of market-based models for provision of essential services and other Commonwealth funding mechanisms.

The trend towards market-based models of essential service delivery places a significant impost on smaller states and territories with no or thin markets and above average needs. With its sparsely spread population, lack of infrastructure and high levels of disadvantage and vulnerable people, the NT has been increasingly left to subsidise areas of Commonwealth responsibility because of the adoption of market models. This is particularly marked in relation to NDIS and Aged Care funding.

Likewise, allocation of Commonwealth funding by way of National Partnership Agreements (NPAs) has reduced Commonwealth funding in the NT. From the NFP perspective, when Commonwealth funds have been provided to the NT under an NPA, the NTG has not negotiated the best possible deal for the NT – for example, the NPA for Legal Assistance Funding delivered a substantial cut in funding to some services. The then NTG did not seek advice from NFPs that could have informed its negotiations with the Commonwealth and led to a better outcome for the NT.

There is a strong argument that the Federation and the Federal Government should act more purposefully to relieve inequalities across the states and territories, and NFPs would be willing to partner with the NTG to strengthen advocacy on this issue.

There has been a movement towards a market model of Commonwealth funded essential service delivery in aged care, early childhood and NDIS. This trend places a financial burden on the NT and, particularly in regional and remote NT, lack of services, little or no competition, and lack of knowledge or access to information to exercise choice serve to compound disadvantage. These schemes are rolled out without a safety net and by default the NT picks up the pieces.

Especially in remote areas, funding packages allocated to individuals to enable them to choose service providers often go unspent because of a lack of services. Then on review they are reduced – reducing investment in the NT. The aged care sector exemplifies the problem. The NT has only half the number of residential facilities per capita as other states and territories. Real recurrent expenditure on aged care services per older person in the NT is lower than in any other jurisdiction, despite the fact that the number of older Territorians with special need is ten times higher than that of the eastern seaboard states. Older Territorians with medical conditions are increasingly admitted as long-stay patients in public hospitals because of lack of appropriate residential accommodation, placing pressure on the NT health budget.

In short, the impact of this Commonwealth service funding model in relation to NDIS, Aged Care and other services reduces funding provided (either directly to clients or to a community service) locks in future reductions.

These examples illustrate the point that NFPs are able to provide insights and evidence that should inform the NTG's advocacy for and negotiations in relation to Commonwealth resources.

We note the Commonwealth's failure to make a commitment to contribute resources to implementation of the NT Royal Commission, despite initiating the inquiry.

3 Importance of clear strategy and policy that underpins budget decision making

Clearly articulated strategy and policy must underpin government decision-making. A clear strategic focus will guide NTG in periods of crisis or decision-making when competing interests are involved.

Without a clear strategy, especially in periods of crisis, decisions may be made without regard to policy, evidence or long term impact.

The NT would benefit from a more effective whole of government approach – better co-ordination and collaboration between agencies will lead to better outcomes in decision making and program development and delivery.

4 The NFP sector is a key economic driver: cuts to community services are not the answer

The Not-For-Profit (NFP) sector provides a range of services across the NT and is one of the largest employers and biggest contributors to the NT economy. A 2017 report found that at least 7,600 people work in the NFP sector in the NT. That's 8% of the NT workforce – more than mining and manufacturing combined (p5). ([Value of the Not-For-Profit Sector: An Examination of the Economic Contribution of the Not-for-profit Human Services Sector in the NT, Gilcrest DJ and PA Knight](#))

The same report noted the importance of NFPs both big and small in providing efficient, responsive services: "...governments are increasingly seeing the NFP sector as a source of efficient, effective and flexible service delivery...." (p6).

As unemployment rises, NFPs report an increase in the number of people who are under financial stress and seeking support in areas such as emergency relief, employment services, housing assistance, financial counselling and other counselling services. This places further demands on the NFP sector and the services it provides. In tough economic times a strong well-funded community-sector is part of the solution rather than part of the problem.

Australian National University ANZSOG Adjunct Research Fellow John Butcher wrote¹ of the need for change over the coming decade and that the public sector needs to be more focused on outcomes, less siloed and portfolio-driven, and more reliant on collaboration, co-operation and co-design.

NFPs have a sound track record of leveraging off existing service delivery to access Commonwealth, and/or private sector and/or philanthropic funding.

NTG and NFP sector must work together in genuine partnership. An environment of short-term funding and/or ever changing administrative requirements for NFPs can disrupt cost-effective and appropriate service delivery. We note the NT's recent introduction of 5 year funding agreements for NFPs receiving NT funds to provide community services, and believe this will enhance NFP's capacity to provide appropriate, responsive, cost effective services throughout the NT.

The NTG should work with the non-government sector – including Aboriginal community controlled organisations – to identify services currently provided by the NTG that could be more effectively delivered by NFPs (eg see NT Shelter case study).

¹ <http://theconversation.com/not-for-profits-must-adapt-as-one-arm-of-governments-three-sector-solutions-72971>

References

NTCOSS Response to NT Revenue Review, February 2018 <https://40v43l29oi7746hjwe36z22m-wpengine.netdna-ssl.com/wp-content/uploads/2018/11/NTCOSS-Submission-to-NT-Revenue-Review-2018.pdf>

Value of the Sector 2017: An examination of the economic contribution of the not-for-profit sector in the Northern Territory <https://40v43l29oi7746hjwe36z22m-wpengine.netdna-ssl.com/wp-content/uploads/2014/09/NTCOSS-VOS-Report-FINAL.compressed.pdf>

NT Shelter submission to Independent Expert Panel and accompanying case study (1/2/19)

Introduction from NTCOSS Response to NT Revenue Review, February 2018:

As a peak non-government representative body for the health and community services sector in the Northern Territory, NTCOSS wants to see a fair, well-functioning and sustainable long-term taxation system which provides sufficient revenue to government to fund vital services.

NTCOSS welcomes the review of revenue and in particular the objectives set out in the Discussion Paper. The objective of ensuring an adequate revenue base to pay for vital services and infrastructure is imperative, although we also note the important role taxation can have in providing incentives for behavioural change and achieving public policy goals. We believe that these are important and legitimate objectives for the tax system, and accordingly in this submission, we put forward a number of proposals designed to promote behavioural change, as well as proposals to raise revenue more fairly.

The NT taxation and revenue raising system must be both effective and fair. It should not place undue burden nor have undue impact on low income and disadvantaged Territorians.

In any planning for the future of the NT, it should be acknowledged that cutting social and community services is not the way to achieve budget sustainability. Social and community services are vital for the economic and social development of the NT.

Government revenue is necessary for funding basic services including transport, police health and education. Without these essential services – or if essential services are underfunded – economic and social activities do not thrive.

NTCOSS endorses the comments and recommendations in the NT Shelter submission in response to the Discussion Paper.