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Charities need Budget relief

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Illustration: Don Lindsay

With the State Budget around the corner, it is an opportune time to stop and reflect, and to consider our aspirations for this great State. Laden with natural resources, buoyed by sky-high commodity prices and coming off the back of record Budget surpluses in previous years, the McGowan Government has been dealt a fiscal hand that would be illegal in most casinos.

If past Budgets are any indication, the upcoming surplus will be used predominately to pay down State debt. In many ways, this is prudent. Economic meteorologists point to headwinds and even the brewing storm of a shallow recession on the horizon. Unfortunately, for many West Australians that storm has already arrived, and they are being bucketed on.

Cost-of-living pressures combined with lagging wages has meant many hard-working West Australian families have emptied their savings and super accounts, are accessing food relief services for the first time and are a few pay cheques away from homelessness.

On the acute end, the amount of people sleeping rough in WA has more than doubled in the past five years, thousands are living in their cars, almost one in five children and young people are living in poverty, the gap of Indigenous life expectancy is not being closed fast enough and hundreds of hospital beds are taken up by people with simply nowhere else to go. Supporting people who are doing it tough is largely the work of charities, funded through a combination of government contracts and donations from the public. Like many households though, charities are increasingly being asked to do more with less.

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Underfunded, out-of-date contracts, combined with an inadequate indexation policy has pushed many community services into unsustainability. A recent survey commissioned by the WA Council of Social Service and Community Employers WA has shown that last year, more than 50 per cent of services could not meet demand, and 40 per cent had to reduce their operations to keep their services running. This year, 73 per cent of providers are planning on reducing services due to extreme budget constraints. You don't need to be an economist to know that reducing services at a time of increased demand isn't going to have great outcomes for those that need help the most.

This is not to say the WA Government is sitting on its hands. Significant funding has been secured for social housing, despite challenges in spending the money and building those houses in an overheated construction market. Early intervention programs such as Target 120 are being scaled up and reforms are under way to re-commission many services to ensure we can meet the community's changing needs.

Solving these issues is also not the sole purview of the State Government. The Federal Government, with its deeper pockets and bigger policy levers has opportunities to relieve some of this pressure. They can raise levels of income support to a liveable level, increase their contribution to community services, and increase equity by reforming the National Disability Insurance Scheme, Medicare and child care. The only problem with this is the Federal Government is not posting surpluses, and increasing expenditure is reliant on tax reform or cuts to other areas.

Such is the uniqueness of the situation in WA and the scale of its opportunity. Due to overly conservative estimates of iron ore prices by Treasury officials in the December 2022 mid-year review, WA is now on track to receive $1.8 billion more in royalties than was budgeted just a few months ago. Using a small proportion of this unexpected surplus, by boosting funding to existing community services could provide much needed relief to those who are doing it toughest. By applying increases to existing contracts and tying that funding to outcomes, that relief can be targeted and delivered immediately.

While the WA Government is in an enviable position, the task of preparing a State Budget is not an enviable one. There are many competing priorities, many mouths to feed and some of those mouths have sharp elbows. Above all else though, it is an exercise in opportunity cost and the application of values. It will be interesting to see how the Budget balances the risks of tomorrow against the needs of today.

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