



**Submission to
Tasmanian Government
State Budget Community Consultation Process
2012-13 Budget**

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for further information, please contact:

Dr Chris Jones

Chief Executive Officer

Anglicare Tasmania

GPO Box 1620, HOBART TAS 7001

ph: 03 6231 9602

email: c.jones@anglicare-tas.org.au

1. Introduction and list of recommendations

Anglicare Tasmania welcomes the opportunity to have input into the State Budget community consultation process for 2012-13. In this submission, we have chosen to focus on the overarching issue of budget sustainability. This includes consideration of areas of essential expenditure and a framework for budget development.

Anglicare is the largest community service organisation in Tasmania, with offices in Hobart, Glenorchy, Launceston, St Helens, Devonport and Burnie, and a range of outreach programs in rural and remote areas. Anglicare's services include emergency relief and crisis services, accommodation support, employment services, mental health services, acquired injury, disability and aged care services, alcohol and other drug services and family support. Anglicare's Social Action and Research Centre conducts research, policy and advocacy work with a focus on issues affecting Tasmanians on low incomes.

In this submission, Anglicare makes the following recommendations:

Recommendation 1: That the Tasmanian Government review the indexation applied to DHHS funding to community sector organisations to restore it to 2010-11 levels as a baseline, with an additional increment to cover increases in the Consumer Price Index in the period 2011-12, and that this principle be applied to all government funding for community services.

Recommendation 2: That the Tasmanian Government commit to current and forward funding increases to community sector wages linked to the Social, Community, Home Care and Disability Services Award in line with the outcome of the Equal Pay Case currently before Fair Work Australia.

Recommendation 3: That Housing Tasmania be provided with an operating subsidy to meet the gap between the rent paid by tenants and the market rent on the property (i.e. a subsidy equivalent to the value of the rental rebate).

Recommendation 4: That the Tasmanian Government review the social outcomes required from publicly owned businesses providing essential services, and the adequacy of funding provided to these businesses to meet their community service obligations (or like activities).

Recommendation 5: That the Tasmanian Government commit to appropriate funding for the implementation of the Tasmanian Food Security Strategy.

Recommendation 6: That the Tasmanian Government adjust its savings strategy to ensure no cuts to public schools' operational budgets.

Recommendation 7: That the Tasmanian Government commission the Social Inclusion Unit to map the impact of budget cuts on at-risk populations and communities with a view to developing a framework for managing planned reductions to State Government expenditure over the next three years.

Recommendation 8: That the Tasmanian Government establish a framework for a sustainable state budget, including the processes and principles that will guide the projected reduction of state budget expenditure.

Recommendation 9: That the Tasmanian Government commit to a June 2013 review of the government savings strategy against agreed sustainable budget processes and principles.

2. Background comments

The global financial crisis and resultant decline in GST revenues has reduced State Government revenues and pushed Tasmania's budget into an unsustainable position. Corrective action is required to ensure our finances are sustainable.

This situation is not permanent. There will be an economic recovery, and the state's finances will be restored, so while for now a savings target has to be met, it is important that this be achieved in a way that balances fiscal responsibility with community sustainability.

Cuts to the budget come at a big cost to the community, particularly in the form of fewer services. The government will have to make difficult decisions, and the Tasmanian community will have to accept trade-offs in what we expect government to deliver.

The critical questions for the development of the State budget for 2012-13 are what essential outcomes do we want for Tasmania, and what services are essential to achieving those outcomes? The answers to these questions will guide decision making about what gets cut and what gets funded.

The Tasmanian community sector, through its peak body the Tasmanian Council of Social Service, has developed a thoughtful framework for developing a fair and sustainable budget in this current restrained fiscal environment. Anglicare supports the recommendations of that submission, particularly:

- The vision of a socially inclusive society as the outcome of government effort and expenditure;
- The emphasis on a social inclusion framework for the delivery of government policy;
- The emphasis on a whole of government approach;
- The call for a halt to the development of reform agendas that are poorly thought out, inadequately funded or abandoned; and
- The strategies recommended for maximising State and Commonwealth revenue.

3. Community sector viability

3.1 Community sector grant indexation

Since 1999 Anglicare has made repeated submissions to the State Government budget consultation process, all of which have focussed on key areas of expenditure for our client group, deliberately

refraining from making comment on the industry needs of the community services sector. Previous submissions have focussed on a broad range of issues such as funding for public education, affordable housing, the concessions system, utilities costs and gaps in government and non-government service provision.

However, this year the submission addresses issues relevant to the community sector for an important reason. The sector plays a critical role in providing support, care and treatment to low income and disadvantaged Tasmanians, and the viability of this critically important social safety net is under threat.

Over the period 1999-2010 grants, subsidies and other funding paid by DHHS to community sector organisations have risen from \$81.2m to more than \$190m (an increase of more than 130%). This has accompanied significant expansion in support services delivered through many non-government organisations. The growth in the health and human services portfolio over recent years (government and non-government) has reflected both service expansion and a system responding to public demand. The outsourcing of government service delivery means that today more low income and disadvantaged people are dependent on non-government organisations for essentials than at any other time in Tasmania's history. Those people who use community service organisations are not only people in crisis due to unemployment, actual or impending homelessness or the misery of family violence. They include a broad swathe of the community, including people dealing with chronic illness, people with disabilities which they were born with or acquired through injury, people raising children with special needs, frail older people and people with no particular support needs but who are in need of low cost housing.

The essential services that people contact community service organisations for include access to emergency food relief and access to emergency funds to ensure continuity of supply of electricity and water, as well as community-based care, affordable housing, supported accommodation, drug and alcohol treatment, supported employment and psycho-social support. These are not optional or 'feel good' services. These services ensure access to the most essential goods and services and in some instances play a critical role in keeping people alive or out of hospital.

Yet in spite of the essential nature of these front-line services, the budget savings strategy laid out by the government in June 2011 set out incremental cuts to the Department of Health and Human Services' grant indexation to the sector. Sixty-nine percent of the 350 non-government not-for-profit organisations in Tasmania receive funding from the Department of Health and Human Services (TasCOSS 2011). Cuts to indexation force organisations into deficit budgets across the board. To balance budgets requires reductions in service delivery, reductions which will escalate in 2012-13 and 2013-14 as further proposed indexation cuts are implemented.

There is the real potential for the disability services sector in particular, where service reductions in 24 hour care are not possible, to be thrown into crisis in this process.

Recommendation 1: That the Tasmanian Government review the indexation applied to DHHS funding to community sector organisations to restore it to 2010-11 levels as a baseline, with an additional increment to cover increases in the Consumer Price Index in the period 2011-12, and that this principle be applied to all government funding for community services.

3.2 The Pay Equity Case

The joint submission by the Australian Government and the Australian Services Union to Fair Work Australia appears to ensure that Fair Work Australia will deliver a positive decision on the equal pay claim for employees employed under the SACS Award. These pay rates will become the minimum rates for all Tasmanians employed in the community and disability services sectors. The methodologies used in the submission to Fair Work Australia achieve a significant increase in wages that equates to between 17 and 35% (Anglicare Australia 2011).

The Australian Government has committed to providing adequate supplementation to all programs funded by the Commonwealth, those funded by the Commonwealth and delivered via the States, to relevant national partnership agreements and to Special Purpose Grants.

However, the funding arrangements of the community services sector are complex and involve local government, state government, fee for service and income-generating enterprises. It is estimated that around 30% of the funding received by the community services sector nationally is provided by State Governments compared to 20% from the Commonwealth and 40% from other sources (Anglicare Australia 2011).

The anticipated pay equity decision, while a welcome response to gender equity issues and workforce recruitment and development problems, raises significant additional financial concerns for non-government organisations whose funding depends on sources other than the Commonwealth Government.

Should Fair Work Australia give its approval to the wage claim, the wage increases will commence on 1 December 2012 and continue over the next six years. It is not yet clear what the implementation regime will be. Not-for-profit organisations are therefore moving forward in a state of considerable financial uncertainty.

The combination of unfunded wage increases and reduced indexation on State Government funded services is a dangerous combination for the viability of many community programs and services. This is of particular concern within the disability sector and other areas where services must be provided at all times. It is essential that State Government commit funds to meet the pay increases should they occur.

This argument is not about protecting the personal interests of community sector employees. It is about maintaining the social sector workforce, as inequitable pay drives high-performing workers into government positions and the private sector, and it is about maintaining a high quality service system for clients. In his *Cost of Living Strategy*, Tasmania's Social Inclusion Commissioner Professor David Adams argues for an 'increase in the level of financial and organisational support, including adequate indexation, to community sector agencies dealing with individuals and families in crisis to manage demand growth and the increasing complexity of cases' (p.55). He argues that a strong community sector helps people manage the crises associated with low incomes, high costs and poor infrastructure (Adams 2011).

Recommendation 2: That the Tasmanian Government commit to current and forward funding increases to community sector wages linked to the Social, Community, Home Care and Disability Services Award in line with the outcome of the Equal Pay Case currently before Fair Work Australia.

4. Investing in families and individuals to prevent crisis

4.1 Prioritising early intervention

In the current era of budget restraint, the government has retained a commendable consciousness of the very difficult position faced by people approaching emergency relief (ER) services for assistance with food shortages and actual or impending disconnection from essential services. The 2011-12 Budget provided an additional \$1.8 million over two years to assist people utilising ER services and emergency food relief, and it appears that the government will respond to the recommendations of the Cost of Living Strategy with a further investment in emergency relief.

However, while emergency relief is an important safety net, this submission is arguing for protection of some essential areas from budget cuts as a key early intervention and prevention measure to keep families and individuals out of crisis and away from charitable relief.

4.2 Essential goods and services

As highlighted in the Tasmanian Social Inclusion Commissioner's *A Cost of Living Strategy for Tasmania* and Anglicare's *The Price of Poverty: the cost of living for low income earners*, the high cost of living for low income Tasmanians is having a stark effect on people's capacity to afford and maintain housing, to purchase adequate and nutritional food, and to remain connected to essential services such as electricity, gas and telephones. If these trends continue we will soon be seeing households disconnected from their water supplies, with serious consequences for people's health and hygiene.

Anglicare's research highlighted three key areas for intervention: addressing housing costs, the costs of essential services, and addressing food insecurity.

Housing costs: A wealth of research evidence points to the provision of public housing being the most cost-effective and efficient way for governments to provide housing assistance (e.g. Industry Commission 1993; Flanagan, K 2007). The main problem facing the public housing system is the specific funding model used rather than the fact that the government is the landlord (Hall & Berry 2007; Atkinson & Jacobs 2008). On the evidence available to date, the alternative, which is being promoted by the Australian Government and supported by the states and territories — the establishment of large community housing associations that leverage private investment in order to increase stock numbers — does not appear to be able to deliver the same level of support and access for people most in need, and requires large government subsidies to deliver sufficient growth in supply to be worthwhile (Flanagan, K 2008b). In addition, linking the government's response to housing market failure to the market, through private investors, is fraught with risk for Tasmanians who need such support, particularly in times of economic downturn.

The provision of public housing comes at a cost but given the efficiency and effectiveness of housing provision through public housing and the inadequacy of the private rental market, Anglicare continues to recommend that the required response to the lack of affordable housing for low income earners is increased funding from the Australian and Tasmanian Governments for the public housing system.

In a constrained financial environment investment in public housing shows clear community benefit and cost-effective expenditure, and produces savings in costs to health and homelessness services. While an operating subsidy would not resolve all of the problems facing Housing Tasmania (such as the age and condition of many public housing properties), it would place Housing Tasmania in a much stronger financial position, allowing it to generate a surplus which could then be used to address outstanding maintenance issues and invest in new stock. It would not immediately eradicate Housing Tasmania's outstanding maintenance liability nor immediately fund enough new residential construction to overcome Tasmania's persistent housing crisis; these issues will need to be addressed separately through capital grants. But such investment would allow Housing Tasmania to operate more sustainably in the future.

Recommendation 3: That Housing Tasmania be provided with an operating subsidy to meet the gap between the rent paid by tenants and the market rent on the property (i.e. a subsidy equivalent to the value of the rental rebate).

The costs of essential services: Anglicare's research has highlighted grave concerns about the adequacy of the funding of community service obligations of corporatised government services (Flanagan, J & Flanagan, K 2011).

Properly funded community service obligations are fundamental to ensuring that corporatised public services meet acceptable social outcomes. However, Tasmanian legislation does not require the government to fund a government-owned business for the full cost of delivering a community service obligation (CSO), and research elsewhere has suggested that in fact they do not always do so (Flanagan, K 2008a). If the CSO is not fully funded the government business must make up the shortfall, through cross-subsidisation from its commercial activities or through the imposition of user charges on its clients. Yet these community service obligations are critical to ensuring low income people have access to essential services.

Extraordinary interventions such as the one made by the government in 2009 in relation to Aurora's APAYG tariff cannot be expected as a routine response to decisions that disadvantage low income earners. It is critical that the social obligations of these businesses are clearly defined, and the obligation clearly costed and adequately funded. While the Treasurer may argue that this is already the case, the level of disquiet in the community and the experience of community service providers in relation to electricity bills and poor public transport systems suggest that the social outcomes (and therefore the adequacy of the CSO funding) need to be reconsidered. Failure to address this issue pushes more and more Tasmanian families into using such services as emergency relief, homelessness services and hospital emergency departments instead of general practice medical services and the Government into a cycle of increasing funding to emergency relief and other stop gap measures.

This issue was highlighted as an area for immediate action in the Social Inclusion Commissioner's Cost of Living report (Adams 2011).

Recommendation 4: That the Tasmanian Government review the social outcomes required from publicly owned businesses providing essential services, and the adequacy of the funding provided to these business to conduct their community service obligations (or like activities).

Food insecurity: Anglicare's research into the cost of living found worrying levels of food insecurity among the research participants (Flanagan, J & Flanagan, K 2011). Participants reported

that fresh fruit and vegetables were often not affordable, that they rationed food, and substituted with cheaper, less nutritious alternatives. Food was often relegated last in the household budget, compromising its vital role in maintaining good health, because of necessary high expenditure on items such as housing and electricity.

It is critically important that access to affordable nutritious food for marginalised consumers and communities is considered within discussions about economic policy, land use planning reform, urban planning, transport systems, taxation reform and other broad policy areas. As the Prime Minister’s Science, Engineering and Innovation Council warned in its report on national food security, this will require legislators and policy leaders to consider access to food as a prime imperative in a broad range of policy areas (PMSEIC 2011).

In Tasmania, it is hoped that the Tasmanian Food Security Strategy, currently in development, will include a framework for improving access to affordable nutritious food for all Tasmanians. However, it will be critical for the Strategy’s success that the implementation of its recommendations has cross-government support and adequate and ongoing funding. Although the Strategy is not yet complete, in a constrained fiscal environment it is important that the Tasmanian Government begins immediately to explore funding options for this important work.

Recommendation 5: That the Tasmanian Government commit to appropriate funding for the implementation of the Tasmanian Food Security Strategy.

4.3 Education

In June 2011 it was announced that the planned budget savings of \$189.8 million were to be achieved through school closures (a projected saving of \$23.8 million) along with a series of strategies including fee imposition, service amalgamation and efficiency savings (worth a further \$45.5 million) and direct cuts to school budgets totalling \$64.3 million (listed below).

Direct cuts to school budgets	
Class size reduction funding	\$36.5 million
‘Efficiency requirements’ Polytechnic, Academy and Skills Institute	\$13.5 million
Safe and Secure Schools	\$5.2 million
Indexation for school resource packages withheld	\$4.7 million
Interest payments to schools discontinued	\$4.4 million
TOTAL	\$64.3 million

When the school closure program was stopped because of community opposition, the government adjusted its savings plan and announced, among other measures, the withdrawal of \$2 million funding committed to *Raising the Bar and Closing the Gap*, a program providing literacy support to primary school aged children in locations of particular disadvantage. This was not the first cut in the Department of Education budget to have a direct and disproportionate impact on low income and disadvantaged children.

The school funding package information forwarded by School Association members to the Public Education Alliance revealed that the loss of class size funding alone had cut school operational budgets by between 10 and 14%. Cuts to schools' operational budgets have forced impossible decisions on school communities. Over the life of this fiscal strategy, they will be faced with questions of whether they should fund extra hours for teachers' aides working with children with special needs or literacy programs targeting at-risk children. Even cuts to apparent extra-curricular activities such as specialist music, language and learn-to-swim programs can have negative consequences for low income and disadvantaged students, both through the loss of enrichment activities that their families cannot afford to purchase privately, and the loss of socio-economic diversity in their school communities. (Families who can afford to shop around for their children's education will seek out schools with a broader curriculum.) It would be deeply regrettable if Tasmanian schools engaged in more aggressive cost recovery practices as a means of managing their budgets and escalated the practice of charging students for the cost of course components. In response to research evidence that this had negative consequences on the educational outcomes of low income and disadvantaged students, the Tasmanian Government has in recent years made effective inroads against this practice through policy and funding reform.

Education has obvious economic and social benefits. Completion of high school, vocational education and training or higher education creates opportunities for employment and leads to higher incomes and better health and wellbeing outcomes for individuals. However, children from disadvantaged backgrounds and children with special needs require more assistance, more classroom time and more access to specialist support services in order to reach their potential. They also need assistance with course and levy costs and sometimes with the costs of new uniforms. They are disproportionately affected by the cuts to public school budgets.

Anglicare supports the advocacy of the Public Education Alliance, a community coalition which has argued for the protection of school budgets.

Recommendation 6: That the Tasmanian Government adjust its savings strategy to ensure no cuts to public schools' operational budgets.

4.4. Tasmania Together

Goal 1 - a reasonable lifestyle and standard of living for all Tasmanians.

5. A framework for budget cuts

5.1 Assessing the cumulative impact of cuts

The budget savings strategy laid out in June 2011 set substantial targets, but few details on how the targets would be reached. Presumably a range of options were presented to Government for achieving the reductions, but these were not made available for public comment or debate and they are not to be found in the budget papers. While the Government now has a commendable tradition of consulting on how the public would wish to see budget extra expenditure directed (through the State Budget Community Consultation Process), it did not respond to calls made during the development of the budget savings strategy to publicly consult on possible strategies for reduction, nor have the major portfolios systematically informed the community of their

savings strategies. Since June 2011 the community has learned what is affected by budget cuts by media release.

In its budget savings strategy the Government adopted a plan of making cuts across departments, particularly Health and Human Services, Education and Police. Three different reporting processes appear to be at play in monitoring how the implementation of the savings agenda is progressing. The Education portfolio issues occasional media releases with minimal detail and no continuing public record. Tasmania Police is reporting location by location the impact of applying the reductions through reducing police strength. The Department of Health and Human Services is publishing a continuous record of savings decisions, the regularly updated 'List of Savings Strategies' (the most recent dated 4 October 2011). A common approach to progressive cuts would benefit the community in understanding and managing a very difficult process which is only in its early stage.

In the published DHHS data to 11 August 2011 reported savings are now at 69% of the year one target and only 61% of the year three requirement. This means that another \$31m has to be found in 2011-12, rising to \$56m in 2013-14. This would suggest that major decisions are yet to be made in the Health and Human Services portfolio, with very little time for implementation. There is no equivalent information on the progress of required savings within Education.

It would seem that the savings agenda is not meeting targets in major portfolios for 2011-12. Combined with further reductions in GST revenue it would appear that more aggressive reductions will be made in the future, or wider cuts will be conducted in portfolios not yet tackled.

What is lacking in this approach to delivering savings is an analysis of the impact of these cuts on particular places or populations. The savings are being pursued agency by agency, with no evident collaboration to assess their impact on communities. Police, Health and Education could individually decide on savings that would collectively have major impact on particular communities. The damaging cumulative impact of cuts on the most vulnerable members of the Tasmanian community is illustrated in the case study below.

Case study: The impact of budget cuts on at risk children and youth in an area of high social exclusion

In November 2011 Anglicare's CEO sent a broadcast message to Anglicare's 900+ staff in response to worker concerns about the impact of budget cuts. The message re-emphasised Anglicare's commitment to advocating to the State Government the importance of investing in community services and providing funds for individuals and families that are at risk of crisis.

In response to his message, the following reply was received from an employee working in two services in the North West of Tasmania. One of these services (Reconnect) offers support to young people at risk of homelessness, and the other (Supported Youth Services) promotes the safety and well-being of vulnerable children and young people. The children and young people who use these services are facing the cumulative impact of living in a socio-economically disadvantaged area, the loss of Class Size Funding (the funding which had enabled schools to employ teacher aides for children with high and additional needs, a Department of Education budget cut) and the loss of 5.4 case managers from the Child and Adolescent Mental Health Service (CAMHS) in North-West Tasmania (a Department of Health and Human Services budget cut). The worker wrote:

“Here in Reconnect and Supported Youth, we are faced with an ongoing battle to work with young people in the community who have a diagnosed intellectual disability or an undiagnosed mental illness. Fortunately we have a fantastic team of skilled workers within our two teams here on the North West. However we sometimes rely heavily on CAMHS to provide an accurate diagnosis for some of our clients which is imperative when developing strategies and case plans that best suit our clients’ needs and requirements. As recent history has shown they have already been stretched to provide adequate services and further cuts will without a doubt have a massive impact throughout the community.

In terms of aide time provided to young people with special needs we also experience inadequate support for some of our existing clients with moderate intellectual disabilities which also puts a massive strain on learning and disability services as well as our own efforts to support some of these young people and their families.

We are extremely dedicated and passionate about our work and will always give 110%, however these cuts can only raise our greatest fear which is that these young people and their families will be at greater risk of falling through the cracks.”

In spite of concerns about the most marginalised, the Government has not yet taken action to assemble a view across portfolios so that the overall impact of the portfolio reductions can be considered. Doing predictive impact assessments seems an appropriate role for the Social Inclusion Unit, which has the skills and an appropriate focus and is placed in the Department of Premier and Cabinet and therefore has a whole of Government remit. The SIU has a proven track record of producing high quality analysis and policy. They could both effectively map current activity – Commonwealth and State – in places of disadvantage to identify possible duplication, and bring a sophisticated understanding of the cumulative impact of policy decisions on disadvantaged locations. However, instead of utilising the expertise of the SIU and building on its achievements, the Government appears to be rapidly retreating from a social inclusion approach. It has prematurely terminated the tenure of the Social Inclusion Commissioner and appears to be in the process of dissolving the Social Inclusion Unit.

Analysing and understanding the potential impact of budget cuts does not mean ignoring the reality that fiscal restraint is necessary. Recent research conducted in the United Kingdom which looked at the impact of budget cuts by local authorities on people with disabilities found that while it was a difficult time for disabled people in all areas, ‘the scale of cuts across an area had no real bearing on the extent to which disabled people are affected...some local authorities have taken creative steps to reduce the negative impact on disabled residents in an attempt to shield them’ (Wood, Cheetham & Gregory 2011, p.3)¹. The research was able to make recommendations for managing budget restraints in a way least harmful for service users. It also highlighted that innovation protective of clients was possible in the most difficult financial circumstances. (The UK research found that local authorities’ success in protecting disabled people was not related to affluence. Local authorities managing some of the most deprived areas in the UK were among

¹ To map the impact of the cuts, the researchers created a new measure which combined the level of budget cuts with elements of service delivery (such as increases in user charges, eligibility criteria etc).

those most successfully supporting and protecting people with disabilities from the negative effects of budget cuts.²)

Providing this kind of an impact assessment is an important tool for guiding decision making in a direction which is supportive of the most vulnerable in the community within budget restraints.

Recommendation 7: That the Tasmanian Government commission the Social Inclusion Unit to map the impact of budget cuts on at-risk populations and communities with a view to developing a framework for managing planned reductions to State Government expenditure over the next three years.

5.2 Developing a sustainable budget framework

When confronted with a looming budget crisis in 2009, the South Australian Government formed a Sustainable Budget Commission of Inquiry which made a series of recommendations on the processes and principles that would guide the down-sizing of the State budget. They too were faced with significant funding shortfalls, requiring in their case net savings of \$350 million within three years and the loss of 1600 full-time equivalent positions.

The Commission of Inquiry was given the task of identifying ways of reforming the budget determination process and identifying budget improvement measures so that the state could return the budget to a sustainable net operating surplus. But it wasn't just a process of identifying places where costs could be saved – it was treated as an opportunity to review what the state's priorities were, and where the priorities of the State and Commonwealth governments overlapped.

As a result of this process the Commission developed four principles for the management of the State Budget. They were:

- Financial sustainability as an over-riding priority;
- The Government's policy priorities – the framework against which competing spending or revenue reduction proposals could be assessed;
- Accountability for budget and performance outcomes (particularly Chief Executive accountability); and
- Process transparency, certainty and compliance.

Many of the recommendations of the Commission's report have relevance for Tasmania and could usefully frame a constructive public debate about the management of government money.

The Commission set clear criteria to guide decision-making on priority expenditure proposals, which potentially enabled the community to understand and engage with budgetary decisions. These criteria included considering the potential social inclusion outcomes of any expenditure and the net community benefit. Similarly, decision making criteria for savings proposals were developed which aimed to achieve efficiencies (such as identifying and reducing duplication) but equally aimed to avoid outcomes which had adverse impacts on social inclusion or equity.

² Some of the principles used by the 'best coping' local authorities in their approach to budgetary decisions included reducing the negative impact on disabled people by involving them in decision-making processes, prioritising services that promote independent living and a move towards more integrated services.

The Commission also broadened the government's consideration of the sustainability of its budget beyond financial sustainability, important as it is, to include tax sustainability (ensuring a reasonable stable tax and other revenue-raising system without regular tax rate increases), intergenerational sustainability (sharing the budget's collection and distribution of resources fairly across successive generations), policy and program sustainability (ensuring essential Government programs are durable), social sustainability (investment in safety net programs and other redistributive measures) and environmental sustainability.

The development of the framework provided an opportunity to review the South Australian budget process against an agreed set of criteria. When this was done, the Commission found that overall decision-making discipline could be improved in Government agencies, keeping budget program spending within revenue limits. It also found that budget programs could be more tightly focussed on areas of higher priority and shifted away from lower priority areas. For higher priority programs it argued for greater attention to cost effective service delivery.

Clearly the application of such a framework does not remove the necessity to make difficult decisions; the development of a framework is not an alternative process to the development of Government budget savings strategies. The development of a framework for budget decision-making is a complementary process which has the potential to inform and direct the development of a state budget which builds a sustainable and progressive economy. Such a process has the potential to build broader community engagement with the difficult task of deciding government expenditure in restrained fiscal conditions.

Recommendation 8: That the Tasmanian government establish a framework for a sustainable state budget, including the processes and principles that will guide the projected reduction of state budget expenditure.

Recommendation 9: That the Tasmanian Government commit to a June 2013 review of the government savings strategy against agreed sustainable budget processes and principles.

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