



# Cost of Living

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TASCOSS BUDGET  
PRIORITIES STATEMENT

2018/2019



TasCOSS

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# Getting serious about the cost of living

During the past six months, both the Hodgman Government and the State Opposition have made statements recognising that cost of living measures are a priority in preserving the Tasmanian way of life and ensuring all individuals, families and children in our State enjoy the same opportunities.

This is welcome and necessary, because we know many, many Tasmanian households are doing it tough. The median household weekly income in Tasmania is \$1,100 compared to the Australian figure of \$1,438. Each year, 5000 Tasmanian households go without meals. Nearly 7000 households couldn't afford to keep their houses warm during this past winter. And we know that wages are not keeping up with increasing costs.

The community needs greater assurances that governments are doing all they can to take action on these cost of living pressures. And governments would benefit from mechanisms that build cost of living considerations into budget and policy plans.

TasCOSS proposes two mechanisms that will contribute to both of these goals. They offer the opportunity for Tasmania to lead the nation in innovative strategies to ease cost of living pressures on households.

## Proposal

### 1. Distributional budget analysis

TasCOSS proposes that the Tasmanian Government prepare and publish a distributional analysis of each year's budget. A distributional analysis is a quantitative report about how people across the income spectrum are differentially affected.

The analysis should include all direct costs faced by individuals and families, such as:

> Stamp duties and land taxes

> Insurance duty

> Vehicle registration and motor taxes

> School levies and charges

> TasTAFE student fees

> Fines and court charges

> License fees

> The costs of essential services provided by government-owned entities, such as for electricity, gas, and water and sewerage, and

> Erosion in the value of government concessions.

The analysis should also include ways in which household incomes are affected by wider trends in the economy, such as changes in employment and earnings. This proposal draws from the budget impact scenarios for different household types which appeared in the Commonwealth budget papers between 2005/06 and 2013/14, and the distributional analysis supplement included in the UK's annual budgets.<sup>1</sup>

## Cost

The ongoing cost of this measure is small and should be able to be absorbed within the existing Treasury and portfolio budgets. There will, however, be an initial cost to Treasury in establishing the distributional modelling.



## 2. Cost of living impact statement

TasCOSS proposes that a 'Cost of Living Impact Statement' should be prepared and tabled alongside each piece of legislation that goes to Parliament. The Statement would identify how the legislation affects or addresses cost of living pressures, with a particular focus on five key areas:

> Health

> Education

> Employment

> Housing, and

> Essential services (electricity, gas, water and sewerage and telecommunications)

The Statement would also identify which clients, households, communities or places will be most affected by the proposed law, and will also take into account:

> Data that reflects price/cost impacts on individuals and households and their responses, for example resorting to substitution or rationing, and

> The cumulative impact of price or cost increases across different areas.

If the Statement reveals a negative cost of living impact on any of these five areas, it must also set out how the government proposes to compensate those most affected. The guiding principle is that all government decisions must be compatible with the Tasmanian values of, and the human right to, access to an adequate standard of living, including food, clothing and housing as well as continual progress towards improved living conditions.



## Precedent

In areas of critical policy concern there is precedent for requiring statements to assess the impact of legislation. For example, the Commonwealth Government requires that every piece of legislation presented to federal Parliament be accompanied by a statement of compatibility with certain human rights, which are laid out in core UN human rights treaties to which Australia is a signatory.<sup>2</sup> And the Tasmanian Government has built climate change considerations into its decision making and procurement processes.<sup>3</sup>

This is an opportunity for Tasmania to lead the nation in instituting a mechanism which ensures that cost of living is considered in all legislation.

## Cost

The cost of this measure is small and could be absorbed within the budget of the portfolio Minister's department and the Office of Parliamentary Counsel.

<sup>1</sup> Prior to the 2014-15 budget, the Commonwealth Government published 'cameo analyses'. These projected the impact of the budget on the real disposable income of hypothetical people and households who varied in attributes such as earnings, relationship status, parental status and so on. See for example [http://budget.gov.au/2013-14/content/overview/html/overview\\_40.htm](http://budget.gov.au/2013-14/content/overview/html/overview_40.htm). For the UK budget analysis see [https://www.gov.uk/government/uploads/system/uploads/attachment\\_data/file/597473/impact\\_on\\_households\\_SB2017\\_web.pdf](https://www.gov.uk/government/uploads/system/uploads/attachment_data/file/597473/impact_on_households_SB2017_web.pdf)

<sup>2</sup> The Commonwealth Attorney-General's department sets out the requirements here <https://www.ag.gov.au/RightsAndProtections/HumanRights/Human-rights-scrutiny/Pages/Statements-of-Compatibility.aspx>. Under its Charter of Human Rights, Victorian legislation must also be accompanied by a statement of compatibility with 20 specified human rights.

<sup>3</sup> [http://www.dpac.tas.gov.au/divisions/climatechange/tasmanias\\_climate\\_change\\_action\\_plan\\_20172021/next\\_steps](http://www.dpac.tas.gov.au/divisions/climatechange/tasmanias_climate_change_action_plan_20172021/next_steps)<sup>4</sup> <http://www.un.org/en/universal-declaration-human-rights/>

<sup>5</sup> <https://www.humanrights.gov.au/international-covenant-economic-social-and-cultural-rights-human-rights-your-fingertips-human-rights>



## References

### UN HUMAN RIGHTS TREATIES

Article 25(1) of the Universal Declaration of Human Rights states:

*Everyone has the right to a standard of living adequate for the health and well-being of himself and of his family, including food, clothing, housing and medical care and necessary social services, and the right to security in the event of unemployment, sickness, disability, widowhood, old age or other lack of livelihood in circumstances beyond his control.*<sup>4</sup>

Article 11 of the International Covenant on Economic, Social and Cultural Rights states that parties to the Covenant:

*recognize the right of everyone to an adequate standard of living for himself and his family, including adequate food, clothing and housing, and to the continuous improvement of living conditions.*<sup>5</sup>

### GOVERNMENT STATEMENTS

#### Energy bonus:

[http://www.premier.tas.gov.au/releases/action\\_to\\_address\\_the\\_cost\\_of\\_living](http://www.premier.tas.gov.au/releases/action_to_address_the_cost_of_living)

#### Capping power prices:

[http://www.premier.tas.gov.au/releases/government\\_taking\\_action\\_on\\_power\\_prices](http://www.premier.tas.gov.au/releases/government_taking_action_on_power_prices)

#### Freezing car registration:

[http://www.premier.tas.gov.au/releases/hodgman\\_government\\_continues\\_to\\_tackle\\_the\\_cost\\_of\\_living](http://www.premier.tas.gov.au/releases/hodgman_government_continues_to_tackle_the_cost_of_living)

### OPPOSITION STATEMENTS

#### Economic Direction statement:

<http://taslabor.com/labors-economic-direction/>

#### Low income home solar scheme:

<http://taslabor.com/5455-2/>

## About TasCOSS

TasCOSS is the peak body for the Tasmanian community services sector. Our mission is to challenge and change the systems, attitudes and behaviours that lead to poverty and inequality. Our membership comprises individuals and organisations active in the provision of community services to low-income, vulnerable and disadvantaged Tasmanians. TasCOSS represents the interests of its members and their clients to government, regulators, the media and the public.

**OUR VISION:** One Tasmania,  
free of poverty and  
inequality where everyone  
has the same opportunity.



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