



The Hon Jay Weatherill  
Premier of South Australia  
GPO Box 2343  
ADELAIDE SA 5001

5 March 2018

Dear Premier

**Re: Funding Certainty and the Mid-Year Budget Review**

The signatories to this letter are the leaders of peak bodies in the not-for-profit health and community services sector in South Australia. Our members, and others in the sector, provide vital services to vulnerable and disadvantaged people, and our sector has the highest employment growth rates of any sector.

We are writing because we are deeply concerned at the prospect of cuts to funding for the services offered by our sector. While many sector organisations raise their own funds and

have a variety of sources of funds, there is no doubt that the South Australian government is a crucial source of funds. Many of our services to the community are procured by the government because our sector provides services in a better, more efficient, more flexible and/or more community-focussed way than other alternatives, including direct government provision of services.

Our concern about the funding for our sector arises from the “efficiency dividends” announced in the Mid-Year Budget Review after the state bank tax did not get through parliament. While the cuts to departmental funding average out at 0.6% of operational budgets, they are much bigger for some departments. Even the below-average cuts to the key departments of health and community services will see \$109m cut from health and \$29.7m from community services over the four years of the budget cycle.

We are particularly concerned that “efficiency dividends” implemented by departments remove funding decisions and accountability from Ministers, and note that Departmental CEO’s have historically found it easier to cut funding to non-government organisations before cutting their own staff and operational budgets.

As you know, the non-government health and community services sector run vital services often on small budgets with no room to move. Far from creating efficiencies, any cuts to funding will inevitably lead to fewer services or less quality of services provided to vulnerable and disadvantaged people.

**For this reason, we are asking you to commit to quarantining the non-government sector from the impacts of any funding cuts or government efficiency dividends.**

We have also written to the Leader of the Opposition and Nick Xenophon expressing similar concerns in relation to the Liberal Party’s proposed tax cuts and the efficiency dividends which will be needed to balance the budget in light of those cuts.

This commitment does not impact on the government’s ability to change funding priorities, service providers or replace poorly run services. It is simply a direction to Department heads that when finding the budget savings required for the efficiency dividend, they must not cut funding to non-government services or the allocations to NGO funding within programs. But even with these caveats, a commitment to quarantine our sector from the impacts of funding cuts or government efficiency dividends will give greater certainty to our sector and ensure that we can continue to maintain the vital services that vulnerable and disadvantaged people rely on.

If you would like to discuss this issue, please contact SACOSS CEO Ross Womersley on 8305 4223 or by email at [ross@sacoss.org.au](mailto:ross@sacoss.org.au)

Yours sincerely,



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