

8 August 2017

Senate Standing Committees on Community Affairs
PO Box 6100
Parliament House
Canberra ACT 2600

PO Box 4093
Ainslie ACT 2602
T (02) 6230 1775
F (02) 6230 1704
anglicare@anglicare.asn.au
www.anglicare.asn.au

Re: Response to Questions on Notice

We are writing to elaborate on our evidence of the impact of the energy supplement repeal.

As we noted at the recent hearing, the supplement was introduced at the same time that a standard CPI adjustment arrangement had been due - a 1.6% increase.

Instead, under the energy supplement arrangements, the 'basic' rate of Newstart was increased by 0.9% and the 0.7% put into a new rate component. The balance moved to the clean energy supplement.

In addition, the compensation arrangements also included a real increase (above CPI) of 1%. The clean energy supplement ended up being this 1% real increase, plus the 0.7% part of the normal CPI adjustment, giving a total payment of 1.7% of the original pre-indexation rate.

As a result of all this, removing the energy supplement means the rates of payments for new applicants will actually be less than if compensation for carbon pricing had never been introduced.

As an example, for a person claiming the (usual) lower single Newstart allowance rate, this will mean their payment is not just \$8.80 a fortnight less than current recipients (who get to keep the energy supplement), but \$3.60 less than it would have been had the energy supplement never been introduced.

Below are examples of how the energy supplement removal will impact other payments:

household	approximate excess reduction (per fortnight)
single Newstart	3.60
couple Newstart	6.40
sole parent, 2 children (8, 10), Newstart	7.50
couple, 2 children (2, 4), Newstart/parenting payment	10.40

In addition, Anglicare Australia referred to Anglicare research reports on the possible impacts this could have on people living on income support. This was the subject of a Question on Notice.

This research we referred to includes:

- Inequality in Australia: A nation divided (in conjunction with the Australian Council of Social Service, the Salvation Army, and the St Vincent de Paul Society). Available online: <http://www.anglicare.asn.au/docs/default-source/default-document-library/inequality-in-australia-a-nation-divided.pdf>
- Who is being left behind? Available online: http://www.anglicare.asn.au/docs/default-source/default-document-library/sotf15_interactive.pdf
- Living Standard Trends in Australia (In conjunction with NATSEM). Available online: <http://www.anglicare.asn.au/docs/default-source/default-document-library/living-standard-trends-in-australia-natsem.pdf>

Please don't hesitate to contact us if you have any further questions.

Yours Sincerely,

Maiy Azize
Anglicare Australia