



14 July 2017

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Dear Ms Radcliffe

### **Social Services Legislation Amendment (Ending Carbon Tax Compensation) Bill 2017**

Thank you for the opportunity to comment on the *Social Services Legislation Amendment (Ending Carbon Tax Compensation) Bill 2017* (the Bill).

Anglicare Australia is a network of 36 independent local, state, national and international organisations that are linked to the Anglican Church and are joined by values of service, innovation, leadership and the faith that every individual has intrinsic value. Our services are delivered to one in 26 Australians, in partnership with them, the communities in which they live, and other like-minded organisations in those areas. In all, over 13,000 staff and 9,000 volunteers work with over 940,000 vulnerable Australians every year delivering diverse services, in every region of Australia.

Anglicare Australia disputes the description of these measures as a removal of compensation following the abolition of the carbon tax. As the Parliamentary Library noted at the time of its introduction, the Energy Supplement was used to offset indexation increases that would otherwise have applied to the payments themselves.<sup>1</sup> This Bill is simply an attempt to further cut income support.

It is estimated that these cuts will affect up to 2.2 million people over the forward estimates.<sup>2</sup> This includes Age Pensioners, Disability Support Pensions, Care Payment recipients, family payment recipients, Parenting Payment and recipients of Newstart and Youth Allowance.<sup>3</sup>

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<sup>1</sup> Buckmaster, L. and Yeend, P. (2011) *BILLS DIGEST NO. 58, 2011–12: Clean Energy (Household Assistance Amendments) Bill 2011*. Parliamentary Library, Department of Parliamentary Services: Canberra, pp 6-7.

<sup>2</sup> Australian Council of Social Service (2016) *Policy Briefing: Removal of the Energy Supplement*. Australian Council of Social Service: Sydney, p1.

<sup>3</sup> Ibid.

The evidence that these payments are already too low is almost universally accepted,<sup>4</sup> and the business and community sectors have been calling for an increase for years. The value of these payments has eroded over time, as they have failed to keep up with wage growth and cost-of-living increases. The base rates of several income support payments, including the Newstart Allowance, have not been increased in nearly 25 years.<sup>5</sup> Australia now has the second lowest unemployment benefit in relation to average wages in the OECD. The OECD itself has reported that Australia's income support payments are insupportably low.<sup>6</sup>

Removing the Energy Supplement will cut the rates of these payments by up to \$7 per week. In the case of Newstart and Youth Allowance, it will mean abolishing the first real increase to the payment since 1994.<sup>7</sup> To further reduce the level of inadequate income support goes against almost unanimous calls for an urgent and immediate increase to income support payments. This will exacerbate the difficulties facing those who rely on these payments, and who are already living well below the poverty line.

Anglicare Australia also notes that this Bill will only apply to new income support recipients from 20 September 2017. This is in spite of the fact that all income support recipients are facing the same energy and cost-of-living pressures.

Wholesale electricity prices are higher now than in 2013, when the carbon tax was in place. The University of Melbourne recently found that the average electricity price across Australia nearly doubled last summer, compared with the two summers that the carbon tax was operating.<sup>8</sup> Coupled with large tariff increases in states and territories and a doubling of gas prices, energy costs are predicted to continue rising. Relief for these costs should be offered equally to new and existing income support recipients.

We believe that denying the Energy Supplement to new recipients, in the same circumstances, and facing the same energy and cost-of-living pressures as existing recipients, would be unfair. Anglicare Australia therefore recommends that the Energy Supplement should continue to be paid to all income support recipients.

We thank the Committee for its consideration of our position on this issue. Should you require further information, please contact the Anglicare Australia on (02) 6230 1775.

Yours sincerely

Roland Manderson  
Acting Executive Director

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<sup>4</sup> Education, Employment and Workplace Relations References Committee (2012) *The adequacy of the allowance payment system for jobseekers and others, the appropriateness of the allowance payment system as a support into work and the impact of the changing nature of the labour market*. Parliament of Australia: Canberra.

<sup>5</sup> Ibid, p38.

<sup>6</sup> Organisation for Economic Cooperation and Development (2008) *Growing Unequal? : Income Distribution and Poverty in OECD Countries*. Accessed online, p2. Available at: <http://www.oecd.org/dataoecd/44/47/41525263.pdf>.

<sup>7</sup> Op cit Australian Council of Social Service, p2.

<sup>8</sup> Australian-German Climate and Energy College (2017) *New analysis shows electricity prices higher than under carbon price*. University of Melbourne: Melbourne. p1.