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13 July 2017

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

Re: Social Services Legislation Amendment (Ending Carbon Tax Compensation) Bill 2017

Dear Secretary

Mission Australia is a national non-denominational Christian organisation that delivers evidence-based, client-centred community services. Our goal is to reduce homelessness and strengthen communities across Australia. In the 2015-16 financial year we supported over 130,000 Australians through 452 programs and services. We work with families and children, young people and people experiencing homelessness and also provide specialist services for mental health, disability and alcohol and drug issues. We stand together with people in need until they can stand for themselves.

I am writing to the committee today to register Mission Australia's opposition to cutting the energy supplement to new income support recipients, as it risks driving people further into poverty at a time when energy costs are rising by up to 20 per cent. Successive governments have forced income support payments far below the cost of living and people are struggling to meet their basic needs. Cutting payments further will worsen this situation making it more difficult for people to make ends meet and increasing their risk of homelessness.

The energy supplement is paid at rates ranging from \$8 to \$14 per fortnight, with a single Newstart recipient with no children receiving an energy supplement of \$4.40 per week or \$228.80 per year. Energy bills meanwhile can cost over \$2000 for a single person in some states.

While the government has argued for the removal of the energy supplement for new income support recipients due to the lack of a carbon price, energy prices have been rising in recent years significantly above cost of living increases and people still need energy to cook, heat their house, do their laundry and have enough light for children to do their homework.

It makes no sense for the government on the one hand to recognise that existing pension recipients need a once off energy supplement to compensate for the large increase in energy tariffs that came

into effect from 1 July while seeking to deny new recipients and those on much lower benefits such as Newstart any compensation for the cost of essential services.

Mission Australia and other service providers are seeing a significant rise in energy stress among our families and clients and we anticipate this situation will deteriorate as those on the lowest benefits are confronted by energy poverty. This is being borne out by the disturbing increase in the number of people unable to pay their electricity and gas bills and those facing disconnection from their provider.

Inequality is growing and nearly three million people in Australia are living below the poverty line including more than 730,000 children, despite 25 years of economic growth. Income support is one of the most important and effective ways of preventing poverty and reductions in income support increase social dislocation and have long term adverse economic and social costs.

We need a social safety net that is strong enough to keep people out of poverty. Cutting income support payments is a move in the wrong direction which will increase poverty and inequality.

Yours sincerely

Catherine Yeomans

Chief Executive Officer, Mission Australia