

Dissenting Report by the Australian Greens

1.1 The Australian Greens oppose this Bill as it will reduce already inadequate income support payments and leave income support recipients worse off and more susceptible to poverty.

1.2 The Australian Greens opposed this measure when it was included in the Social Services Legislation Amendment (Omnibus Savings and Child Care Reform) Bill 2017.

1.3 The measures in this Bill will affect 1.7 million people by 30 June 2020.

1.4 The Australian Greens note the concerns raised in the Majority Committee Report regarding the creation of a two-tiered system, the adequacy and indexation of income support payments and increasing electricity prices and impact on their recipients and share these concerns.

Creation of two-tiered system

1.5 As the Majority Committee Report outlines, a number of submitters to the inquiry were concerned that the Bill's proposal to cease the payment of the Energy Supplement to new income support recipients from 20 September 2017, while continuing to pay the supplement to those in receipt of it on 19 September 2016 will create a two-tiered system.

1.6 The Australian Greens share the concerns of the Australian Council of Social Service (ACOSS) regarding the impact of a two-tiered system and it creating further inequity in the income support system.¹ Individuals in the same circumstances, on the same payment, should receive the same amount of money. It is not fair that an individual who commenced receiving a payment on the 20th of September 2016 will no longer receive this supplement if this Bill passes, but an individual who commenced receiving a payment only a day earlier will continue to receive the supplement.²

1.7 It is also contrary to this Government's agenda to introduce further complexity into the social security system, as the National Social Security Rights Network (NSSRN) outlined it will.³

1.8 While the Majority Committee Report says that 'the government considers it to be a fair and reasonable adjustment to cease providing compensation for the carbon tax in the form of the energy supplement to new income support recipients',⁴ the Australian Greens do not consider it fair or reasonable as it will create a two-tiered

1 ACOSS, *Submission 7*, p. 4.

2 COTA Australia, *Submission 10*, p. 2.

3 NSSRN, *Submission 1*, p. 2.

4 *Majority Committee Report*, p. 3.

system, where the amount of an individual's payment is dictated by the date they started receiving the payment.

Unfair reduction to inadequate income support payments

1.9 Cutting the Energy Supplement would be a real reduction to the already insufficient income support payments of millions of people. As the Majority Committee Report noted a number of submitters expressed concern about the inadequacy of income support payments to meet the rising costs of living in Australia.⁵ The ACOSS report *Poverty in Australia 2016* provides an illuminating statistic in this regard: of those on income support, 36.1% are living below the poverty line, including 55% of people receiving Newstart Allowance.

1.10 For those on Newstart, the introduction of the Energy Supplement was the first real increase to their payments in over 20 years and the removal of the payment will result in a cut to the overall payment received. It is crucial that the Government raises this payment, not find further ways to erode it.

1.11 The NSSRN said in its submission:

It is particularly disappointing to yet again see the measure justified, in part, by the repeal of the carbon tax. This justification has been repeatedly and comprehensively debunked by experts and in the media. In short, the repeal of the energy supplement does not simply remove extra compensation which is no longer needed. It is a real cut to a range of social security payments which were not fully indexed at the time the supplement was introduced.⁶

1.12 Further to this, ACOSS said that:

If the Energy Supplement is abolished, Newstart will be lower than it would have been had there been no compensation for the carbon price introduced in 2013. This is because when the Energy Supplement was introduced, regular Consumer Price Index indexation of Newstart was adjusted to account for the supplement, which was paid to cover the increased costs associated with the price on carbon. Removing the supplement effectively eats into the base rate of payment, leaving the payment lower than it would have been had regular indexation taken place.⁷

1.13 While the Majority Committee Report says that '[t]he department informed the committee that in order to assist income support recipients with rising energy costs, the Government has provided a one-off Energy Assistance Payment to a range of income support recipients', it should be noted that the most vulnerable income support recipients did not receive this payment.

5 *Majority Committee Report*, p. 4.

6 NSSRN, *Submission 1*, p. 2.

7 ACOSS, *Submission 7*, p. 2.

1.14 The Australian Greens are particularly concerned that this Bill will leave vulnerable income support recipients worse off and see them plunged further into poverty.

Inequity in treatment of carbon price compensation

1.15 The Government will continue to compensate people on higher incomes for the carbon tax through tax benefits while seeking to remove the compensation for people on income support.

1.16 The ACOSS submission says:

The government is inconsistent in its treatment of carbon price compensation. Tax cuts that were introduced at the same time as the Energy Supplement to compensate for the carbon price continue. A person on a taxable income of \$60,000 is paying \$9.65 per week less in tax as a result of carbon price compensation by way of tax cuts. In short, people on higher incomes will continue to be compensated, while people on very low incomes will not, revealing the gross inequity of this bill, as it targets people with the least.⁸

1.17 The Australian Greens do not support individuals with a greater ability to pay receiving favourable treatment over vulnerable Australians.

Energy Prices

1.18 The Australian Greens note the concerns raised by a number of submitters regarding the increasing price of energy and the challenges that people receiving income support face in meeting those costs. We also note the circumstances that may see income support recipients consume more electricity, such as a disability, and as a consequence see them disproportionately affected by rising costs. The removal of the Energy Supplement will increase the financial difficulties associated with meeting these energy costs for those on income support.

Conclusion

1.19 This Bill cannot be supported by the Australian Greens. It will drive people living on already inadequate payments further into poverty.

Recommendation 1

The Australian Greens recommend that the Senate not pass the Social Services Legislation Amendment (Ending Carbon Tax Compensation) Bill 2017.

Senator Rachel Siewert

8 ACOSS, *Submission 7*, p. 5.

