

14 July 2017

Committee Secretary
Senate Standing Committees on Community Affairs
Parliament of Australia
Parliament House
Canberra ACT 2600

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Dear Ms Radcliffe

Thank you for the opportunity to provide a brief comment on the Social Services Legislation Amendment (Ending Carbon Tax Compensation) Bill 2017, now before the Senate Community Affairs Legislation Committee.

COTA Australia is the national consumer peak body for older Australians. Its members are the eight State and Territory COTAs (Councils on the Ageing), which have around 30,000 individual members and more than 1,000 seniors' organisation members, jointly representing over 500,000 older Australians.

COTA opposes the Bill before the Committee, just as we opposed the proposal when it was announced as a 2016 Budget Measure, because removing access to the very modest Energy Supplement for new income support recipients and pensioners will impact negatively and inequitably on those least able to bear it, including a significant group of older people.

We consider it unfair that new income support recipients and pensioners are singled out to bear the cost of Budget savings in this way, while the general population continues to enjoy the benefits of restructured income tax rates put in place to compensate for expected energy price increases due to the now-defunct carbon price. Similarly, the small amount of energy supplementation included in income support payments (also related to the carbon price) will continue to be paid to recipients eligible prior to September 2016.

Removal of the modest Energy Supplement for new recipients is especially egregious in the context of increased energy prices over the last few years, while the carbon pricing scheme was repealed in mid-2014. Energy prices are currently increasing sharply in most parts of Australia.

COTA increasingly hears from older Australians dependent on the Age Pension, Disability Support Pension, Service Pension or Newstart Allowance that energy prices are significantly

adding to their financial pressures, pushing them closer to financial crisis or in some cases deeper into poverty. There is no margin when you are totally reliant on a pension.

It is not uncommon to hear of older people choosing (by way of example only) between heating their home in winter and filling medicine prescriptions, or between using air-conditioning in hot climates in summer and eating adequately. Older people can be particularly vulnerable to temperature extremes, and heating and cooling in the home is essential to their health and wellbeing.

The removal of the Energy Supplement would be particularly hard on new recipients of Newstart Allowance. A single Newstart recipient with no children currently receives \$4.40 in Energy Supplement. While this is a very small amount, it represents the only above-CPI increase to Newstart in two decades. Around one third of long term Newstart Allowance recipients are mature aged and COTA is part of the broad consensus across society calling on the Government to lift Newstart recipients out of poverty. Taking away the Energy Supplement is heading in precisely the wrong direction. As ACOSS has pointed out it would actually result in Newstart being lower than if there had been no Energy Supplement and normal indexation.

In addition, COTA opposes the creation of two tiers of payments under individual categories of income support. It is manifestly unfair that a person receives a lower or higher rate based simply on an accident of history regarding their entry date into the benefits system. This type of horizontal inequity can create an environment of grievance between groups of people in the same circumstances, who are struggling financially to manage on very low incomes, receiving different treatment by their Government.

COTA encourages and urges the Committee to oppose the Bill on the grounds that it does not meet the standard expected by the Australian community in regard to fairness and equity, and will increase economic hardship and suffering for an already modestly or in the case of Newstart poorly supported cohort of Australians. Those who are reliant on Government income support or pensions cannot absorb further cuts to their incomes, and introducing horizontal inequity into social security payments on the basis of start-date is a dangerous precedent, unfair and indefensible on good public policy grounds.

COTA would be pleased to discuss this matter further with the Committee.

Yours sincerely,

A handwritten signature in black ink, appearing to read 'Ian Yates', written over a large, light-colored scribble or background mark.

Ian Yates AM
Chief Executive