



The **Salvation Army** Australia

Submission made on behalf of The Salvation Army Australia

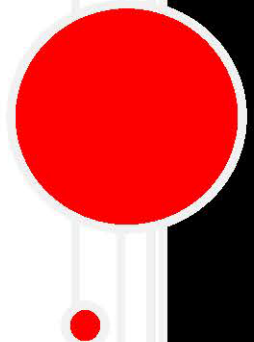
Response to the

**Senate Community Affairs Legislation Committee
Inquiry into the Social Services Legislation Amendment
(Ending Carbon Tax Compensation) Bill 2017**

14 July 2017

For more information, please contact:

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14 July 2016

Committee Secretariat
Community Affairs Legislation Committee
Parliament House
Canberra ACT 2600
By email: community.affairs.sen@aph.gov.au

Dear Committee Secretariat

Response to Social Services Legislation Amendment (Ending Carbon Tax Compensation) Bill 2017

The Salvation Army has one of Australia's largest networks of homelessness and community support services. In total there are more than 1,000 specialised social programs and activities, located in a vast network of other social support services, community centres and churches, providing assistance to more than 200,000 Australians. The Salvation Army has a national annual operating budget in excess of \$700 million. The Salvation Army Australia provides more than 2,200 points of contact for the community that range over vast distances. The Salvation Army's services and activities are overwhelmingly located in areas with significant socio-economic disadvantage. The following comments are offered as a result of this access to community and our intimate knowledge of people experiencing hardship and disadvantage.

The Salvation Army welcomes the opportunity to comment on the Social Services Legislation Amendment (Ending Carbon Tax Compensation) Bill 2017, which was first introduced in 2016 and is again before the parliament.

As this (2017) bill reintroduces, without amendment, the same proposed cuts to recipients of income support, The Salvation Army maintains its strong concerns about the inadequacy of the current income support arrangements and any further erosion of these.

In summary, The Salvation Army:

- **maintains its concern** that income support recipients are already unable to adequately meet their daily needs, therefore any further call on their limited resources to meet the increasing cost of living is not sustainable.
- **does not support** the proposed changes to changes to Social Services Legislation Amendment (Ending Carbon Tax Compensation) Bill 2017, as these changes would directly and negatively impact on many of the individuals and families that The Salvation Army already supports.

In previous submissions, The Salvation Army has outlined evidence concerning the levels of deprivation and disadvantage experienced by the many people The Salvation Army serves and represents. As part of The Salvation Army's advocacy for those who use our services we undertake an annual survey to measure and understand the economic and social circumstances experienced by people across Australia. Data collected for The Salvation Army's 2017 National Economic and Social Impact Survey (ESIS)¹ supports the position The Salvation Army holds concerning the continued inadequacy of current levels of income support, for which there is indisputable evidence (see Footnote 1).

The findings from ESIS indicate that people seeking assistance from The Salvation Army face significant financial stress and deprivation in a number of key areas. For example:

Daily challenges

The biggest challenges respondents faced on a daily basis were:

1. Being able to afford enough food to eat (69%)
2. Managing their mental health and emotional wellbeing (43%)
3. Managing financial stress and difficulties (36%).

Cost of living

- Government income support recipients had to live on as little as **\$17.14 per day**
- Single parents with children were left with **\$14.35 per day** to live on
- On average, respondents spent:
 - **\$109 per week** on groceries and other essentials
 - **\$73 per week** on utility bills.

Low income earners and income support recipients are particularly susceptible to cost pressures that relate to housing, fuel and utility prices; all of which have risen substantially in recent years. Covering the cost of additional essential items or managing an unexpected bill can send some individuals into long term financial hardship and debt. For ESIS respondents, cost of living pressures have meant making difficult choices, deciding between buying food, paying for a school excursion, paying the rent or a utility bill.

With only \$14.35 per day the impact of even the slightest decrease in income would compound the already dire situation faced by hundreds of thousands of highly disadvantaged Australians.

The increasing cost of living has been felt most acutely by the most disadvantaged groups with the lowest incomes. Indeed, recipients of income support experienced up to 2.5% cost of living increases over the past 12 months, while people who are employed 1.5%². In particular, utility price increases have impacted most on low income earners because these households spend a greater proportion of their income on those goods and services.

¹ The Salvation Army Australia, 2017, Economic and Social Impact Survey (ESIS), Melbourne. Available at http://www.salvationarmy.org.au/Global/News%20and%20Media/Reports/2017/ESIS/ESIS_2017_Key_Findings_ONLINE01.pdf

² Australian Bureau of Statistics, 6467.0 – Selected Living Cost Indexes, Australia, March 2017. Available at <http://www.abs.gov.au/ausstats/abs@.nsf/mf/6467.0>

The Salvation Army calls upon the Australian Government to support highly disadvantaged Australians living on inadequate income support payments by increasing the minimum payments by at least \$50 per week. This will go some way to increasing their capacity to meet the daily cost of living.

As the removal of the Energy Supplement essentially represents a cut to the nominal and real value of income support payments, The Salvation Army calls on the Australian Government to reconsider this bill.

The Salvation Army Secretariat would be pleased to provide further information about this response and thanks again the Community Affairs Legislation Committee for the opportunity to provide input to this important legislation.