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President Gerardine (Ged) Kearney
Secretary Sally McManus

Ref: D No. 073/2017

14 July 2017

Committee Secretary
Senate Community Affairs Legislation Committee
PO Box 6100
Parliament House
CANBERRA ACT 2600
Via Email: community.affairs.sen@aph.gov.au

Dear Committee Secretary,

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

We thank the Committee for the opportunity to make a submission in relation the *Social Services Legislation Amendment (Ending Carbon Tax Compensation) Bill 2017* (the Bill).

The ACTU is the peak body for Australian unions. We represent more than 1.6 million working Australians and their families.

The energy supplement (the supplement) was established in 2012 as compensation for the fixed price on carbon pollution that existed at the time. The supplement is paid to recipients of income support payments and is paid at 100 different rates, ranging between \$8 to \$14 per fortnight.

The fundamental principle on which the supplement exist is that energy prices increased when a price on carbon was introduced. When the current Government was elected to office, one of its central policies was to repeal the carbon pricing mechanism on the promise that it would reduce energy prices. Infamously, then Prime Minister Tony Abbott claimed that repealing the carbon price would lower household energy, gas and grocery bills by \$550 per year. That has proven to be not the case.

In fact, the opposite has occurred with energy prices continuing to soar following the repeal of carbon pricing legislation. Most recently on 1 July 2017, energy price have jumped by between 10-20% nationally.

The Bill will mean that from 20 September 2017 many Australian consumers who are already struggling under skyrocketing energy prices will have an additional cost that they cannot afford put on them directly by the Federal Government.

This is unfair and inequitable. It places an undue additional financial impost on those in our society that can least afford it.

The Government states it expects the Bill to save \$933.4 million over the next three years. This is a small financial saving within the overall context of the federal budget that will come at the cost of huge impacts in the day to day household budgets of many struggling Australian families.

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It shows how badly out of touch the Government is with ordinary people when it is focusing on passing a Bill to take crucial power bill assistance away from welfare recipients while large energy retailers like Origin, AGL and Energy Australia have annual incomes that range from \$7 to \$10 billion dollars yet they pay no tax.¹

It is a moral affront to cut almost \$1 billion in power price welfare payments from our social security system while the big power companies are reaping billions while paying no tax and energy prices keep climbing due a lack leadership and vision from the federal government with regards to energy policy.

This Bill simply means those one the lowest incomes will need to pay higher energy bills with less.

The Government first announced its intention to end the supplement in the 2016 Budget but has had its attempts rejected by Parliament multiple times to date. This is because the majority of the Parliament understands that to remove this crucial supplement is simply inequitable and mean spirited.

We urge the Committee act in the interests of those who need our help the most in a time when they are being failed badly by the Government elected to represent them. Parliament must be the body to stand up for them.

We recommend that Committee reject the Bill in its entirety.

Yours sincerely

Sally McManus
Secretary

¹ Australian Tax Office Corporate Tax Transparency Report 2014-15.