



Australian Council of Social Service

22 November 2013

Committee Secretary Christine McDonald
Senate Standing Committees on Environment and Communications
PO Box 6100
Parliament House
Canberra ACT 2600
By email: ec.sen@aph.gov.au

Dear Christine,

Re: Inquiry into the Clean Energy Legislation (Carbon Tax Repeal) Bill 2013 and related bills

Thank you for the invitation to make a submission to the *Inquiry into the Clean Energy Legislation (Carbon Tax Repeal Bill) and related bills*.

ACOSS made a submission to the recent *Repeal of the Carbon Tax Exposure Draft Legislation and Consultation Paper*, which outlines our interest in and position on Australian climate policy and the repeal of the carbon price.

Given the tight timeframe for submissions and the relevance of the issues addressed in our previous submission to the current inquiry, I have attached a copy below for your consideration.

We would welcome the opportunity to expand on this Submission as appropriate, including at the public hearing at Parliament House, Canberra on 26 November 2013.

Yours sincerely,

Dr Cassandra Goldie
Chief Executive Officer, ACOSS

ACOSS submission to the Repeal of the Carbon Tax Draft Legislation and Consultation Paper

Thank you for the opportunity to comment on the *Repeal of the Carbon Tax Exposure Draft Legislation and Consultation Paper*. This brief submission addresses the following:

1. Why climate change policy and action is particularly relevant to the lives of people who experience poverty and disadvantage;
2. Our position on action to address climate change and Australian policy;
3. Our understanding of the drivers of energy prices in the Australian energy market and the importance of energy efficiency for low-income households;
4. Our concern to ensure that people on low incomes are not adversely affected by savings measures required by the repeal of the carbon price or the transition to 'direct action' policies.

Due to the limited time available for consultation on the exposure draft legislation and capacity constraints, this submission does not deal in detail with technical aspects of the bill or consequential changes to associated pieces of legislation.

About ACOSS

The Australian Council of Social Service (ACOSS) is the peak body for the community and social services sector and the national voice for people affected by poverty and inequality. ACOSS' vision is for a fair, inclusive and sustainable Australia where all individuals and communities can participate in and benefit from social and economic life.

Our membership represents over 3000 organisations and additional individual members through the combined network of the Councils of Social Service (COSS). Our members include community service providers, professional associations, representative and consumer organisations, and members of the public.

1. ACOSS' interest in climate change

ACOSS' concern about the impacts of climate change is primarily the result of our role representing the interests of people on low-incomes and those experiencing the impacts of poverty and inequality in Australia, as well as our role as the peak body for the community services sector. Our work in this area flows from clear evidence that people facing poverty and inequality, and the organisations supporting them, will be affected first and worst by the full spectrum of climate change impacts. People with the least resources have the least ability to cope, to adapt and to recover. The likely impacts of climate change include increasingly frequent and intense extreme weather events, reduced air and water quality, vector, food and water-borne diseases, and increasing costs for essential goods and services caused by impacts to food supplies, utilities and infrastructure. The people who are at particular risk include:

- People on low incomes and people who are unemployed;
- People who are homeless, living in poor quality housing or in the private rental market;
- Frail older people and those with chronic health conditions;
- Aboriginal and Torres Strait Islander people;
- Single parents and low-income families;
- Newly arrived migrants and refugees; and
- People with a disability and their carers.

Heat-related health impacts are twice as prevalent in low-income households while other extreme events, such as floods and cyclones, also inflict greater hardship on these groups (in part because they are most likely to be uninsured and least able to recover from the loss of services and increased costs of recovery and repair).

As the national peak body for the non-government, not-for-profit community services sector, ACOSS also has a particular responsibility to consider how climate change will affect the service delivery capacity of community service organisations (CSOs). In 2012, ACOSS and research partner, Climate Risk Pty. Ltd. received funding from the National Climate Change Adaptation Research Facility (NCCARF) to investigate the impact of physical infrastructure failure caused by climate impacts on social infrastructure in human settlements. The world-first research specifically focussed on the ability of CSOs to maintain service delivery during and after extreme weather events and under the increased strain caused by incremental climate change. Our research also examined whether the climate-driven failure of CSO service delivery worsens risks to the individuals and communities they serve and, on the other hand, whether levels of organisational preparedness reduce the

scale and extent of vulnerability to climate change and extreme weather impacts in human settlements.

Our research found that:

- CSOs are highly vulnerable and poorly prepared to respond to climate change and extreme weather impacts;
- Responses to risk lack adequate breadth and sophistication and the failure of critical infrastructure services such as power, water and telecommunications have the potential to cause a major loss of service delivery capacity;
- People experiencing poverty are likely to be at even greater risk of harm as climate change accelerates and the failure of services on which they rely will further heighten that risk;
- As services fail, greater strain will also be placed on interconnected elements of the social system such as emergency services, hospitals and the criminal justice and social security systems;
- Importantly, well adapted CSOs are a critical resource for building adaptive capacity, with the inherent skills, capacities and resources to make an unparalleled contribution to individual and community resilience to climate change.

The full research report, *Adapting the Community Sector for Climate Extremes*, can be accessed via the [NCCARF website](#).

2. ACOSS position on climate change policy

ACOSS' interest in issues affecting people on low incomes has driven sustained efforts, both alone and in partnership with others, to advocate an effective, sustainable and stable response to climate change and implementation of climate policy in a fair and equitable manner.

Specifically, ACOSS supports:

- An effective and economically efficient mechanism to reduce carbon emissions that provides abatement at the lowest possible cost. Based on recommendations from the Garnaut Review (2008), ACOSS understands that a price on carbon or emissions trading scheme to reduce carbon emissions will provide the greatest environmental benefit for the lowest economic cost;
- Ambitious national emissions reduction targets, which ensure Australia contributes its fair share to global emissions reduction efforts to limit warming to below two degrees. According to a draft report on Australia's current targets published by the Climate Change Authority, this will require Australia achieving emissions reductions of 15-25% by 2020; and

- The prioritisation of vulnerable households in national strategies to adapt to ‘locked in’ climate change. Adaptation investment is vital to ensure the resilience of Australian communities and must continue alongside abatement mechanisms.

3. The cost-benefit for households of repealing the carbon tax

Based on currently available evidence, it remains unclear whether repealing the carbon tax will lead to a significant decrease in household living costs. ACOSS has been advocating for low income energy consumers in energy market reform processes for the past seven years. The drivers of energy price rises are much broader and more complex than the introduction of the carbon price alone including, for example, increased network expenditure. It is ACOSS’ view that policy about energy pricing which leads to hardship, should be extended to include the ongoing systemic drivers of energy prices, and the energy market reforms and social policies required to ensure an equitable transition to a sustainable energy future.

We also believe that energy efficiency programs and assistance are important complementary measures for reducing carbon emissions as well as energy hardship. This is particularly important for those households with acute capital constraints and tenure barriers, which prevent them from investing in energy efficiency and distributed generation as a way of reducing costs.

Schedule 2 of the bill establishes time-limited provisions which confer additional price monitoring powers to the ACCC to ‘prohibit carbon tax-related price exploitation and false or misleading representations’ with respect to electricity, gas, synthetic greenhouse gases and equipment and other specified goods. ACOSS supports the introduction of these provisions into the Competition and Consumer Act 2010, which will provide essential consumer protection during a period of confusing price adjustment. The additional price monitoring role, especially for the 6 months prior to the repeal of the carbon tax, provides a strong assurance of regulatory oversight which should discourage price manipulation.

4. Impact on Federal Budget revenue

Finally, in a tight budgetary environment, ACOSS is concerned that the repeal of the carbon tax and the implementation of ‘direct action’ policies may come at a net cost to the Federal Budget. If the government foregoes revenue from a carbon price but retains the full household compensation arrangements, savings may be sought from other programs to compensate for the impact on the Federal Budget. Similarly, direct expenditures to encourage polluters to reduce emissions represent a more costly approach to climate change mitigation. These additional costs may also have to come from scarce Federal Budget revenue.

While we support the Government's commitment to retain the household assistance package for people who are in financial need, neither the household assistance package nor the costs associated with implementing 'direct action' policies should be recouped from programs on which people on low incomes rely. Social assistance programs, such as the household compensation package, should be targeted to those in need, not at their expense.

Conclusion

We look forward to working with the Federal Government to develop a clear and stable pathway to meet Australia's carbon emissions reduction target. This pathway should:

- Enable Australia to contribute its fair share to global efforts to reduce carbon emissions to safe levels that limit warming to two degrees;
- Ensure that people affected by poverty and inequality are not unfairly exposed to the significant social, health and economic risks from climate change;
Appropriately balance the costs of taking effective action to reduce carbon emissions against the costs of not doing so on Australia's economy, society and environment;
and
- Ensure that climate change policy, including direct action, does not come at the expense of the social and economic outcomes of people experiencing poverty and disadvantage, including the need to fund vital social assistance programs.