

Media Release

Sunday 10 July, 2011

ACOSS welcomes agreement on carbon price mechanism

The Australian Council of Social Service today welcomed the Government's announcement to establish a mechanism for pricing carbon pollution.

"Effective and equitable action is vital to mitigate against the genuine threats posed by climate change and the potentially devastating impact on the poor who will be the worst affected," said Acting CEO Dr Tessa Boyd-Caine.

"ACOSS supports the introduction of a carbon pricing mechanism provided it really does have the effect, over time, of reducing greenhouse gas emissions and encouraging the transition to a clean energy economy. Today's announcement comes on the back of the hard work by the Multi-Party Climate Change Committee and we congratulate all involved in that crucial process.

"ACOSS has long argued that people on the lowest income levels will be impacted first and worst by the effects of climate change. This includes people reliant on income support such as pensioners, people with disabilities, sole parents, and the unemployed, who have less ability to adapt and spend a greater proportion of their disposable income on necessities like food, energy and shelter.

"We are therefore pleased to see that these groups will be assisted through compensation delivered through the social security and tax systems and by measures to support greater energy efficiency.

"However we are disappointed that compensation levels have been determined based on household income and not expenditure. This means that existing inequities in Australia's income support system will continue through the carbon price mechanism as those on lower allowances receive the lowest levels of compensation.

"For example someone on Aged Pension, Carers or Disability Support Pension will receive an increase of \$338 per year compared to \$218 for someone on the unemployment Newstart Allowance. This is unfair and brings a level of inequity into the compensation aspects of the scheme.

"In effect, the so-called 'battlers buffer' builds in a \$33 difference in the annual compensation between single pensioners and single unemployed people.

"It should also be noted that allowance recipients are not eligible for the Utilities Allowance of \$10 per week, which adds to the inequity in the face of surging electricity and gas prices.

ACOSS' view is that all income support recipients should receive compensation at the higher level, and all should have access to Utilities Allowance.

“ACOSS welcomes the important complementary measures in the package to develop clean industries and support households, workers and communities. This will go some way to support the development of new technologies, investment in emerging industries, skills development and household energy efficiency. ACOSS also welcomes the targeting of tax cuts to the lowest income earners announced in today's package.

“Setting the price at \$23 per tonne, and targets of 5% reduction on emissions from 2000 levels, and 80% on those emissions by 2050, are all good starting points for a serious attempt to reduce our emissions. There is no doubt that we need to make changes in order to avoid the impacts of climate change, and as a wealthy nation Australia has a responsibility to play our part in the global effort. The impacts of a carbon price as modelled by Treasury will be manageable and low income households are being sufficiently buffered from these impacts’.

“ACOSS will continue to advocate for an equitable tax and transfer system as the carbon tax mechanism is refined and through the upcoming tax forum,” Dr Boyd-Caine said.

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