

New Cost of Living report confirms carbon price compensation essential

SACOSS today called for an increase in social security payments, particularly Newstart and Youth Allowance. The call came as SACOSS released its quarterly *Cost of Living Update* based on ABS statistics that showed living costs for pensioners and other income support recipients had increased by 0.7% in the December 2010 quarter. By comparison, CPI increased at 0.4%.

SACOSS Executive Director, Ross Womersley said, “The figures show an alarming long-term trend, and the case studies in our report show people really struggling to make ends meet on social security payments that are just too small. Most of the weekly budgets of income support recipients we reviewed had almost no discretionary expenditure and yet were still in deficit.”

“While we welcome yesterday’s federal announcement on a pathway towards a price on carbon pollution, Government, the Greens and Independents must realise how many people cannot afford their energy bills now, let alone when prices rise under a carbon pricing scheme.”

“SACOSS calls on the government to fully cover any increases brought about by pricing carbon. Any carbon pricing scheme must have adequate compensation for those who can least afford it. Governments must also invest in energy efficiency for low-income households.”

“The Federal government made a big difference to the lives of aged pensioners when it substantially increased pensions in 2009. It is now time for a similar increase in Newstart and Youth Allowance. Those benefits should be increased by at least \$45 per week as a start to restoring parity and justice.”

The SACOSS *Cost of Living Update* examines the level of social security payments and shows alarming long term trends, particularly for the unemployed on the “Newstart” allowance and for students and young people on Youth Allowance. The report shows that over the last decade:

- Newstart and Youth Allowance benefits have not kept pace with the increasing cost of living for income support recipients, meaning that recipients of those benefits are becoming progressively worse off;
- there is a growing gap between Newstart & Youth Allowance and other social security payments;
- there is a growing gap between Newstart & Youth Allowance (red & purple on the graph) and average weekly earnings for the rest of the population (yellow & blue).

Womersley said, “Newstart and Youth Allowance already have activity test requirements to guide people into work, so there is no reason to punish them and no reason why those benefits should not have been increased in line with other income support payments.”

“We are particularly concerned about the increasing gap between Newstart/Youth Allowance and Average Weekly Earnings. This increasing inequality is unfair and can lead to feelings of isolation and hopelessness, which will undermine efforts to get people into the workforce and the mainstream of society.”

DOWNLOAD THE COST OF LIVING UPDATE FROM
www.sacoss.org.au/costofliving

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