

Compensation welcome, but carbon tax energy price rise is the least of it

The SA Council of Social Service today welcomed the carbon price scheme announced yesterday by the Federal Government, and its recognition of the disproportionate impact on those with the least ability to pay.

SACOSS Executive Director Ross Womersley said, “It is vital we get moving on building sustainable energy options for the future, and a carbon tax is one way to create incentives to move in this direction. The COSS network’s concern has always been the potential impost this would represent for people on the lowest incomes in our community. These people have fewer resources and hence less ability to adapt, and spend a greater proportion of their disposable income on necessities like food, energy and shelter. The buffer the government appears to have built into this scheme is good news to those on low incomes; this includes people reliant on income support such as pensioners, people with disabilities, sole parents, and the unemployed.”

“The changes to the tax-free threshold are also very welcome as they will potentially help many people make an easier transition from reliance on welfare into work.”

“We are however disappointed that the government did not heed the COSS network’s recommendations that compensation levels be determined based on household expenditure rather than income. 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.”

“In all this it must be remembered that any energy price increase due to the carbon tax pales when compared to the general escalation in utility price rises in South Australia in the last couple of years; rises that from July 1 will see a household with average consumption of electricity, gas and water having a combined increase of between \$400 and \$500. The SA government’s energy concession available to eligible low income households did rise by \$7.50 from 1 July, to \$157.50. This of course does little to offset such huge increases in real costs. We still urgently need to consider and address why it is that people on low incomes are not being protected from these increases in living costs as well.”

A summary Fact Sheet of utility price increases, and a discussion of their impact, can be downloaded from www.sacoss.org.au/essential-services

Note this Fact Sheet has been revised twice since its initial release on 30 June 2011.

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