



19 August 2016

The Hon Bill Shorten, MP
PO Box 6022
House of Representatives
Parliament House
Canberra ACT 2600
By email: Bill.Shorten.MP@aph.gov.au

Dear Mr Shorten,

We write to you to express our strong opposition to the Government's proposal to cut social security payments by removing the Energy Supplement as part of the first order of business in the new Parliament. We urge the Australian Labor Party to vote against this measure.

A clear message from the reaction to the 2014 Budget and the 2016 Election was that the community expects budget measures to be fair and equitable. People are deeply concerned about growing inequality in Australia. It is therefore alarming that the Government is cutting social security payments to those on the lowest incomes by removing the Energy Supplement, including people struggling on Newstart, and at the same time proposing to cut taxes for those on higher incomes.

Denying the Energy Supplement to new social security claimants will cut payments to 2.2 million people on the lowest incomes, including pensioners, sole parents, single-income families, family carers and Newstart recipients. Its removal will mean a loss of \$4 a week to the \$38-per-day Newstart Allowance, which has not otherwise been increased in real terms since 1994.

A proposal to cut the Energy Supplement flies in the face of an overwhelming consensus from business, unions and the community sector that the Newstart Payment needs to be increased. The call to increase Newstart has been made by broad and diverse group of experts and civil society organisations and leaders, and since at least 2009, including by:

- The Henry Tax Panel
- The Business Council of Australia
- The National Reform Summit, consisting of the BCA, the Australian Industry Group, the Australian Chamber of Commerce and Industry, the ACTU, COTA Australia, National Seniors Australia, the Australian Youth Affairs Coalition and ACOSS.
- ACOSS and its entire membership, including the National Council of Single Mothers and their Children, People with Disability Australia, COTA Australia, Anglicare Australia, Catholic Social Services Australia, St Vincent De Paul, all of the State and Territory Councils of Social Service, and the over 3000 organisations represented through our networks.
- KPMG
- The ACTU
- The Australia Institute
- Leaders and commentators such as Hugh Morgan, Judith Sloan and Heather Ridout.

In January, Dr Goldie met with Prime Minister Turnbull and advocated an increase to Newstart as the single most immediate and effective measure needed to reduce the level of poverty and inequality in Australia.

It is also concerning that removal of the Energy Supplement is being justified to fund the National Disability Insurance Scheme. As acting President of People with Disability Australia Bonnie Millen has said “we should not be making trade-offs and false economies between specialist disability support and income support. This is robbing Peter to pay Paul.”

At the same time, the Government proposes to retain tax concessions as part of the carbon price compensation, which benefit every income earner, including those on the *highest* incomes. It also plans to cut taxes for companies and people on higher incomes over \$80,000 per year. These tax cuts will cost the budget over \$9 billion over the forward estimates.

This approach to reducing the Budget deficit is unconscionable. Australia cannot afford such tax cuts when the Government is moving to cut the incomes of people struggling to survive on the lowest incomes in Australia, living in poverty. It will also have a contractionary effect on the economy, with people on lower incomes being the ones who spend every cent they receive in the economy.

As organisations representing people who rely on social security payments, we urge Labor to oppose the removal of the Energy Supplement, which will plunge people further below the poverty line. Whatever its original purpose, this is money that people in poverty need every fortnight for their most basic living costs, as well as those of their children.

Yours sincerely,



Dr Cassandra Goldie
Chief Executive Officer,
ACOSS



Owen Bennett
President,
Australian Unemployed
Workers' Union



Katie Acheson
Chair,
Australian Youth Affairs
Coalition



Ara Cresswell
Chief Executive Officer,
Carers Australia



David Thompson
Chief Executive Officer,
Jobs Australia



Therese Edwards
Chief Executive Officer,
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Matthew Butt
Executive Officer,
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Bonnie Mullen
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People with Disability
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Katherine Boyle
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