



An update on work towards the Clean Energy Future... ... including details of payments to low income households

“Climate change presents a new kind of challenge... it is uncertain in its form and extent... it is insidious, rather than directly confrontational. We have much to contribute and much to lose as we face the diabolical policy challenge...”

Professor Ross Garnaut

“...clear scientific advice that the world is warming, that carbon pollution from human activity creates significant risks and that we can avoid the worst potential impacts by reducing carbon pollution. Taking action on climate change is in our national interest”.

Clean Energy Future

This briefing is provided for the community services sector ahead of the commencement of measures announced as part of the Clean Energy Future package. This briefing is concerned with some detail of the package; financial assistance for low income households and investments in energy efficiency. Parts of the package will commence from late May, notably the payment of cash assistance through the income support system. Changes to the personal taxation system will be effective from July. Work is well advanced towards new energy efficiency programs.

This document includes some background to our work in climate change over recent years and the rationale for our support of carbon pricing.

Clean Energy Advance – Payments in May and June

The Clean Energy Future package acknowledged that the carbon tax would increase the cost of living, by about 0.7% or \$9.90 per week for an average household. The package provided for assistance to households through increased rates of benefit and changes to the personal taxation system. This assistance should more than cover the anticipated cost of living increases for low income households.

Last year ACOSS worked with The Climate Institute and Choice to develop an online calculator for households, [yourcarbonprice](#). This tool asks for some basic household details, then works out the likely cost of living impacts and assistance through benefit increases and tax cuts, and calculates the net impact. The site includes tips for improving energy efficiency.

Benefit increases will eventually be paid on a regular basis through the Clean Energy Supplement. However, an initial payment will be made as a lump sum to cover the first nine to twelve months. The amount of this payment varies depending on individual circumstances; the kind of benefit, age of recipient, relationship status and so on. The timing of Clean Energy Advance payments is as below.

Family Payment: 16 May to 29 May

Pension: 28 May to 8 June

Other income support: 11 June to 22 June

Seniors Supplement: 25 June with regular quarterly payment

Veterans: 14 June

For detail of Centrelink rates go: [here](#)

For detail of Veterans rates go [here](#)

The Advance payments are tax-exempt. Payments will be made automatically to current income support recipients. People who begin to receive an eligible benefit during the Advance period will be paid pro rata. People whose circumstances change during the Advance period may be eligible for a top-up payment.

For low income households that do not receive adequate assistance through tax cuts or other payments, including households that do not currently receive income support payments, a **Low Income Supplement** – an annual payment of \$300 – can be claimed through Centrelink. Claims can be made from July 2012.

Essential Medical Equipment Payment – an additional payment of \$140 per year to assist with any additional increases in home energy costs will be available to people who use specific essential medical equipment at home and hold a Pensioner Concession Card, Health Care Card, Commonwealth Seniors Health Card or a Department of Veterans' Affairs Gold or White Card.

More information about the payment and eligibility is available [here](#)
To apply online go [here](#)

Tax Reform

Changes intended to make the personal taxation system fairer and simpler come into effect from July 2012. Tax on incomes below \$80,000 per annum will be reduced by \$300. The tax free threshold will rise from \$6,000 to \$18,200. In combination with changes to the Low Income Tax Offset (LITO) the effective tax free threshold rises from \$16,000 to \$20,542. As a result about one million taxpayers will not be required to complete a tax return after the 2012-13 year. For more detail on tax reform, go [here](#).

Energy efficiency in low income households and the community services sector

The Clean Energy Future package included details of four programs directed specifically to low income households and community service organisations. Additionally, the Community Energy Efficiency Program was open to applications from consortia including community service organisations. We welcomed the promised investments in energy efficiency while noting that they represent the beginnings of a much larger, long term project. More information about these programs can be found at the links included below.

The \$30 million [Home Energy Saver Scheme](#) (HESS) will assist low income households find more sustainable ways to manage their energy consumption.

The \$100 million [Low Income Energy Efficiency Program](#) (LIEEP) will support consortia of community organisations, local councils and energy service companies to trial energy efficiency approaches in low income households.

The [Charities Maritime and Aviation Support Program](#) will offer a rebate for the carbon price impact on essential maritime and aviation fuels used by charities.

The \$40 million [Energy Efficiency Information Grants](#) (EEIG) program will assist industry associations and non profits provide practical, tailored energy efficiency information to small and medium enterprises and community organisations.

The \$200 million [Community Energy Efficiency Program](#) (CEEP) will support energy efficiency upgrades to council and community-use buildings, facilities and lighting.

Progress has been made since the announcement of these programs. The Hon Julie Collins, Minister for Community Services, recently announced the successful applicants to deliver Home Energy Saver Scheme services and that Kildonan Uniting Care had been selected as national coordinator. The Scheme will commence operations from July of this year.

The LIEEP involved a two-step process; a call for expressions of interest followed by invitations for applications. Announcements regarding successful applications are expected in June.

Background: ACOSS, Climate Change and Carbon Pricing

Over the last few years ACOSS has advocated for the development and implementation of policies to address climate change. Our work in this area flows from an understanding that people facing poverty and inequality will be affected first and worst by the impacts of climate change. They have the least capacity to cope, to adapt and to move. We have accepted the science of climate change in so far as it presents challenges to policy makers. Both climate change and responses to climate change will particularly affect people living on low incomes and the community service sector.

Community service organisations will be affected by climate change and policy responses such as a carbon price. They have limited capacity to pass through cost increases and little capacity to invest in energy efficiency improvements. The services provided by these organisations are of critical importance to low income, disadvantaged and vulnerable individuals and families.

ACOSS advocates for policy responses that are effective in addressing climate change; in rising to the challenges of mitigation and adaptation. We have worked to ensure that policy responses are fair, that they do not further disadvantage people in vulnerable situations, and, where possible, that they improve opportunity. We have supported the introduction of a carbon pricing mechanism as the most efficient and equitable way to bring about the structural change in the economy that is required. The principles that we have applied to this advocacy include:

ACOSS supports the introduction of a carbon pricing as one measure in a suite of measures designed to mitigate and adapt to the now inevitable reality of climate change.

A price on carbon pollution is intended to reduce the emission of greenhouse gases, in Australia and globally, in relative and absolute terms. The carbon price must facilitate the transition to a low carbon economy. The carbon price must prove to be effective, quickly and demonstrably.

The Government should acknowledge that the *intended* outcome of carbon pricing and the *potential* outcome of measures such as mandatory targets for renewable energy, is to increase prices for essential goods and services, at least in relative terms and at least in the short term.

The Government should guarantee that no group of low income households need be financially worse off as a result of the carbon pricing. Low income Australians should be better off overall as a result of Government policies to reduce greenhouse gas emissions including carbon pricing.

The Government should fully compensate low income households for cost increases attributable to carbon pricing. This compensation should be paid through the social security and taxation systems and take account of the particular characteristics of various types of households.

The Government should ensure that cost increases resulting from carbon pricing do not adversely affect the capacity of government agencies, non-government organisations and others to deliver services in support of low income households and the community at large.

The Government should introduce measures to significantly increase the efficiency of energy use in households, especially low income households, with a view to maximising amenity from energy consumed, minimising consumption and energy bills, and reducing carbon pollution.

We advocated these principles through the lengthy process to develop and arrive at the Clean Energy Future. We've worked with our networks and in various partnerships, notably the Southern Cross Climate Coalition (with the Australian Council of Trade Unions, the Australian Conservation Foundation and The Climate Institute). You'll find more here: [here](#).

Clean Energy Future

In July of last year the Government published its Clean Energy Future package. The purpose of the package is to drive a reduction in carbon pollution and a transition to clean energy. The package intends to affect decisions about investments in industry and energy, agriculture and construction. Central to the package is a price on carbon pollution that will apply from July 2012 in the form of a tax on Australia's 500 largest emitters. In 2015 the tax will morph into a market-based scheme with a floating permit price. More on Clean Energy Future [here](#).

The initial carbon price of \$23 per tonne should have a modest impact on overall household living costs. The Treasury estimates that it will trigger an increase in the Consumer Price Index of 0.7% or \$9.90 per week in average household living costs, of which about half is due to higher household energy bills.

We welcomed the Government's commitment to meet at least 100% of the estimated increase in living costs for low income households. On Treasury estimates, the proposed household assistance (delivered through income support payment increases and tax cuts) is adequate to achieve this goal. Last year we worked with The Climate Institute and Choice to check Treasury's work and to ensure as far as possible that their modelling was based on sound assumptions and took account of different types of households. This independent research, by CSIRO and AECOM, confirmed that Treasury had been reasonable and that the basis for policy, including assistance for households, was sound. More [here](#).

One component of this work is an online calculator for households, [yourcarbonprice](#). This tool asks for some basic household details, then works out the likely cost of living impacts and assistance through benefit increases and tax cuts, and calculates the net impact. The site includes tips for improving energy efficiency.

The increases in social security payments and tax cuts are fair in the sense that they are mainly directed to households on lower incomes, who will be disproportionately affected by the carbon price and have the least ability to improve energy use-efficiency. However, it is inequitable that the package did not offer the same level of assistance to unemployed people, sole parents and students on income support as to age pensioners in comparable circumstances, as it would for seniors who are outside the social security system. This inequity stems from the current underlying inequities in the current social security payment system, and should be addressed as a matter of urgency by implementing increases in Allowance payments as recommended by the Henry Review, or by extending the Utilities Allowance to those social security recipients who are presently ineligible.

ACOSS is concerned that the package did not explicitly recognise or address the likely impacts of a carbon price on the capacity of community sector organisations to deliver essential services. Many providers of community services, for example those providing residential care services, will likely experience cost increases similar to those faced by households; 0.7% of non-wage costs (although CPI is of course a consideration in wage indexation). Many welfare service providers spend disproportionately on essential goods and services likely to be impacted by a carbon price, notably energy and food. Some organisations may be affected by impacts such as higher fees for deposits to landfill.

The Government has referred to indexation as the mechanism by which it will compensate for price rises faced by community services. However ACOSS remains concerned about the adequacy of this response given the current challenges community service organisations face from both the base level and indexation attached to government contracts. Indexation of grants and contract fees is inconsistent as between the Commonwealth and the states and territories and, generally speaking, historically and cumulatively inadequate. For already stretched providers, the cost increases may lead to a reduction in the quantum or quality of services. Few services are provided on a fee-for-service basis. The scope to pass through cost increases is negligible. We will monitor as best we can the impact of carbon pricing on community service organisations. We will advocate for indexation to be adequate.

Adaptation: the 'other' response

Carbon pricing and related measures such as the Renewable Energy Target and the Clean Energy Finance Corporation are directed to reduce carbon pollution; to reduce emissions of the greenhouse gases that cause climate change. The goal of this mitigation effort is to keep projected temperature increases to a minimum and, if possible, below 2°C. Increases in the order of 2°C would bring significant and adverse impacts to most of Australia and most Australians. We assert that low income and vulnerable households and individuals would be affected first and worst. Many projections at this stage are for increases in excess of 2°C as early as mid-century.

At the same time as efforts are made to reduce pollution and minimise temperature increases, work is underway to research what could and should be done to adapt to these increases. Adaptation considers a wide range of issues from health impacts of climate change (heat stress and disease vectors) through agriculture (food production and trade) to housing (efficiency and comfort). Adaptation research addresses both the slow and insidious effects of climate change (prolonged drought and population movements) and the impacts of extreme events (flooding and cyclones).

Since 2010 ACOSS has undertaken research, consultation and advocacy to ensure that low income and vulnerable households and individuals and the community services sector are actively considered in the adaptation response. A new project, recently commenced in partnership with Climate Risk, should position us better in this regard.

ACOSS, Climate Risk and the National Climate Change Adaptation Research Facility (NCCARF)

Services provided by community welfare organisations comprise a critical component of social infrastructure in human settlements. These services are often 'essential' and are provided to individuals, families and communities that are vulnerable, disadvantaged and have little resilience in response to adverse changes in circumstance. These are the people who will be affected first and worst by climate change impacts to infrastructure and the built environment. The potential climate-driven stress and failure of community welfare organisations may exacerbate risks to the individuals and communities they serve, while their preparedness may reduce their clients' vulnerability to climate change impacts on human settlements and infrastructure.

The 'Climate Change and the Community Welfare Sector – Risks and Adaptations' or 'CommunityAdapt' project comprises a national survey and consultation with community welfare organisations in urban, regional and remote settlements. Its key aim is to identify the physical nature of organisations' vulnerabilities to climate change impacts, particularly as they relate to service delivery. It also aims to identify the underlying causes of organisational vulnerability and resilience; and the adaptive measures which have been taken or can be taken to increase adaptive capacity and mitigate, manage and transfer acute climate change-related risks of infrastructure failure.