



**RESEARCH, POLICY AND ADVOCACY UNIT**

## **POLICY REPOSE**

**Aiming high for carbon pollution reduction  
with fairness for people and families living  
on low incomes**

**Jesuit Social Services submission to the Australian  
Government's Carbon Pollution Reduction Scheme Green  
Paper**

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## Introduction

At Jesuit Social Services we work collaboratively with others to engage disadvantaged people, families and communities and the wider society to promote health and wellbeing and to address social exclusion. Our services are based in Victoria and Western Sydney and include:

- Various justice focussed programs of *Brosnan Youth Services*; including intensive support for young people involved with the criminal justice system (youth and adult);
- Employment and training services for young people through our *Gateway* program, including an internationally renowned arts studio, the Artful Dodgers, and a 'social enterprise' commercial kitchen, incorporating Abbotsford Biscuits, where young people gain paid work experience and skill development;
- *Connexions*, a dual diagnosis program providing counselling and other support for young people with mental health issues and problematic drug/alcohol use;
- Our *Support After Suicide* program providing support to individuals and families who are bereaved by suicide. See [www.supportaftersuicide.org.au](http://www.supportaftersuicide.org.au) and;
- Our *Strong Bonds: Building family connections* website designed to assist parents, extended family and workers with strategies to build supportive family relationships for young people. See [www.strongbonds.jss.org.au](http://www.strongbonds.jss.org.au)

We are also involved in local communities in various parts of Victoria and Western Sydney and have longstanding partnerships with the Vietnamese and African communities.

Our services include a focus on young people with minimal or no family or community supports. These young people tend to feel disconnected from society, culture, family and friends. They have deep feelings of isolation and loneliness not just precipitated by a single incident or period of misfortune, but frequently defined by many years of childhood abuse and neglect, interrupted schooling, an extreme lack of trust in adults, limited literacy, numeracy and vocational skills, learning difficulties and/or disability, no positive experiences of employment and poor physical and mental health.

Staff in Jesuit Social Services programs assist young people to overcome the legacy of negative experiences in their lives by re-affirming their value and worth as individuals. Our approach emphasises empowerment as a key principle when engaging young people. We give attention to their skills and strengths rather than deficits; and to self-determination and responsibility rather than dependency. Wherever possible, we encourage positive relationships between young people and their immediate and extended family.

Our direct work with disadvantaged people and communities informs the work of our *Policy Unit* identifying areas of unmet need, conducting research and advocating for change. This includes the publication of *'Dropping off the edge: the distribution of disadvantage in Australia'* (Vinson, 2007) in collaboration with Catholic Social Services Australia. In highlighting the concentration of entrenched disadvantage within particular localities, *Dropping off the edge* has assisted in identifying the importance of place-based, local community solutions as a key element of social policy for all levels of government.

Our interest in climate change policy includes our co-sponsorship of this year's Jesuit Lenten Seminar Series on 'Climate Change: Who Pays the Price?' in partnership with Jesuit Refugee Service, the Loyola Institute and Eureka Street.

## Young people, families and others living on low incomes

Unfortunately, many of the young people we support do not have the opportunity to live in a supportive family environment. Most of these young people are reliant on Centrelink income support, in particular:

- Youth Allowance (for those without employment and under 21 years of age or students aged up to 24 years of age) and;
- Newstart (for those without employment and aged 21 years or older).

In the context of the recently announced Pension Review being undertaken by the Australian Government there has been considerable media coverage of the proposition that the rate of payment for the Age Pension in Australia is inadequate, particularly the rate for single pensioners. More than a few politicians have admitted they would find it difficult or impossible to live on the single pension rate of income.

We agree wholeheartedly with calls for a substantial rise in the rate of the Age Pension (and other pension type payments such as the Disability Support Pension and Carer Payment) in particularly the single rate of pension. However, for the people we support who are reliant on the independent rate of Youth Allowance or the single (age 21+) rate of Newstart, the following facts about payment rates are worthy of note. Following the September 20, 2008 indexation increases in the Age Pension and Newstart Allowance:

- The base rate of the *single pension* is \$271.40 per week and when the Year 2000 GST related pension 'supplement' of \$9.65 pw is added, the effect base rate single pension is \$281.05 pw (\$14,615 per year).
- The base rate of payment for single people age 21 years or older on Newstart is \$224.65 per week (\$11,682 per year) \$56.40 pw below the pension rate.
- The base rate of payment for the Independent rate of Youth Allowance for young people aged under 21 and students 16-24 is \$177.70 per week (\$9,240 per year) \$103.35 pw below the pension rate.

The comparative disadvantage of single people on Newstart or Youth Allowance is even greater (another \$20 pw+) when you factor in the Seniors Concession Allowance (now \$514 annually) and the Utilities Allowance (also \$514 annually) and other concessions that pensioners are eligible for but which aren't available to those on Youth Allowance and Newstart.

Needless to say, in the context of the Pension Review, we will be strongly advocating for substantial rises in the rate of payment and concession entitlements for Youth Allowance and Newstart (and related payments such as Sickness Allowance) as well as substantial rises in the rate of payment for pensions.

Meanwhile, in the context of the Carbon Pollution Reduction Scheme, and the increase in household energy costs that will flow as part of its implementation, it is worth reflecting on what it would be like to try and live as a single person, without support from family, on an income somewhere between \$177.70 and \$281.05 per week (\$9,240 - \$14,615 per year).

Imagine paying for housing, food, transport, a new pair of socks and undies and other essentials of life like soap, shampoo and deodorant. And then imagine what it's like when you arrive home to another dreaded energy bill opened up on the kitchen table.

## **Kane's advice for 'aiming high' with carbon pollution reduction with fairness**

*Yeah..... to tell you the truth it isn't easy looking after for yourself totally at my age (19). Every week is a struggle. I think of other kids who are at home with their families getting fed a good meal every night, and getting their clothes paid for. One of the kids I went to school with even had their parents buy them a car for their 18<sup>th</sup> and they even give him a weekly petrol allowance too.*

*I can't even afford a train ticket. Every time I get on without a ticket I live in fear of getting picked up by the inspectors, but on a Centrelink income you can't afford to buy a ticket, you just can't.*

*\$170 a week sounds like a lot of money, but when you break it down, it goes pretty fast. More than half goes out the door for rent on the room, so I start each week with about \$70 to live on. That's \$70 for food, travel, everything. That's \$10 a day. From time to time I get a bit of work washing dishes (I'm a fill-in when one of the regular workers calls in sick) and if I don't get a few shifts every couple of weeks I am totally stuffed.*

*The electricity bill is always a killer. We share it between the five of us in the house, and every time it's a hassle to pay my share. I can't believe how much electricity costs. We are really careful in trying to cut down what we use – the head guy in the house is a real greenie, and I am too I suppose. For example, there's a dryer in the house, but we've made a rule that we don't use it ever. And we've done everything we can with the light globes and fixing the drafts and all that. The fridge is a big one. The old fridge is pretty dodgy, and we'd love to get a new one that's more energy efficient, but they aren't cheap.*

*I do (shoplift) every now and again to get by. I'm not proud of it, but I do. My strategy is just to shoplift the basics like toothpaste, soap and shampoo and little everyday things like a new hairbrush when I need one, and paper and pens and stuff for school (I have just gone back to school after a few years which is a long story). Oh and socks and undies and deodorant, they are on my list of essentials. I haven't been caught yet but I am terrified of getting a police record.*

*Would I (still shoplift) if I had an extra \$130 a week in income? That's a good question. An extra \$130? That'd be \$300 a week, yes? I reckon I could just about get by on that. I'm still not sure I could pay for a train ticket every day on that – I'd have to work that out. And maybe the electricity bill would still be a struggle. But I'd be a fair chance.*

In addition to this helpful contribution from Kane, who lives in inner city Melbourne, our recommendations for 'aiming high' with carbon pollution reduction targets with fairness for people and families on low incomes also draws on the following key policy assumptions:

- As is evident from research undertaken by the Brotherhood of St. Laurence, the St Vincent de Paul Society and others, people and families on low incomes are not the major problem with 'over-use' or inefficient use of electricity, gas and water. By necessity, within the given circumstances of the housing and amenities available to them, people and families on low incomes tend to be frugal users of electricity, gas and water - when you're living on a low income, you can't afford not to be frugal. Within the household sector, the biggest 'over/inefficient' users of electricity, gas and water are high-middle and high income households.
- Our society's over-reliance on the petrol powered motor car - a major contributor to our carbon pollution problems - is the result of a systematic failure of urban/rural planning and public transport provision over many decades. Tragically, the extent of 'forced' car ownership (or 'forced' second car ownership) amongst the population of people and families on low incomes appears to be growing, especially in outer suburban and rural areas. This 'forced' car ownership growth is directly correlated with lack of access to affordable public and community transport and other carbon reducing 'non-car' forms of transport, including the humble bicycle.

## Summary of recommendations

1. As a nation we should be a bold world leader and aim high in setting carbon pollution reduction targets. We believe that the level of greenhouse gas reductions recommended in the latest report by Professor Garnaut (an international agreement to stabilise the concentration of greenhouse gas emissions at 550 parts per million requiring us to reduce our emissions by 10% by 2020) is far too low and slow. Surely we can do better.
2. In setting bold environmental targets, given the extraordinary total wealth of Australian society, it should be noted that we do have significant capacity to create new jobs (and redistribute wealth if required to create these jobs) to offset any job losses that may occur as a result of implementing appropriate environmental targets.
3. Whatever environmental targets are ultimately established, the important principles included in the Carbon Pollution Reduction Scheme Green Paper regarding household assistance (compensation) measures must be strictly adhered to and implemented to the dollar (or better), for every type of low income household in every town, suburb and remote rural area of Australia, including:
  - Increased payments, above automatic indexation, to people in receipt of pensioner, carer, senior and allowance benefits and other assistance to meet the overall increase in the cost of living flowing from the scheme;
  - Increased assistance to other low-income households through the tax and payment system to meet the overall increase in the cost of living flowing from the scheme;
  - An annual review in the Budget context of the adequacy of payments to beneficiaries and recipients of family assistance to assist households with the overall impacts of the scheme, and;
  - Provision of additional support through the introduction of energy efficiency measures and consumer information to help (low income) households take practical action to reduce energy use and save on energy bills.

We note and greatly appreciate the crucial wording of the fourth dot point in relation to energy efficiency measures, such as audit and retrofit programs, as 'additional support', i.e. *additional to* full monetary compensation for low income households. We cannot emphasise strongly enough that as helpful as well designed audit and retrofit programs can be for low income households, they cannot be considered as an alternative to full monetary compensation for the effects of increased energy prices under a Carbon Pollution Reduction Scheme - they must always be considered as *'additional to'* full monetary compensation.

We also note the inconsistency of language used in the third dot point compared to the first two. The first two appropriately promise to 'meet the overall increase' whereas the third point contains the less helpful promise to 'assist with' the overall impact. We assume that this may have been a typographical error and there is no reason why future references to the third dot point ought not also use the appropriate phrase 'meet the overall increase in the cost of living flowing from the scheme' as per the first two dot points.

## Summary of recommendations (continued)

4. In addition to full monetary compensation for low income households, the Australian Government should seek agreements with state and territory governments to implement improved arrangements for consumer protection and other safety-net assistance measures to avoid wrongful disconnections of electricity, gas and water supply. This could include national adoption of the best of the current Victorian Energy Retail Code and Victoria's Utility Relief Grants Scheme.
5. In relation to audit, retrofit and other programs designed to assist low income households to reduce their carbon/greenhouse gas emissions, in addition to well known measures such as insulation, solar, light globes etc. we suggest the following also be given priority consideration (not just because of their worth in relation to carbon pollution reduction, but also because of potential benefits in relation to employment for disadvantaged young people):
  - Fridges: Supply of the most energy efficient fridges to low income households. The successful 'Phoenix Fridges' program run by the Brotherhood of St. Laurence and the Moreland Energy Foundation in Victoria could be built upon and replicated in other states and territories. See [www.phoenixfridges.com.au](http://www.phoenixfridges.com.au)
  - Provision of means for low income households to obtain energy efficient household appliances through No Interest Loans Schemes (NILS) and other microfinance arrangements. The Good Shepherd Buying Service and the operation of a range of microfinance programs by Good Shepherd Youth and Family Services is instructive. See [www.goodshepvic.org.au](http://www.goodshepvic.org.au)
  - Bicycles and bicycle maintenance: Supply of bicycles, helmets and bicycle maintenance skill development to members of low income households. Lessons can be learned from the experience of The Bike Shed at the Centre for Education and Research in Environmental Strategies (CERES) in the Melbourne suburb of Brunswick, [www.thebikeshed.org.au](http://www.thebikeshed.org.au)
6. In relation to better urban and rural planning and improved public and community transport to reduce reliance on our use of cars, drastic action is obviously required. The Carbon Pollution Reduction Scheme should include targets for increased use of public and community transport (and reduced reliance on cars and other road transport) specific to every local government area of Australia. Then, in partnership with state, territory and local governments, local communities and business leaders (including developers and their planners) implementation strategies to reach these targets should be adopted in every local government area.

Kane's aspirations (see page 3) include finishing school, getting a good job, getting married, buying a house and having children. We'll let him have the last word of our submission:

*"The planet is pretty stuffed isn't it? Watching the Olympics in China was a real eye opener about that wasn't it? The smog there was an absolute shocker. Mind you, the smog and the car smoke here in Melbourne some days makes me cough and hurts my eyes, so we haven't got much to be bragging about when it comes to pollution have we? I do want to have kids, but you wonder sometimes what sort of world will be left by the time my kids are grown up, and as for the next generation after that, who knows? I hate to think."*