

MEDIA RELEASE – Scrapping Clean Energy Supplement Mean-Spirited Move From Out Of Touch Government

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Plans by the Turnbull government to scrap the Clean Energy Supplement for new welfare recipients are mean-spirited, and show the government is oblivious to the financial hardship experienced by those receiving income support.

The cuts, varying from \$4.40 per week for unemployed people on Newstart Allowance, to \$7.05 per week for Age and Disability Pensioners, will be painful for those already living below the poverty-line, despite their modest size.

There is a growing consensus that Newstart, which has not been raised in real terms since 1994, is woefully inadequate. The Business Council of Australia, Australian Council of Trade Unions, and Australian Council of Social Services have long called for at least a \$50 per week increase to the payment.

The level of the payment has fallen increasingly behind community standards, and behind the average and minimum wages. At \$260 per week, it is now \$190, or 32 percent, below the Henderson Poverty-Line – the largest the gap has ever been.

“The low rate of Newstart profoundly impacts on the well-being of unemployed people, with 40 percent of Newstart recipients unable to pay their bills on time or see a dentist, 46 percent only able to afford second-hand clothes most of the time, and more than half unable to raise \$2,000 in the event of an emergency”, Anti-Poverty Network SA spokesperson Pas Forgione said.

In late April, immediately before the federal budget, KPMG released a report on government spending, with one of its recommendations being that Newstart be significantly lifted. It noted that the low rate of the payment is hampering job-seekers' efforts to find employment.

The scrapping of the supplement, affecting 2.2 million low-income people for savings of \$1.2 billion over four years, is an unfair, unnecessary budget measure.

It speaks volumes about the priorities of the Turnbull government that it is committed to making the poorest people in the country face a cut to their incomes, while so little is done to address the billions of dollars squandered through Superannuation Tax Concession for high-income earners, and Negative Gearing for wealthy property investors.

The same government that wishes to cut Newstart will also be hoping to cut the corporate tax rate, which will see \$48 billion in revenue that will be lost over the next ten years.

A \$50 per week increase to Newstart, by comparison, would cost only \$1.5 billion per year, a \$100 per week increase \$3 billion per year.

While the proposed changes will only affect new income support recipients, we fear that later on, current recipients will also be affected, and have their payments lowered.

It is critical that the Labor party take a strong stand on this issue, and block any moves to reduce already meagre welfare payments for the unemployed, pensioners, and others receiving Centrelink benefits.