



# Tasmanian Council of Social Service

## Submission to the Review of State Government Concessions December 2007

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## **Introduction**

TasCOSS welcomes the opportunity to participate in this Review of Tasmanian State Government concessions and is pleased to contribute on behalf of the organisations we represent and their clients, the majority of whom rely on concessions daily to make ends meet.

Concessions matter to low income Tasmanians and are an important tool in combating poverty, disadvantage and social exclusion. For this reason, TasCOSS has, for a number of years, called for a comprehensive review of State Government concessions. We believe that the current concession system in Tasmania lacks coherence and consistency, and is therefore not as effective, efficient or as equitable as it could be. TasCOSS believes that the confusing array of eligibility criteria, application sites and processes acts as a barrier to access and thereby works against the intention of the concessions system to assist those most in need.

TasCOSS therefore welcomes this Review and hopes that it will result in a more coherent, accessible and effective concession system.

## **Identify any deficiencies or duplication with current concessions**

The major problem that TasCOSS sees with the present concession system is its inconsistency and complexity which not only cause confusion, but can also prevent access to concessions. The system involves multiple eligibility criteria and application methods and sites, making it a logistical nightmare for an eligible person to receive all of the concessions to which they are entitled, particularly if that person has mobility limitations or cognitive or social difficulties. In addition, TasCOSS believes that concessions in Tasmania are not adequately promoted and are therefore not well understood.

## **Eligibility criteria**

There is an urgent need to simplify the system and to introduce eligibility criteria that are as standard as possible for most concessions.

TasCOSS strongly recommends that all concessions that use low income as an eligibility requirement apply as criteria not only the holding of a Pensioner Concession Card (PCC), but also the Centrelink-issued Health Care Card (HCC; including the standard HCC, the foster child HCC and the low income HCC), and not differentiate between Centrelink pension types or allowance types as is currently the case with many Tasmanian concessions.

Eligibility for a Centrelink-issued Health Care Card is a very clear indication of low income, and the system for issuing HCCs ensures currency. To receive a HCC, one must be in receipt of certain income support benefits (such as Newstart Allowance, Youth Allowance, Austudy, Abstudy, or the maximum Family Tax Benefit Part A), or care for a foster child. The low income HCC eligibility criteria includes an income test on average

gross income over the 8 weeks prior to application or re-application. The income test is set at relatively low levels so that those who qualify are indeed low income earners. While the timing of re-application for a HCC depends on individual circumstances, those holding a low income HCC must re-apply every six months, thereby ensuring its currency.

TasCOSS also recommends that other income and assets tests currently applied to Tasmanian Government concessions be discontinued – this includes family means tests on education concessions such as the Students Assistance Scheme, School Uniform Exceptional Assistance and Spectacles Assistance Scheme, and the assets test that applies to the Heating Allowance.

In some quarters there is an increasingly common perception that holding a PCC is no longer a clear or accurate indicator of low income or financial need. In September 2007 the Australian Government increased the income and assets tests levels for eligibility for part pension payments to relatively high levels (in the case of income, less than \$1490.75 per fortnight if single, and less than \$2492.50 per fortnight as combined couple income).<sup>1</sup> Since 1993, receipt of a part pension at any level (and without further income and assets tests) entitles the recipient to a PCC and the concessions and benefits that provides.

It could be argued that the Commonwealth Government in recent years has used access to concessions to gain electoral advantage with population groups which are not necessarily most in need of assistance. It could be further argued that the Commonwealth Government, in spreading access to concessions to a wider and more affluent population segment, is effectively undermining the effectiveness of state-based concession systems by diluting their needs-based criteria.

This raises the question of if and how the Tasmanian Government might address this issue. One option could be for the State to introduce its own income and assets tests for all concessions to ensure that concessions go to those most in need. This would be extremely costly, time-consuming and inefficient, and could, for these reasons, defeat the purpose. Alternatively the State could continue to use the PCC as criterion (along with the HCC) for concessions and not worry that there may be some part-pensioners in Tasmania who are not truly in need but who will benefit. TasCOSS recommends the latter option since it is likely that the number of part-pensioners with just below the maximum allowable income in Tasmania is not high (although this information is not available to us through Centrelink), and we suspect the majority of PCC holders in Tasmania are indeed in receipt of very low incomes from all sources.

This issue could be raised by the State Government at the Council of Australian Governments (COAG) since it is an issue that affects all state governments.

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<sup>1</sup> Information from Centrelink website: <http://www.centrelink.gov.au/internet/internet.nsf/payments/chartc.htm>; 21/11/2007.

There are also a number anomalies in the current range of eligibility criteria that should be examined and addressed in this Review. For instance, in listing particular pension and allowance types as eligible, other income support recipients are excluded. An example is certain TPI (Totally and Permanently Incapacitated) Pensioners who are provided with a TPI Pension (and a 'Gold Card') through the Department of Veterans Affairs (DVA), but do not hold a Service Pension because their injuries were not received in a 'war-like' operation. This applies to veterans who were injured in certain 'peace-keeping' missions undertaken by the Australian Defence Forces. While this example may find its solution at an Australian Government level, it does affect Tasmanians' access to State concessions and is therefore relevant to this Review.

### **Application process and sites**

Currently, those meeting the eligibility criteria for the majority of concessions would need to approach more than 15 different State agencies and /or business units in order to apply for all of the concessions to which they are entitled. TasCOSS believes that the application process could and should be streamlined with the introduction of a single application process through Service Tasmania shopfront, telephone and on-line systems. It is logical that Service Tasmania, as an established, widespread and well-known Government agency, be the single central point of access for all Government concessions.

### **Maintaining the value of concessions**

Many concessions offer a percentage discount on the full price of goods and services, such as a 50% discount on taxi travel under the Transport Access Scheme. Other concessions provide a set level or amount of money as a discount, such as the 48.4 cents per day discount on household electricity costs under the Electricity Rebate scheme.

Percentage rates obviously keep pace with inflation by remaining at a set percentage of the full price, while set level concessions lose their value as the full prices rise. If concessions are to remain relevant and helpful to people living on low incomes, it is imperative that those provided as set level discounts keep pace with changes in prices.

TasCOSS recommends that the nature and value of concession levels be reviewed and that consideration is given to either:

- re-setting set price concessions to re-establish their original or intended value and indexing these concessions to the average annual increase in the Consumer Price Index (CPI); or
- setting some or all concessions as percentage discounts off the full price of goods and services. This would ensure that concessions maintained their value, especially if costs rise above the average annual increase in the CPI .

### **Promotion of concessions**

A long-standing problem with many State Government concessions is their low take-up rate. That take-up rate, and the reasons behind it need to be investigated in the course of

this Review. It is our belief that a lack of information about the availability of concessions and confusion about eligibility criteria and application procedures contribute to the low take-up rate.

We know, for instance, that Aurora Energy administers the electricity concession to PCC and HCC holders as a Community Service Activity, and that approximately 70,000 households receive concessions. We estimate that there are around 150,000 Pensioner Concession Card and Health Care Card holders in the State, making a take-up rate of less than 50%. Obviously many households have more than one resident eligible card holder, and the electricity account may not always be in the name of a concession card holder; however, it is likely that many who are entitled to a concession are not receiving one.

In 2006, TasCOSS commissioned research into the experiences of consumers using Aurora Energy's pre-payment meter system (known as *Aurora Pay As You Go*). That research confirmed that knowledge and uptake of concessions is at worryingly low levels. One in three consumers surveyed were not aware of any form of concession relating to electricity. Of particular concern was the finding that 11% of consumers dependent on Commonwealth Government pensions/allowances were not aware of concessions available to them.

It is therefore vital that concessions are promoted in such a way that information is available to those who need it. While the annually produced *Tasmanian Government Concessions* booklet is a useful document, it is not universally available and nor is it in an easily accessible format. Other avenues of promotion need to be explored.

### **Specific concessions – duplication and deficiencies**

TasCOSS does not have the time or resources to carry out a detailed analysis of every concession offered; however, there are several which have obvious deficiencies that we would like to discuss.

#### **Heating Allowance**

This is a long-standing concession that has remained unchanged for many years. It recognises that Tasmania's cool climate requires significant home heating and provides a small amount of assistance (\$56 per year) to eligible PCC holders who meet a cash assets test. The Heating Allowance is an example of a concession that has not maintained its value against rising costs and has therefore lost its effectiveness as an assistance measure.

While it could be seen to be a duplication of the role of the Electricity Rebate, some pensioners rely on non-electrical forms of heating (for instance, wood, LPG, oil or natural gas heating), and the Heating Allowance assists with those costs.

TasCOSS believes that it is time for the Government to reconsider the role of the Heating Allowance and to either:

- increase the amount paid to restore its value as an assistance measure and at the same time rationalise its eligibility criteria (that is, do away with the separate assets test and extend eligibility to HCC holders as well as PCC holders), or
- allocate the funding to a program that addresses the more long term issue of the thermal efficiency of dwellings lived in by PCC and HCC holders.

TasCOSS is keen to see the State Government become involved in providing assistance to low income households to take measures to make their homes more thermally efficient and to thereby enable long-term savings in energy costs of all kinds (electricity, gas, wood, etc). This could involve a new program that provides PCC and HCC holders with free home energy audits and financial assistance for retro-fitting dwellings to increase their thermal efficiency. The funding currently allocated to the Heating Allowance might form the basis of funding for such a program. TasCOSS is happy to discuss this proposal further with the relevant Department and has made a recommendation to State Government concerning the funding of such a program in our submission to the 2008-09 State Budget process.

It should be noted that although the take-up rate of the current Heating Allowance may be low and the amount provided annually is relatively small, those who receive it may rely on the Allowance to augment their very low incomes and assist with necessary home heating. It must be understood that the withdrawal of the Allowance may both exacerbate hardship and cause distress.

### **Funeral Assistance**

Funeral Assistance is provided by the Department of Health and Human Services (DHHS) in the form of a basic funeral service 'where a family member is unable to claim the deceased because they have insufficient funds or assets to pay for a funeral service following the death of a relative' (*Tasmanian Government Concessions 07-08*, p6). In order to qualify for Funeral Assistance one must receive a pension or allowance and, in addition, 'an assessment of the whole family is carried out for each application to ascertain capacity to fund the required amount.' (p6).

While we understand that it is necessary to ensure that Funeral Assistance is provided only to those in need, we also understand that the process can be intrusive and distressing. Assessment of the financial position of the 'whole family' has the potential to contribute to additional stress. No other concession or assistance measure assesses the financial position of close or other family members and we are unclear why Funeral Assistance does so. TasCOSS recommends that assessment of family finances be limited to particular family relationships (such as spouse/partner), and that those relationships be explicitly named in the criteria and not left to the discretion of the Department.

Another condition of eligibility is that the Department must be contacted before any responsibility is taken and before any arrangements are made to organise a funeral.

This is particularly distressing for relatives who claim a body only to find that having done so has rendered them ineligible for assistance. This appears to be a harsh condition under the circumstances.

Obviously, the death of a family member is a distressing life event, made more distressing by financial hardship and an inability to pay for a funeral. This assistance measure must obviously be administered sensitively and as unobtrusively as possible. It must also be promoted since many people are unaware that such assistance is available. In fact we note that it was not included in the *Tasmanian Government Concessions 06-07* booklet and in the previous year's booklet a rider was included stating: 'Please note the current DHHS funeral concession is under review.' (2005-06 *Tasmanian Government Concessions*, p8).

TasCOSS recommends that Funeral Assistance and its eligibility criteria be carefully reviewed with the aim to better publicise it and to minimise additional distress at an already distressing and difficult time.

#### **Driver's Licence Concession**

This concession provides for a discount on driver's licence fees for eligible applicants, as well as an exemption from fees (with the exception of a small charge for photography) for all people aged 65 and over. TasCOSS would like to see HCC holders included in eligibility criteria for discounted fees, as discussed above, and we also question the purpose served in exempting all people over 65, regardless of their income and assets, from the fee. TasCOSS believes there is no need for this exemption based on age only and that as a social policy tool, it serves little purpose.

#### **Key economic, social and budgetary impacts of the current concessions system**

As mentioned above, concessions matter to low income and disadvantaged Tasmanians. Concessions allow access to essential services that might otherwise be beyond the reach of those on low incomes, these include services as basic and essential as electricity supply, housing, and health needs. Concessions also enable economic, educational, recreational and social participation. Without concessions, the daily activities of many Tasmanians would be constrained and many would be marginalised, isolated and excluded from the life of the community.

TasCOSS has identified lack of access to housing, health, education, employment, income, and community and health services as the key drivers of poverty, disadvantage and social exclusion.<sup>2</sup> The Tasmanian Government concessions system provides assistance with access for those in need and in so doing, offers safeguards against poverty and disadvantage.

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<sup>2</sup> See TasCOSS (2007): *An Unfair State?: Poverty, Disadvantage and Exclusion in Tasmania*, October 2007; available at [www.tasco.org.au](http://www.tasco.org.au)

While TasCOSS does not have the resources to examine the detailed impacts of each concession, we will make some general comments about the impact of particular concessions and concession types to illustrate their role in improving the lives of Tasmanians living on low incomes and who are otherwise disadvantaged.

Secure affordable **housing** is key factor in determining an individual's ability to participate in their community by providing a secure base from which to establish and maintain relationships, to find and retain employment, and to participate in educational, social and recreational activities. Housing-related concessions play a vital role by ensuring access to affordable housing. In particular, Public Housing Rent Assistance ensures that low income households living in public housing pay affordable rent and do not experience 'housing stress'. Similarly, the Private Rental Support Scheme provides assistance to low income households to obtain rental housing in the private market and, in crisis situations, to maintain that housing. The Pensioner Rates Remission also functions to assist those pensioners who own or who are purchasing their homes to maintain their housing. Note that this is a concession that TasCOSS would like to see extended to HCC holders since the inability to pay rates can eventually result in the loss of home ownership, and to homelessness.

The range of **education concessions** offered by the State Government all contribute to increasing access to education throughout the life span. Given the very clear evidence of poor educational outcomes as key drivers of poverty and disadvantage, these concessions play an essential social and economic role. There are strong and proven correlations between educational attainment and employment, good health, access to life chances and adequate income. Not only are the concessions available to assist families of school age children vital to support continued educational engagement, but concessions for TAFE, VET and Adult Education courses are also critical for their provision of access to vocational training and life-long learning opportunities.

**Health** related concessions obviously play a role in providing access to services and equipment that would not be otherwise available to those on low incomes. In addition, all concessions that contribute to ameliorating financial hardship and social isolation and exclusion also play a role in improving the health of individuals. There is overwhelming evidence that social and economic factors play a major role in determining health status.

In providing access to essential health and disability equipment, aids, appliances and treatment, concessions enable quality of life improvements for those on low incomes. The economic value of this cannot be measured.

State subsidised **dental services** for adults and children play a vital role in the lives of low income Tasmanians and, for many, provide the only access they have to dental health treatment. The maintenance of good oral health is a fundamental component of general physical health and can also have an impact on self esteem and social participation. The great expense of dental care, the absence of Commonwealth funding and of general access

to Medicare Benefits Schedule for dental care all underline the necessity for and value of State-supported Public Dental Services.

The **Home and Community Care (HACC) Program** offers concessional fees for services based on a National Fees Policy which is underpinned by the principle that an inability to pay should not exclude people from services, and that only those assessed as having capacity to pay should be charged. The policy outlines a scale of fees for pensioners, non-pensioners and workers compensation clients and permits a total fee waiver on a discretionary basis, subject to individual assessment.

TasCOSS has been conducting a *HACC Consumer Consultation Project* for several years and reports from the Project all illustrate the various ways affordable HACC services improve the lives of service users. The following quote from an interview with a HACC service user highlights the critical importance of fee waivers to a consumer solely reliant on a pension:

*I go for little walks, round here, but I don't socialise one bit. I would like to, but as I say, the funds, it doesn't meet it, you can't invent money, you can't stretch it. I've got a waiver with the nurses, that's very good, I couldn't have them if I didn't, I just couldn't have them, my money just wouldn't go around to that. My money just hardly covers me for my tablets, I can't even have a cup of coffee down the street.*

TasCOSS recommends the continuation of low, capped HACC service fees and the provision of waivers for low income clients. However, a full and accurate waiver assessment is a time-consuming, intrusive and, it could be argued, judgemental process. In addition, TasCOSS member organisations have suggested that the administration costs of conducting waiver assessments, and low fee collection, counterbalance the organisational benefits of the fees. Therefore, TasCOSS recommends that fee waivers be extended to all HACC clients who are also PCC and HCC holders.

In the many community sector consultations carried out by TasCOSS over the years, lack of access to transport has featured prominently as a serious issue for low income and disadvantaged Tasmanians throughout the State, and particularly for those living outside of the major population centres. While Tasmania's public and community transport systems obviously require augmentation and reform, the existing **travel and transport concessions** are vital in not only providing access to critical community and health services, but also to employment, education, social and recreational opportunities.

**Recreational concessions** also play an important role in facilitating social and recreational participation which in turn contributes to social inclusion. We contend that the ability to participate in recreational activities contributes to improving quality of life, as well as to the social engagement that is necessary for individuals to feel connected and included in the society in which they live. Again, this cannot be easily measured in economic terms.

It is clear from the above discussion that the State Government concessions system plays a vital role in ensuring the health and well-being of low income Tasmanians, and in providing access not only to services, but also to a range of educational, employment, social and recreational opportunities.

### **Assessment of the current concessions against the principles**

In general TasCOSS believes that most of the current concessions meet or could meet, with the adjustments to eligibility criteria and access arrangements suggested earlier in this submission, the principles defined by the Review and approved by the Treasurer. Again we stress the need for increased promotion of concessions to ensure that those who need and are entitled to concessions receive them.

In relation to the principle of **equity** we would like to add that equity should not only 'ensure that those in similar circumstances should be treated equally', as stated in the *Issues Paper*, but should also ensure that access to services, opportunities and assistance is *fair*. This means that those whose access is constrained or denied by lack of financial or other resources or by some other disadvantage are assisted through the concessions system.

In particular, where a Government agency or business puts up a barrier to access by licensing or charging fees, it has a responsibility to ensure that access is not limited only to those who can afford the licence or fee. Concessions, including exemptions from fees, are an appropriate method to ensure broader access.

We would like to mention here the proposed introduction of a fee for the use of **ambulance services** in Tasmania, and to argue against the introduction of a fee on the grounds of equity and appropriateness. The State Government has announced its intention to introduce a full fee recovery system for Tasmania's ambulance service as a means of ensuring that the service has adequate funding. It is intended that individuals and families take out insurance for this purpose and that low income Tasmanians be provided with a concession on insurance premiums. TasCOSS opposes this proposed system because we are concerned that those who cannot afford insurance may not have it, in spite of concessional insurance rates. We fear that this will lead to a situation where people on low incomes and without insurance, and others without insurance, will not call an ambulance when one is needed due to the cost.

If the Government wishes to establish a specific revenue source for the ambulance service, TasCOSS would prefer to see a levy imposed from which PCC and HCC holders are exempt. In our view, a levy is preferable to a fee because a levy is not tied to ambulance use and therefore does not act as a barrier to use. The de-coupling of the funding source from usage is essential for an equitable and appropriate service which all feel entitled to use. In our view, a barrier should not be imposed on such a vital

emergency service, and the same, or a similar, funding system should apply to the ambulance service as applies to the Tasmania Fire Service.

Note that TasCOSS has made its views on this issue known to the Government; however, we feel that it is appropriate to also raise the issue in the context of this concessions Review.

### **Other issues**

We would like to express our disappointment at the limited consultation being undertaken by the Review. TasCOSS believes that a full range of stakeholders should have been invited to provide submissions to the Review. In particular, we consider that individuals in receipt of concessions could make significant contributions by providing insights into the value of concessions, as well as into issues of access to concessions from their personal experience. While we have sought the views of our members in relation to the Review, the limited time provided for consultation will necessarily restrict our ability to maximise their participation.

Smaller community-based organisations might also have been invited to participate, and could have added unique perspectives. In particular, the views of *Tasmanians with Disabilities*, the *Tasmanian Pensioners Union*, the *TPI Association* and the *University of Tasmania Student Representative Council* would have provided useful information to the Review from the point of view of their members.

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We hope that the information provided here is useful and we invite the Review team to contact us if they have any questions about this submission or require any further information from TasCOSS or its members.