



Submission to

The Review of State Government Concessions

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For further information about this submission please contact:

Jo Flanagan

Anglicare Tasmania
GPO Box 1620
HOBART TAS 7001

Phone: (03) 6231 1564
Fax: (03) 6231 9589
Email: j.flanagan@anglicare-tas.org.au

1. Anglicare Tasmania's role and functions

Anglicare Tasmania would like to thank the Treasurer and the Department of Treasury and Finance for the opportunity to provide comment on the Review of State Government concessions.

Anglicare Tasmania works for a social justice in Tasmania through the provision of prevention and early, crisis, transitional and long term intervention services. Anglicare is the largest state-wide community service organisation in Tasmania. It has offices in Hobart, Glenorchy, Moonah, Launceston, St Helens, Devonport and Burnie and provides a range of community services throughout Tasmania including emergency relief, accommodation, counselling, employment and mental health services, acquired injury support services, aged care services, alcohol and other drug services, parenting support programmes and outreach services to rural areas.

In operation since 1983, Anglicare employs over 670 staff and has developed strong networks and relationships with peak bodies, ministerial advisory committees, local inter-agency networks, other community service agencies, Commonwealth and State governments and the broader community.

In 1995 Anglicare established a Social Action and Research Centre (SARC). SARC's role is to engage in social action, policy development, advocacy and public debate based on appropriate research. Its focus is Tasmanians living in poverty. SARC exists to support Anglicare's mission to achieve social justice and provide the opportunity for people who are experiencing disadvantage to raise their concerns in the public debate. SARC's work is informed by research and Anglicare's community service work. In many previous submissions to Government Anglicare has called for reform of the Concessions System, as it is a key strategy used by Government to provide a targeted response to disadvantage.

2. Response to the Terms of Reference

2.1 Identify any deficiencies or duplication with current concessions

While the State Government concessions systems remains one of the most effective mechanisms available to State Government to assist low income Tasmanians, the current system is complex, inequitable and difficult to access. Currently there are over 70 separate concessions available from nine Government agencies, with over 20 different eligibility criteria and application procedures.

The key deficiencies in the current system are:

- ♦ inconsistency in eligibility criteria,
- ♦ a confusing multiplicity of application procedures;
- ♦ poor design of concessions;
- ♦ erosion of the value of the concessions; and
- ♦ the absence of whole-of-government policy responsibility for the concessions system.

Appropriate eligibility. Eligibility for concessions is highly inconsistent, with some having no means test at all, and others offering support to people who are not necessarily on the lowest incomes. Health Care Card Holders are disadvantaged in this system and yet are on the lowest incomes in the community. Just one example among many is the inconsistency in eligibility for public transport concessions. It is not clear why all concession card holders and Seniors Card holders living in areas serviced by Metro and Merseylink services are eligible for concessions but only aged pensioners, widow allowance recipients and unemployed people receive concessions in the areas serviced by private bus companies. In effect, those living outside the Metro/Merseylink serviced areas are doubly disadvantaged. Not only are services generally much less frequent, but people on Disability Support Pension, Parenting Payment Single and a range of other Centrelink payments must also pay full price fares from their very limited incomes.

Anglicare would argue that the first priority of the concessions system should be to equalise access to the range of concessions, with a particular focus on ensuring the eligibility of Health Care Card holders. People eligible for this concession are those living on low wages, job seeker and training allowances and people who have no income at all. Anglicare has welcomed moves by the State Government in recent budgets to equalise access by Health Care Card holders to the electricity concession.

One point of contact. People dealing with disadvantage such as a lack of English and a lack of familiarity with Australian systems, people with caring responsibilities and people dealing with chronic ill health and/or disabilities are confronted by a complex and fragmented service system and it requires expertise and energy to navigate their way through. The concessions system unfortunately replicates this. One example is the various entry points into this system within the Department of Infrastructure, Energy and Resources (DIER). The parent of a child with a disability who is aware that they are eligible for a concession on transport would need to ring either the relevant bus service or the DIER Passenger Transport Service for the regular bus concession. Should they wish to use their

private car or a wheelchair accessible taxi to take their child to school they would need to contact the DIER Passenger Transport Service for the Conveyance Allowance. However they would need to ring the Transport Enquiry Service to be informed about the concession on the registration of their private vehicle and the DHHS-managed Community Equipment Scheme for information on eligibility for assistance with modifications to their car. This diversity is replicated across the system, with some concessions requiring contact directly with community-based or hospital-based services, others with Government departments, still others with Service Tasmania.

Need for review for best design. Without regular review, the design of concession systems can be a poor fit with the needs of recipients. For example, Anglicare's research has found that for those people with significant health needs who are reliant on low incomes the level of assistance available from Patient Assisted Travel Scheme (PATS) is inadequate and the design of the scheme does not reflect the needs of many potential applicants.

The scheme currently offers 10 cents a kilometre towards petrol costs and \$30 per night to pay for accommodation. Many people with disabilities and families caring for children with disabilities find the accommodation and petrol allowance does not begin to meet their costs. Although those accompanying patients for hospital stays are able to access subsidised accommodation through Ronald McDonald House (if the patient is a child aged less than 18 years), this is not available to adults or those attending day time clinics or appointments. Families report that they find it difficult to find cheap accommodation and to meet the costs of other living expenses like meals. There are also the more hidden costs of maintaining a household in Tasmania while a child with a parent escort is receiving treatment in Melbourne or in Hobart.

PATS will subsidise the cost of accessing specialist medical services more than 75 km from the normal place of residence. However the lives of people with disabilities and especially of families caring for children with disabilities are often dominated by a round of medical appointments, therapy appointments, developmental checks and so on. The majority of these appointments are within the 75 km radius, which excludes people from access to the PATS but can mean significant transport costs. Some families only just lose out when they fall out of the 75 km radius and this imposes a very heavy financial burden because they then receive no financial assistance.

PATS will usually only pay for one parent to accompany a child aged less than 18 years. In exceptional circumstances approval may be given for financial assistance for more than once escort. This is an issue for some families where both parents are involved in meeting the care needs of their child and both wish, or need, to accompany their child when accessing medical services.

While PATS will subsidise the cost of accessing specialist medical services it will not subsidise the cost of accessing allied health professionals even if the specialist has referred the patient to that professional as an integral part of their care plan.

Improving the transport infrastructure is crucial to improving health outcomes for low income and disadvantaged households. It is vital to ensure that patients are not barred from the services they need by an inability to access affordable transport.

Whole of Government coordination of concessions system. One of the difficulties in reforming the current system is the absence of a coordinating administration. Responsibility appears to fall between Treasury and the Minister responsible for the disbursement of funds or responsible for the contractual relationship with the Government Business Enterprise delivering the community service. Centralising whole of government policy responsibility for the concessions system would be a positive outcome of this review process.

Duplication within the current system

In previous submissions to Government Anglicare has argued that the Heating Allowance should be abolished and the funds saved used to extend the value of the Electricity Concession.

3.3 Key economic, social or budgetary impacts of the current concession system.

The current concessions system contains significant non-means tested concessions which are not targeted towards disadvantaged groups and do not aim to relieve hardship. For example substantial sums are targeted towards home owners and people engaged in primary production.

Anglicare's research and service delivery highlights the importance of those concessions targeted towards income support and the relief of hardship, and those which aim to promote the social participation and recreational enjoyment of low income people. While this system represents a significant investment by the State Government, we would argue that the economic and social impacts of investment in housing, education, health and transport support are critical to low income families and have positive budgetary impacts. However, while the State Government has directed much needed funding into the Student Assistance Scheme and the electricity concession, under-investment in other key concession areas such as addressing housing affordability, aids and equipment for people with disabilities and transport disadvantage, has resulted in parts of the system being highly rationed or at risk of being unsustainable.

3.3.1 Electricity

Anglicare continues to argue that the electricity concession is the State's most effective tool for delivering financial relief to low income earners and to move towards the Tasmania *Together* target. Many low income families report trying to reduce electricity costs by turning off heating and other rationing measures. However, high fixed costs for residential electricity consumers mean that such attempts are not very effective in reducing overall bills. This, combined with a cool climate means that Tasmanians in the lowest two income quintiles pay around 15% more for household fuel and power than the national average for this income group (ABS, 2005). Electricity bills are a key cause of financial difficulty and there is a strong link between electricity bills and the ability to purchase enough food.

The relief provided by the Electricity Concession is of central importance to low income families. An indication of the impact that this concession has is seen in the findings of Anglicare’s Community Survey, the data for which was collected prior to the extension of the electricity concession to Health Care Card Holders for the full year. This survey found that one in ten Health Care Card holders had been unable to heat their home in the last 12 months due to a shortage of money. In addition 11% had gone without meals because of shortage of money over the same period. Health Care Card holders consistently fared worse than Pension Concession Card holders.

Table 1: Concession Card Holders’ Ability to Meet Fuel Costs

Indicator – in last 12 months	Pension Concession Card Holders	Health Care Card Holders
Unable to heat home	6.9 %	10.0 %
Gone without meals	6.9 %	11.2%

Source: Anglicare’s Community Survey, 2005

Anglicare welcomes the State government announcement of an extra \$36.35 million over the next 3 ½ years to increase the electricity concession by 70%. This will represent around \$300 a year off the power bills of concession card holders.

3.3.2 Education

Student Assistance Scheme: In 2003 the Department of Education implemented a new levy policy which aimed to directly benefit students from low income families. It was clear that ‘user pays’ had become widespread in schools and children from low income families were being excluded from courses, activities and excursions. The Education Department issued a policy directive to ensure that children on Student Assistance were given free access to the curriculum. The only things low-income parents would have to pay for were one-off or extraordinary things like school camps, extra-curricular sport or music, or if they chose to substitute school provisions with more expensive items. In return for the money schools were raising from parents, they were given a compensation package.

A 6-month review of the policy and funding changes revealed that schools were reporting better engagement with low income parents and a simplification of the administrative processes required to manage the levy system.

3.3.3 Housing

The provision of income support to low income and disadvantaged Tasmanians through the provision of public housing is an important investment by State government. Research indicates that public housing tenants report that since becoming tenants they have felt improved health and self-esteem, reduced stress and increased feelings of safety as well as positive educational outcomes for children, with many parents attributing the positive changes to housing stability.

As far back as 1993, the Productivity Commission (then the Industry Commission) analysed the alternatives and concluded that public housing was the most cost-effective way of

ensuring housing was appropriate and affordable (Industry Commission 1993). And a review of the effectiveness of Commonwealth Rent Assistance by researchers at the University of Glasgow concluded that public housing was more effective than Commonwealth Rent Assistance in protecting low income earners from severe housing stress (Wood et al 2003). Defence Housing Authority experience in the early 1990s was also that the provision of housing through head-leasing – such as will occur with Tasmanian Affordable Housing Limited – was more costly than provision through public ownership of housing stock (Industry Commission 1993).

3.3.4 Transport

Participants in Anglicare's research have repeatedly indicated that access to transport is a highly problematic issue for them. The lack of affordable, accessible transport has increased the sense of social isolation of many disadvantaged people and exacerbated the symptoms of social withdrawal many of them are experiencing (See for example Cameron & Flanagan, 2003, Hinton, 2006, Flanagan, 2007, Hinton, 2007). Health Care Cards holders are doubly disadvantaged by being on a lower level of income than pensions, while at the same time being ineligible to access transport concessions such as the Motor Vehicle Registration Concession, the Motor Tax Rebate, the Drivers Licence Discount, and the Transport Access Scheme.

The financial impact of transport costs in Tasmania is evident in surveys of Emergency Relief agencies. For example, Anglicare's 2004 survey identified transport costs as one of the primary causes of financial crisis for people seeking assistance from emergency relief providers. The problem was particularly significant for people living in non-metropolitan areas and for those people who had experienced a mental health problem in the past year or had someone in their household who had experienced a mental health problem (Madden, 2004).

Public transport: Poor access to and inability to afford public transport have been identified as key factors in maintaining the social exclusion of disadvantaged groups (Saunders, 2003; Taylor & Jope, 2001). This situation is further compounded by geographical isolation when, due to the lack of affordable housing options and the location of public housing, they are compelled to live on the fringe of cities or regional centres.

It is difficult to compare Tasmania's public transport system to those in other parts of the country. The State's relatively small and decentralised population make the provision of an efficient and effective public transport system much more challenging than in larger cities. However, in identifying this challenge it is also important to recognise the significant difficulties faced by low income earners who are unable to access any form of public transport. Indeed, many Tasmanian households do not have a choice about whether to use public transport or a car due to the very limited coverage by bus services in Tasmania. For example, in a one-off survey of transport patterns in Tasmania, the Australian Bureau of Statistics estimated that 47,000 Tasmanians mainly undertake their primary shopping trips by car or taxi because there is no public transport service at all. A further 39,000 have difficulties using public transport for their primary shopping trip because of issues including their own disability, the infrequency and inflexibility of service times or the lack of a direct service (ABS, 1997).

Anglicare research also confirms a range of difficulties for low income earners attempting to access public transport services. Many research participants in regional and rural areas reported that there was no public or privately operated bus service within walking distance of their home (Flanagan, 2000). These people were forced to run a private vehicle, hitch-hike or rely on family and friends for lifts to access shopping, banking and medical facilities.

Participants in many regional towns and even outer suburban areas also reported difficulties regarding the frequency and timing of bus services (Flanagan, 2000; Cameron & Flanagan 2003). In many areas, including population centres such as the East and West coasts, the bus services tend to make only one stop per town and are geared towards taking people to and from major population centres for overnight stays rather than assisting people to make the trip to and from the main shopping and banking facilities in their region. Even in the major population centres the public transport system is very limited outside normal business hours. For example, on the North West Coast all public bus services stop before 6.30pm on weekdays, and there is no weekend public bus service except in Devonport where there are some Saturday services between 9am and 4.20pm. The cost of services from areas not covered by Metro/Merseylink is also a concern for low income earners who are denied access to the private bus concession scheme.

Table 2: Major assistance provided on general public transport services for adults

Service	Assistance Provided	Geographic Scope	Eligibility
Metro & Merseylink Concessions	Free travel	Main services in Wynyard, Burnie, Ulverstone, Devonport, Launceston, Hobart, Glenorchy, Brighton, Clarence with some services to surrounding towns	Visually impaired adults.
Metro & Merseylink Concessions	Subsidised bus service and reduced fares	Main services in Wynyard, Burnie, Ulverstone, Devonport, Launceston, Hobart, Glenorchy, Brighton, Clarence with some services to surrounding towns	Pension Concession Card, Health Care Card, Seniors Card holders, War Widows, full-time tertiary and TAFE students
Private Bus Concession	50% discount on the regular adult fare	Varies, generally covers main highway from Smithton to Kingston, and limited services from West Coast towns, some East Coast towns, Huon towns, Tasman and Sorell areas.	Pension concession card holders if they are Aged pensioners or on Widows Allowance, Health Care Card holders who on New Start or Youth Allowance and who are using the transport for the purpose of seeking employment . Visually impaired people. Full time tertiary or TAFE students

Private Vehicles: Tasmanians have typical rates of motor vehicle ownership for Australia (ABS, 2003) and a similar proportion of households reporting that they are without a motor vehicle, although this varies across the regions (ABS, 2001). However, the average age of passenger vehicles in Tasmania is estimated to be 11.9 years, the oldest in the nation and nearly 2 years older than the national average (ABS, 2003). The older age of the vehicle fleet

in Tasmania could be expected to be associated with higher ongoing maintenance costs and vehicles in poorer overall condition.

Registration fees represent a significant impost for low income Tasmanians. Bray (2001) has identified an inability to pay car registration as a key indicator of financial hardship. Anglicare's Community Survey¹ found that Health Care Card holders were generally more likely than Pension Concession Card holders and other Tasmanians to report that they had experienced financial difficulties in the past year and they were especially likely to have been unable to pay car registration or insurance bills (Madden & Law 2005).

3.3.5 Health

Adult Dental services: The Tasmanian Public Dental Service provides oral health treatment to all Tasmanian children under the age of 18 and to those Tasmanian adults who hold Pension Concession Cards and Health Care Cards. In its service delivery to adults it is therefore the only taxpayer funded health service which is targeted directly at low income people. Anglicare welcomed the State Government's decision to remove co-payments from emergency dental procedures in the 2006-2007 State Budget. However, the imposition of co-payments on general dental procedures remains a barrier to service for low income people with costly consequences in terms of high rates of poor oral health in the Tasmanian population.

The poor dental and oral health of low income Tasmanians has been well documented. Anglicare has previously used both national and local research data to highlight the fact that adult Tasmanians have the worst dental health status in the nation in terms of missing teeth, complete tooth loss, and having access to dentists (see for example Cameron, 2002). The factors which determine poor dental health are a list of the social and economic characteristics of Tasmania. They are:

- low income, particularly eligibility for Health Care and Pensioner Concession cards;
- reliance on the public dental service;
- living in a rural, remote or regional area; and
- the experience of chronic illnesses such as diabetes or serious mental illness.

Low income earners differ markedly from people on higher incomes in their experience of dental treatment. Concession card holders:

- are more likely to delay treatment until a problem arises;
- are more likely to have teeth extracted as a 'solution' to an oral health problem and are less likely to have a filling;
- are twice as likely to have had all their teeth extracted and those who have retained natural teeth have far fewer teeth;

¹ The Tasmanian Community Survey was conducted by Anglicare's Social Action and Research Centre in Autumn 2005. Surveys were sent to 3800 Tasmanian adults who were randomly selected from the Tasmanian Electoral Roll and 2106 completed survey forms were returned, a response rate of 55%. Post stratification weighting was conducted to ensure that the final sample reflected the actual Tasmanian population on key variables including gender, region of residence and receipt of the major Centrelink benefits. This allows statements to be made about the whole Tasmanian community rather than just those people who responded to the survey.

- are more likely than other Australians to be avoiding foods and to be embarrassed by their appearance because of dental problems; and
- in nursing homes have significantly worse oral health than non-concession card holding residents (SA Dental Service, 2004).

In 1996 the Federal Government abolished the Commonwealth Dental Health Program and in its place introduced subsidies for those choosing to take out private insurance. The lack of public health cover for dental services has been defended by the argument that dental services are separate and distinct from the medical profession; however research has shown a strong link between illness, disability and socio-economic disadvantage. Oral health care is an often neglected component of total health care. Poor oral health can significantly impact on a person's quality of life, causing considerable psychological distress. The inclusion of oral health care in Medicare is a Commonwealth issue, but State Governments have reacted differently to the funding crisis in oral health. Like some other States, the Tasmanian State Government continues to seek partial cost recovery from low income people in the form of co-payments for general treatments. Neither Queensland nor New South Wales have co-payments for service.

Co-payments are defended by some policy makers on the basis of arguments for 'user pays'. It is deemed that payment of even partial costs increases the clients appreciation of a service and ensures that services are not used inappropriately. However, research into the introduction of co-payments suggests that their impact has been to act as a major disincentive for people on low incomes to access dental care. Whatever their original policy rationale, they appear to have become a tool for managing politically sensitive waiting lists. Nationally, the introduction of co-payments saw a one-third reduction in the demand for non-emergency treatment in public dental care (Dooland 2000; Spencer 2001) and research indicates that more than one quarter of adult Australians avoid or delay visiting a dentist because of cost and that this figure is far higher among people who are eligible for concession cards (AIHW DSRU, 2001). Anglicare's Community Survey found that 60% of Health Care Card holders and 70% of Pension Concession Card holders had not visited the dentist in the previous year – figures higher than those for the general population (58%). This survey confirmed the national research in finding that cost was a major reason why concession card holders are not seeking dental treatment.

The imposition of fees has a similar effect to the waiting list in stopping access to the dental service. In many cases it results in low income earners using dental services only for emergency treatment, rather than for preventative or restorative procedures. Research has found that one of the negative outcomes of this fee schedule or co-payment policy is the net increase in the total cost of dental care by increasing the number of more expensive emergency treatments (Ziguras and Moore, 2001).

Equipment Lending Scheme: This scheme is another example of how a policy of rationing an essential support service has negative social and economic consequences.

The Community Equipment Scheme (CES) aims to facilitate the discharge of people from hospitals, enable integration into the community and prevent premature admission to institutional care. The eligibility criteria are being in receipt of a concession card or

Centrelink payment, not receiving any compensation settlement and being ineligible for other schemes.

Demand for assistive technology is increasing as people live longer, acquire age related problems and survive traumatic injury. Additional pressures come from the incidence of relationship breakdown and split families so that equipment for children with disabilities is then required in each household. There are also growing numbers of ageing carers requiring lighter weight equipment and an increase in average body weight requiring an increased weight capacity of equipment (especially for those over 110 kilos).

However, the overall budget of the Community Equipment Scheme has not increased for six years beyond occasional top ups. This has limited its ability to meet demand, to increase the range and quantity of equipment on offer and to cover the cost of maintenance, repair and replacement of loan equipment. This causes delays in supplying standard equipment, unpredictable waiting times and a necessity to prioritise clinical need at the expense of aids to promote community integration and participation. For example, a wheelchair to be used for shopping can take a low priority. There is also a significant gap between the subsidy available for larger items of equipment (\$6000) and the actual cost. This can force many applicants into a reliance on charitable sources to meet the funding gap. Waiting times and inadequate subsidies can result in a reduction in people's ability to live independent lives and result in a greater reliance on personal assistance from a support worker

3.3.6 Evidence of the impact of key concessions: the Tasmania *Together* benchmark

Anglicare collects data for Tasmania *Together* Progress Board for Benchmark 1.1.1 of Tasmania *Together: The cost of food, electricity, housing, transport, and health as a percentage of income for low income earners (ie bottom 40% of low-income earners)*. The rationale for this benchmark is that a capacity to spend on things other than basic needs provides a better quality of life. Basic needs include housing costs, electricity, transportation, medication and groceries. This is one of 10 indicators used to measure Tasmania's progress towards Goal 1: *A reasonable lifestyle and standard of living for all Tasmanians*.

Movement of this benchmark provides an interesting illustration of the very positive impact of targeted concessions on the budgets of low income households. The benchmark is calculated on two case studies – a couple on New Start Allowance with no children who are living in public housing and a couple on New Start Allowance who have two children (and are therefore in receipt of Family Tax Benefit) and who are purchasing their own home.

In 2007 the benchmark for the family purchasing their own home was adjusted to reflect the dramatic increase in housing costs faced by low income Tasmanians, which, it was calculated, had increased by 130% in the period 2003-2007. With this adjustment it was found that the cost of essential goods had increased to 98.67% of the family's income.² While

² REIT data was used to calculate the cost of purchasing a home in the cheapest suburb in Hobart in 2007, and mortgage calculations based on current interest rates. The adjustments did not include the increases in rates faced by home owners as this data was not readily available, however this will need to be included in calculations for 2008.

the family in this scenario faced marked increases in their costs for housing, petrol, groceries, health and medication these increases had largely been ameliorated due to concessions available to them. In fact, the cost of electricity had dropped by 6.23% for the household over the period 2003-2007 due to the introduction of the full year electricity concession for health care card holders.

The benchmark for the cost of living for a welfare dependent couple living in public housing did not show the same dramatic increases. The difference between the two indicators was explained by the housing costs. The family purchasing their own home had faced cost increases of 130% in the period 2003-2007. The couple living in public housing and receiving the benefit of the public rental subsidy had faced increases in housing costs of only 35%. This had enabled that case study to keep the cost of their essential goods to 77.7% of their income.

Table 3: The cost of food, electricity, housing, transport and health as a percentage of income for low income earners. Case Study 1: a couple on New Start Allowance with no children.

Couple on Newstart Allowance (no children)					
	2007	2006	2005	2004	2003
Income (weekly)					
Newstart Allowance (couples rate)	\$382.80	370.50	360.30	351.10	342.80
Costs (weekly)					
Housing					
Housing Tasmania rental	\$107.00	89.00	86.00	83.00	79.00
Housing Total	\$107.00	89.00	86.00	83.00	79.00
Electricity (Based on Energy Step 1. Includes services, meter and GST and concession)					
75kWh Residential lights and power					
73kWh Hot water					
Electricity Total	\$20.47	21.31	22.02	21.75	22.71
Basket of groceries for two adults (Based on Consumer Price Index sample)					
Groceries total	\$80.88	79.37	77.48	76.80	73.72
Transport (includes MAIB concession and public transport concession)					
Registration – 4cyl car yearly rate/52	\$8.70	9.78	9.68	9.53	9.03
42 litres unleaded petrol (Based on ABS Average Retail Prices of Selected Items: Eight Capital Cities March Quarter Cat No 6403.0.55.001)	\$55.86	53.13	47.80	40.91	42.25
4 x Adult concession bus fares (section 1-2)	\$6.80	6.80	6.40	6.00	5.60
Transport total	\$71.36	69.71	63.88	56.44	56.88

Health and Medication					
2 x PBS scripts	\$9.80	9.40	9.20	7.60	7.40
100 Panadol tablets	\$10.99	10.05	10.05	10.70	10.70
Health and Medication total	\$20.79	19.45	19.25	18.30	18.10
Total Costs	\$300.50	278.84	268.63	256.29	250.41
As a percentage of income	78.5%	75.3%	74.6%	73.0%	73.1%
Total Costs (without extra flour)	\$297.61	276.20	265.99	253.65	247.54
As a percentage of income (without extra flour)	77.7%	74.5%	73.8%	72.2%	72.2%

Table 4: The cost of food, electricity, housing, transport and health as a percentage of income for low income earners. Case Study 2: a couple on New Start Allowance with two children, aged 6 and 12

Couple on New Start Allowance (two kids 6years and 12 years)					
	2007	2006	2005	2004	2003
Income (weekly)					
Newstart Allowance (couples rate)	\$382.80	370.50	360.30	351.10	342.80
Family Tax Benefit Part A	\$145.46	140.84	137.06	130.48	126.70
Total Income	\$528.26	511.34	497.36	481.58	469.50
Costs (weekly)					
Housing					
Mortgage payments (2003-2006: \$60,000 loan over 30 yrs) (2007: \$142,000 loan over 30 years)	\$248.00	97.50	96.00	96.00	95.00
Rates	\$28.05	28.05	26.49	26.19	25.13
Housing Total	\$276.05	125.55	122.49	122.19	120.13
Electricity (Based on Energy Step 1. Includes services, meter and GST and concession)					
92kWh Residential lights and power					
90kWh Hot water					
Electricity Total	\$24.83	25.66	26.10	25.68	26.48
Basket of groceries (Based on Consumer Price Index sample)					
Groceries total	\$117.17	110.52	110.99	107.05	105.35
Transport (includes MAIB concession and public transport concessions)					
Registration – 4cyl car yearly rate/52	\$8.70	9.78	9.68	9.53	9.03

39 litres unleaded petrol (Based on ABS Average Retail Prices of Selected Items: Eight Capital Cities March Quarter Cat No 6403.0.55.001)	\$51.87	49.34	44.38	37.99	39.23
2 x 10 trip children's bus fares (all sections)	\$19.20	19.20	19.20	19.20	19.20
Transport total	\$79.77	78.32	73.26	66.71	67.46
Health and Medication					
1 x PBS scripts	\$4.90	4.70	4.60	3.60	3.70
100 Panadol tablets	\$10.99	10.05	10.05	10.70	10.70
250ml SPF 30 Hamilton Family Sunscreen Milk	\$11.99	15.25	23.95	22.50	18.25
125ml Dettol antiseptic	\$4.45	4.25	4.25	4.45	3.95
Health and Medication total	\$32.33	24.20	32.80	30.55	25.90
Total Costs					
	\$530.15	364.25	365.64	352.18	345.32
As a percentage of income					
	100.3%	71.2%	73.5%	73.1%	73.5%
Total Costs (without extra flour)					
	\$527.26	361.61	363.00	349.54	342.45
As a percentage of income (without extra flour)					
	98.8%	70.7%	72.9%	72.5%	72.9%

3.4 Assessment of the current concessions against the principles

3.4.1 Government Business Enterprises and State Owned Corporations as mechanisms for the delivery of State Government income support systems.

There are problems with having essential government services which have a community service obligation requirement turned into Government Business Enterprises (GBEs) or State Owned Companies/Corporations (SOCs), as some services require a community service framework rather than a business framework. There are two key problems with using GBEs or SOCs as a medium for the delivery of rebates designed for vulnerable clients. These are the impact of cost recovery on vulnerable clients, and the lack of responsiveness of these businesses to community concern.

Impact of cost-recovery on vulnerable clients: Currently the Public Trustee manages the funds of Represented Persons who have had their right to manage their own financial affairs removed from them by the Guardianship Board. These are clients with complex needs, intellectual, cognitive and/or psychiatric impairment, no assets and no income other than Centrelink pensions. The Public Trustee is appointed in cases where these individuals have no-one else to manage their affairs for them. Currently Tasmanian clients of this service are charged the highest fees and charges of any clients in such circumstances in Australia by a

large margin³. This has been the subject of concerned comment by the Public Guardian and the Chair of the Guardianship Board. Anglicare has also made repeated representations on this. The table below is based on a national survey conducted by Anglicare in November 2006.

Table 5: Comparison of the Public Trustee's fee structure for persons under financial administration by order of the Guardianship Board (Centrelink Pension only, i.e. where client has no assets or other sources of income.)

	Cost of fees and charges as a percentage of income	Actual annual cost to a single pensioner	Fees and charges
The Public Trustee (Tas)	9.5%	\$1270	6.6% of pension charged as income commission Monthly account fee \$113.50 Cheque drawing fee \$6 EFT payment \$3
The Office of the Public Trustee (ACT)	2%	\$228	\$8.80 a fortnight administration fee
The Public Guardian (NT)	0	NIL	NIL
Public Trustee (Qld)	2%	\$200	\$7.70 a fortnight for record maintenance
The State Trustee (Vic)	0 – 3%	\$0 – to a maximum of \$439	A maximum of 3.3% of pension is charged as administration fee. Often waived where pensioners have no assets or other income.
The Public Trustee (SA)	0	NIL	NIL
The Public Trustee (WA)	0 – 3%	Maximum of \$439	3.3% of pension is charged as administration fee
The Office of the Protective Commissioner (NSW)	>1%	\$13 (calculated where a client has savings of \$500)	13 per annum (Yr 1: 2.1% of the value of assets plus .5% of savings as investment fee; Yr 2+: .5% of savings as investment fee)

This table is calculated on the single rate of a Disability Support Pensioner as at Nov. 2006 (\$13,314)

There are two issues of concern for Anglicare - the first is that these high charges force financial hardship on a very vulnerable group of people already facing cognitive and

³ At the moment, Represented Persons who are Community Service Obligation (CSO) clients of the Public Trustee are paying between \$1070 and \$1270 per annum to use the Public Trustee Financial Administration service – this represents up to 9.5% of the income of a single adult living independently on the Disability Support Pension. (These figures are based on a review by the Public Trustee of costs faced in a 12-month period by 25 CSO clients with assets of less than \$10,000.)

intellectual difficulties plus financial difficulties. These are members of the community who are particularly vulnerable to homelessness and insecure housing. While some Represented Persons live in residential nursing homes, supported accommodation or independently in public housing, some are also subject to the high costs and poor options currently available in the private rental market. The 9.5% administration fee is a burdensome charge on people paying high costs for accommodation (up to 85% of their income for rental and board in a Supported Accommodation Assistance Programme Supported Residential Facility, or, on average, 50% of their income for rental alone in the private rental market.)

Lack of responsiveness to community concern: There is considerable lack of accountability to the community in decision making around the costing of Community Service Obligations (CSOs). As a GBE, the Public Trustee is subject to the Government Business Enterprises Act 1995 which requires it to perform its CSOs “in an efficient and effective manner” (Part 2, s.7.1.b). The Public Trustee has a declared Community Service Obligation (CSO) to administer estates, trusts and the financial affairs of represented persons, notwithstanding that the financial value of these matters prohibits full cost recovery (Public Trustee, 2006). Under the Act the costing basis for a CSO is negotiated between the Treasurer and the relevant Minister – in this case the Attorney-General – in consultation with the Government Business Enterprise (Part 9, s.62). A contract between the Government and the GBE then sets out the arrangements under which the Government will purchase the CSO from the GBE (Tasmanian Treasurer, 1996). The process of establishing the cost of the CSO is not open to public debate and scrutiny. In spite of frequent representations by community sector organisations on this issue, queries about the fees being raised through the Government Business Enterprise Budget Estimates process and the protestations of former Chairs of the Guardianship Board and the Public Guardian, the issue has never been addressed.

Further corporatisation of Government services with a community service obligation.

Given the discussion above, it is worrying that there is ongoing Parliamentary concern that the Government is considering converting Housing Tasmania into either a GBE or a SOC. The corporatisation experiment had disastrous consequences in New Zealand, where the Housing Authority was separated into two functions and market rents were introduced. An accommodation supplement, a subsidy provided to all tenants assessed as in genuine need, was provided but proved to be inadequate. Public housing rents sky-rocketed, to the point where many tenants were paying over half their income in rent, hundreds of public houses were left vacant as tenants could simply no longer afford to live there, and people were forced to move in with friends and relatives so that they could pool costs, where they lived in overcrowded and unhealthy conditions. In addition, the focus of the new Housing Authority on asset sales led to the accumulation of a massive maintenance backlog. It is worth noting that the policy has now been reversed, income-related rents have been re-established and in fact the New Zealand Government now provides Housing New Zealand with an operating subsidy that has allowed it to operate sustainably as well as providing a one-off grant to address the maintenance backlog.

A corporatised model would be inappropriate for Housing Tasmania. Their tenants are almost exclusively people who are very disadvantaged and have a range of extremely complex needs that require specialised support. Again, this support is best provided in a community service framework rather than a business framework.

3.5 Other comments

3.5.1 The consultation process

Anglicare is concerned that the process of consultation for this review appears to have concentrated on writing to key community groups and seeking their views on the existing concession arrangements. Given the importance of the concessions system we would urge that the consultation phase be lengthened and wider consultation be undertaken with a broader range of stakeholders. We would hope this would enable input from community members in receipt of concessions (including people with disabilities, sole parents, aged pensioners, ex-service personnel, students, casual and part-time workers and job-seekers). Consultation should also include the private sector, the union movement and those Government agencies which disperse the concessions.

3.5.2 Terms of reference

The terms of reference of the review could usefully have been expanded to include the following issues: the promotion of the concessions system and data collection.

Promotion of the concessions system: While the State Government has made efforts to promote the availability of concessions through the production of the Concessions booklet and the use of a mobile bus, awareness of the concessions available remains low. For example, take up of one of the central concessions for low income earners, the electricity concession, has consistently been below budgetary estimates. Anglicare's Community Survey (2005) revealed that 38% of Health Care Card holders who were not receiving the electricity concession were not aware that it existed. This finding was confirmed by recent research by TasCOSS (2006) into the experiences of Aurora Energy pre-payment meter consumers. This research found that one in three consumers surveyed had no knowledge of any concessions relating to electricity. Similarly Anglicare's research into the experiences of people with serious mental illness found that transport disadvantage was a chronic problem for this group, yet very few of the research participants were aware of the existence of the Transport Access Scheme. In previous submissions to Government, Anglicare has recommended a community promotion campaign utilising Win-TV and Southern Cross TV, the media our research has confirmed are those most used by Tasmanian concession card holders for information (Anglicare, 2005), as well as a leaflet to be dispersed with pre-winter electricity accounts.

Data collection: data relating to the uptake and distribution of State government concessions is collected in an unsystematic manner, and where it is routinely collected it is difficult to access. Centrelink data, useful for tracking patterns of dependence on social security and concession card take up is extremely difficult to get access to, even it would appear, for the Tasmanian Government. Prior to 2007 Centrelink data to a local Government level was available to non-Government organisations. This has not been available for the last 12 months. More detailed, but critical information for social policy development, such as the number of families in Tasmania in receipt of Carer Allowance (Child) who are also in receipt of a Health Care Card or Pensioner Concession Card (data which would reveal the number of low income families caring for children with

disabilities) is not available from the Commonwealth Department of Family and Community Services even when the request is generated by the Office of the Tasmanian Minister of Health and Human Services⁴.

Tasmanian Government data collection is also not detailed enough to ensure that application processes for the concessions are fair and equitable. For example, Disability Pensioners with 'permanent and severe psychiatric impairment' are eligible for the Transport Access Scheme which provides a 50% concession on the cost of travel by non-wheelchair accessible taxi. The purpose of the scheme is to enable aged and disability pensioners 'independent access into the community'. However, the assessment process for this scheme appears to prioritise people with physical mobility impairment and interviews with service providers working with people with serious mental illness indicate that it is very difficult for a person with a psychiatric disability to access it. The Department of Infrastructure, Energy and Resources does not collect data on the disability type of the recipients of this concession.

3.5.3 The concessions principles and new concessions

The ambulance service fee: The proposed ambulance service fee falls outside the remit of this review. However, we would like to take the opportunity to raise some concerns about this service fee while it is being designed to ensure that it is considered within the policy context used to design new or revised concessions.

The current model being proposed is that of a user-pays system. Anglicare is concerned that the current proposal to introduce a fee will not offer an equitable system of payment to users, nor will it meet the policy goal of providing sustainable funding for the service. Although a 50% insurance rebate is proposed for concession card holders, experience from other states shows that many will not take up the offer. Indeed research indicates that insurance systems are not a priority for people living in financial hardship and people in the lowest income quintiles are grossly underinsured. For example, Anglicare's research (Madden & Law, 2005) has found that Tasmanians on either concession card were less likely to have any level of contents insurance than those who were not.⁵ In that research, the reason most commonly cited by people who didn't have contents insurance was they could not afford it.

There are also those in casual or low paid work or with fluctuating incomes who will not qualify for a rebate or prioritise an insurance premium. This means that they face the full call out fee of approximately \$690. This is likely to deter people from calling an ambulance in an emergency. Indeed states with fees report significant numbers driving to hospital in life threatening situations because they are reluctant to acquire a large bill.

Anglicare is also concerned that a user-pays model would not be cost efficient. Interstate experience suggests it will be administratively costly and complex. Other states have found that the administration of the fee is costly and requires an extensive bureaucracy to manage

⁴ Beswick, Pers. Comm, 1/11/07

⁵ While 94% of those without a concession card had contents insurance, only 87% of Pension Concession Card holders and 79% of Health Care Card holders held a policy (Madden & Law, 2005).

the system. It involves operational staff in collecting billing information in an environment in which many fail to pay. When Queensland moved from a fees-based to a levy-based system they were able to redeploy 200 staff.

A user-pays model also runs the risk of raising unpredictable levels of funding. Interstate experience shows that a high percentage of those charged directly will fail to pay, with a limited chance of recovery by Government. In New South Wales up to 47% of those billed failed to pay the invoice despite the operation of debt recovery procedures. Private health insurance companies can be unwilling to accept the costs and may enter into debates about whether a situation warranted calling an ambulance. In addition users also debate their obligation to pay if they did not call the ambulance themselves. Funding levels are constrained by the limited uptake of subscription schemes and fee exemptions – particularly as low income users are likely to account for a high percentage of ambulance users – and the resources required to operate complex administrative systems.

A user-pays model has the potential to affect service delivery because patients can become hostile when faced with a fee. When fees were raised in the ACT in 2006 to \$670 a trip it coincided with a large increase in complaints and refusal to pay.

New South Wales and the ACT, who currently administer a scheme similar to that proposed for Tasmania, are now considering introducing a levy which can be applied to the whole community. Anglicare has recommended that the Treasurer consider a broad based community levy as it would be a more reliable revenue stream, more equitable, less administratively complex and therefore a closer fit with the Guidelines for the Application of State Government Concessions.

3.5.4 Monitoring and evaluation process

Anglicare welcomes the Premier's announcement of a 70% increase to the electricity concession which will assist low income households to cope with the looming electricity price increases. However, it must be pointed out that prior to this announcement this critical concession had not met Consumer Price Index increases or electricity price increases for the previous 12 years meaning the real value of this concession had eroded considerably. The very large increase announced by the Premier was the sum required to return the concession to its original value in the context of the projected price increases. This example illuminates the degree to which the value of concessions erode over time if not regularly monitored and evaluated.

Anglicare supports the TasCOSS recommendation that all concession levels be reviewed to ensure their real value is maintained and that either

- ♦ Regular review processes are established for set-price concessions to ensure their original or intended value is maintained and that the annual increases in the Consumer Price index are met; or
- ♦ Concessions are re-established as a percentage discount 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.

3.5.5 The role of the Commonwealth in targeting of concessions

It is regrettable that the former Commonwealth government recently extended eligibility for Pensioner Concession cards to a wider and more affluent section of the community. This move makes targeting of the concessions more complex and potentially weakens State Government commitment to use them as a social policy response to disadvantage.

4. Recommendations

Anglicare supports the review principles and the Guidelines for the Application of State government Concessions. Anglicare recommends that:

- R1.** The review principles and the Guidelines for the Application of State government Concessions be used as a framework for addressing the following problems with the State Concessions system:
 - inconsistency in eligibility criteria,
 - the confusing multiplicity of application procedures
- R2.** That current concessions be reviewed to ensure that they are designed to best meet the socio-economic need of recipients.
- R3.** That current concessions be reviewed to ensure their real value is maintained and that either
 - Regular review processes are established for set-price concessions to ensure their original or intended value is maintained and that the annual increases in the Consumer Price index are met; or
 - Concessions are re-established as a percentage discount 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.
- R4.** That one Minister be appointed to take on whole-of-government policy responsibility for the concessions system.
- R5.** That Service Tasmania offices be adopted as one point of contact for the concessions system.
- R6.** That funding to the essential health services provided through the concessions system be reviewed to remove rationing and user-pays where this is a barrier to access.
- R7:** That further consultation be conducted with interested stakeholders including members of the community who are recipients of concessions.
- R8:** That Housing Tasmania continue to operate as a Government department rather than a Government Business Enterprise or a State Owned Corporation

5. Tables

Table 1:	Concession Card Holders' Ability to Meet Fuel Costs	p. 7
Table 2:	Major assistance provided on general public transport services for adults	p. 9
Table 3:	The cost of food, electricity, housing, transport and health as a percentage of income for low income earners: a couple on New Start Allowance with no children.	p.13
Table 4:	The cost of food, electricity, housing, transport and health as a percentage of income for low income earners: a couple on New Start Allowance with two children, aged 6 and 12.	p.14
Table 5:	Comparison of the Public Trustee's fee structure for persons under financial administration by order of the Guardianship Board (Centrelink Pension only, ie, where client has no assets or other sources of income).	p. 16

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