

PART ONE - BACKGROUND TO THE CONCESSION SYSTEM

CHAPTER 1

ESTABLISHMENT OF THE INQUIRY

Introduction

1.1 On 18 June 1996, the Minister for Social Security and Minister Assisting the Prime Minister for the Status of Women, Senator the Hon Jocelyn Newman, wrote to the former Chairman, Mr Peter Slipper MP, referring an inquiry to the Committee. The specific terms of reference were to inquire into the current array of concessions available to low income Australians, with specific reference to:

- the adequacy and efficiency of administration of the current system with a number of concession cards issued by different agencies, including the use of concession cards to provide concessions by Commonwealth, State and Local Government agencies;
- the adequacy and desirability of current means testing for eligibility for concessions; and
- the desirability of greater consistency in the concessions available to concession card holders in different regions and suggestions on standard core concessions.

Conduct of the Inquiry

1.2 The Inquiry was advertised in the major metropolitan newspapers on the weekend of 29-30 June 1996. At the same time, the Committee wrote to the major public interest groups working with low income earners or retired citizens, State and Territory Governments, non-government organisations and Commonwealth departments, advising them of the Inquiry and seeking submissions.

1.3 The Inquiry attracted 44 submissions as well as a large amount of supplementary information, following public hearings. Submissions were received from individuals, non-government organisations, public interest groups and all State/Territory governments, except the South Australian Government. Relevant Commonwealth departments also provided submissions to the Inquiry.

1.4 The Committee took evidence at public hearings held in Sydney, Melbourne, Brisbane, Hobart and Canberra (over two days). In the interests of cost-saving, the other major capital cities were not included in the public hearing schedule, as only a few submissions originated from those States/Territories.

Background to the Inquiry

1.5 This Inquiry follows several reviews of concessions at the Commonwealth and State/Territory level. A review of the concession card system was undertaken by a Commonwealth-State Working Party in 1993, following major changes in eligibility criteria for concession cards.¹ The review canvassed options for change in the concession system, but did not make recommendations. A result of the Working Party was the formation of the Standing Committee of Community Services and Income Support Administrators (SCCSISA). This committee, comprising officials from Commonwealth and State/Territory governments, has produced several discussion papers reviewing the concessions framework and recommending some changes. These papers are examined further in Chapter 3.

1.6 Concessions have also been included in broader Commonwealth Government reviews of the income support system. These have included the report *Older People and Fringe Benefits* (1991) by the Australian Pensioners' & Superannuants' Federation (AP&SF) for the Department of Social Security, the 1994 *Targeting for Equity* strategic review of the pensions' income and assets tests, the 1995 report *Trends in the Distribution of Cash Income and Non-Cash Benefits* for the Department of the Prime Minister and Cabinet and the 1996 National Commission of Audit's *Report to the Commonwealth Government*.²

1.7 The 1991 AP&SF report involved a comprehensive review of the monetary and psychological value of concession cards to pensioners. The report made several recommendations to simplify the 1991 concession card system, to better meet pensioners' needs and improve information dissemination. The *Targeting for Equity* report (1994) examined options for reform of the

1 Report of the Commonwealth-State Working Group, *Review of Concessions Arrangements*, May 1993.

2 Mohr R, *Older People and Fringe Benefits*, Report of a study by the Australian Pensioners' & Superannuants' Federation for the Department of Social Security, September 1991.

Barber J, Moon G and Doolan S, *Targeting for Equity*, Final Report of the Strategic Review of Pensions' Income and Assets Tests, November 1994.

Johnson D, Manning I and Hellwig O, *Trends in the Distribution of Cash Income and Non-Cash Benefits*, Report to the Department of the Prime Minister and Cabinet, December 1995.

National Commission of Audit, *Report to the Commonwealth Government*, June 1996.

concessions system and recommended research on the impact of the 1993 concession eligibility changes and revision of concession card application forms.

1.8 *Trends in the Distribution of Cash Income and Non-Cash Benefits* (1995) examined income distribution for the period 1981-82 to 1992-93. This report is discussed further in Chapter 4. The National Commission of Audit's 1996 report recommended that both the Commonwealth and the States/Territories examine ways to better target pensioner concessions and provide more broadly based and equitable application of the available subsidies. The report also recommended that most concession service provision should reside with the States/Territories.

1.9 The Australian National Audit Office (ANAO) has foreshadowed cross-agency audits in 1997-98 in areas relevant to concessions, including privacy issues for data management and community service obligations (CSOs). ANAO indicated that the audit on CSOs would not proceed until the findings of the current Inquiry were tabled in the Parliament.³

1.10 As well as the above reviews at the Commonwealth level, the South Australian, Victorian, New South Wales and Queensland Governments are currently conducting reviews into their State-based concession systems. None of these governments were able to provide detailed information on the content or likely outcomes of their inquiries.

1.11 The Commonwealth does not have jurisdiction in some of the areas examined by this report, for example, transport reciprocity between States/Territories. However, in the Committee's dealings with State/Territory governments it became clear that these governments share the Committee's concern for the provision of an effective and equitable concession system. The Committee calls on all State/Territory governments to give close consideration to the recommendations made to the Commonwealth Government throughout this report and to work with the Commonwealth Government to implement changes, where necessary.

3 ANAO letter to Committee Secretariat, 19 August 1997.