



# **HOUSE OF REPRESENTATIVES**

**STANDING COMMITTEE ON FAMILY AND COMMUNITY AFFAIRS**

**Reference: Concession card availability and eligibility for concessions**

**MELBOURNE**

**Monday, 14 April 1997**

**(OFFICIAL HANSARD REPORT)**

**CANBERRA**

HOUSE OF REPRESENTATIVES STANDING COMMITTEE  
ON FAMILY AND COMMUNITY AFFAIRS

Members:

Mr Slipper (Chairman)  
Mr Quick (Deputy Chairman)

Mr Ross Cameron	Mr Kerr
Ms Ellis	Ms Macklin
Mrs Elson	Mr Allan Morris
Mr Forrest	Dr Nelson
Mrs Grace	Mrs Vale
Mrs De-Anne Kelly	Mrs West

Matters referred for inquiry into and report on:

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.

CONDITIONS OF DISTRIBUTION

This is an uncorrected proof of evidence taken before the Committee and it is made available under the condition that it is recognised as such.

## WITNESSES

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HOUSE OF REPRESENTATIVES  
STANDING COMMITTEE ON FAMILY AND COMMUNITY AFFAIRS

*Concession card availability and eligibility for concessions*

MELBOURNE

Monday, 14 April 1997

Present

Mr Slipper (Chairman)

Mr Forrest

Dr Nelson

Ms Macklin

Mr Quick

Mr Allan Morris

The committee met at 9.04 a.m.

Mr Slipper took the chair.

**CHAIRMAN**—I welcome everyone to this hearing of the House of Representatives Standing Committee on Family and Community Affairs. I am very pleased to open this third day of public hearings on the inquiry of the committee into concession card availability and eligibility for concessions as referred by the Minister for Social Security, Senator the Hon. Jocelyn Newman, in June last year.

The committee is looking at several matters, including the range of concession cards currently available, the level of access to these concessions, the complexity of administration of the current system, both for recipients and for those delivering services, as well as how state and local governments are using the cards for the delivery of their own concession services.

This inquiry is being conducted against the background that the government has a commitment to reducing the administrative complexity of the current arrangements in order to improve and simplify the administrative process. The committee will address expressed concerns that some people may be using a concession card that they are no longer entitled to or which was not issued to them. The terms of reference for the inquiry also require the committee to examine the current means test for concessions eligibility and the degree of consistency applied in different regions of Australia.

To date the committee has received a total of 44 submissions—and we are very pleased about that number—from a range of organisations and individuals with an interest in the inquiry. I would like to take this opportunity to thank all those who have made a contribution and whose cooperation has greatly assisted our efforts to come to grips with the complex issues being considered by this inquiry.

The committee, in continuing its round of public hearings in state capital cities, will take evidence from peak consumer organisations based in Victoria, as well as from the Victorian government. The hearing program will continue in other capital cities in the next few months. This will enable consideration of issues raised by witnesses around Australia and allow us to focus more specifically on gaps in evidence identified to date.

Is it the wish of the committee that submission No. 37 and submissions Nos 41 to 44 be incorporated in the transcript of evidence? There being no objection, it is so ordered.

*The documents read as follows—*

[9.06 a.m.]

**CHAIRMAN**—I ask the secretariat to invite the witnesses to swear an oath or make an affirmation.

**CORRELL, Mr Denys Edward John, National Executive Director, Council on the Ageing (Australia), 2/3 Bowen Crescent, Melbourne, Victoria 3004**

**SARGEANT, Mrs Delys Bertha, Deputy President, Council on the Ageing (Australia), 2/3 Bowen Crescent, Melbourne, Victoria 3004**

**SHEEN, Ms Veronica Clare, National Policy Officer, Council on the Ageing (Australia), 2/3 Bowen Crescent, Melbourne, Victoria 3004**

**CHAIRMAN**—Welcome. Thank you very much for appearing before the committee this morning. In about 60 seconds, could you give us a brief opening statement, perhaps to direct our minds to the areas on which we ought to particularly question you.

**Mrs Sargeant**—First of all, I would like to acknowledge our pleasure in being here and to table our supplementary submission, which I think has been passed to you, to which we will speak and which will enable a focusing of attention on the critical issues that were outlined in our original submission.

In introducing our presentation and submission this morning, I would like to acknowledge that there are many needy groups in our community who will have a need, either at some time in their lives or maybe for the whole of their lives, for certain concessions. The Council on the Ageing (Australia) acknowledges that and draws to your attention that, in our submission, we are targeting the older population and, of that older population, people who have very limited incomes. They are people who will require some form of support to enable them to attain quality of life and normal access to civic services and to be able to be participants in their communities in a total way.

We recognise that there are going to be demands on a limited fund of money in any government situation. We recognise that there will be times when even the people whom we are targeting—the older people—will have special needs as a consequence of their conditions.

We recognise that the concession cards that are already available to older people have not been consistent in some areas, certainly not in some states and certainly not across the nation. For people who are old, who require support, and are mobile, this is a disadvantage to them and to the services that are so organised. We recognise that there will be demands on those concession cards. We argue strongly that, until there is an increase in resources, no new groups should be entitled to concessions.

**CHAIRMAN**—Before we commence questioning, I seek leave of the committee to incorporate into the transcript of evidence the supplementary submission from the Council on the Ageing which was submitted this morning. There being no objection, it is so

ordered.

*The supplementary submission read as follows—*

**CHAIRMAN**—I see that the Council on the Ageing (Australia) was established in 1951. Could you tell us how you are funded and how you are structured?

**Mrs Sargeant**—There are several ways in which the Council on the Ageing is funded and structured. It is really like a federal system in that each state and territory Council on the Ageing contributes some funds to the establishment of the federal office. There is also an allocation of funding from the Commonwealth Department of Health and Family Services.

**Mr Correll**—We receive a grant through the community sector support scheme, which I think we have been receiving for about 20 or so years now. That program is also under review at this stage.

**CHAIRMAN**—How much is that and what proportion of your budget would that be?

**Mr Correll**—This year it is \$290,000 and represents about 70 per cent of our income.

**CHAIRMAN**—Is that from the Commonwealth coffers?

**Mr Correll**—Yes.

**CHAIRMAN**—And you would have other contributions, presumably from state governments?

**Mr Correll**—Yes. In the past, the state and territory councils on the ageing contributed 10 per cent of their membership income but now 1½ per cent of their total income comes to us. We also have income from journals and publications.

**CHAIRMAN**—So, essentially, it is about 90 per cent taxpayer funded?

**Mr Correll**—No; it would be 70 per cent.

**CHAIRMAN**—You mentioned that you are particularly interested in looking after the older population. How do you define older population?

**Mrs Sargeant**—That is a very debatable point, as you would appreciate, both at the personal level and at the community level. However, the Council on the Ageing defines membership of councils from the age of 50. Nevertheless, there are people from, say, age 65, which used to be the required age of retirement, who would probably be defined as older. There are also the people who are over the age of 70 or even 75. Different criteria for ageing are assigned, according to the focus of your attention.

**CHAIRMAN**—I think we age from the moment we are born, don't we?

**Mrs Sargeant**—That is precisely right.



**CHAIRMAN**—I see that the council considers that extending eligibility for concessions beyond social security recipients could reduce the adequacy of concessions and compromise their sustainability by placing additional burdens on state and Commonwealth budgets as well as private sector concession holders.

You also mention that long-term unemployed workers, eligible only for the health care card, are excluded from some Commonwealth and state concessions—an issue which you believe needs to be addressed by the Commonwealth government. Why does it need to be addressed by the Commonwealth government, and where is the money going to come from?

**Mrs Sargeant**—The first issue—which we will be exploring later in our presentation—is that the state governments tend to use the Commonwealth determined concession cards as the basic criterion for eligibility for many of their state determined concessions. We maintain that there does need to be Commonwealth leadership, and that is why that emphasis is placed.

**Ms MACKLIN**—What is the rationale for emphasising the Commonwealth?

**Mr Correll**—One part which I was going to allude to was the Commission of Audit. When it was looking at the roles of the Commonwealth, one of the things they referred to was the Commonwealth being responsible for quality, standards and monitoring. We see this as a particular part of that Commission of Audit report that we would support: if the Commonwealth does not take a leadership role, then we end up with a federation of varying standards and also access.

**Mr QUICK**—Each of the states puts out their annual card, don't they? Is there some sort of state thing as well as the health care card for concessions?

**CHAIRMAN**—My understanding is that the Commonwealth issues the cards and the states hang their various concessions off the Commonwealth card, but that they do not issue their own card.

**Mrs Sargeant**—No, they do not issue their own card.

**Mr Correll**—The Commonwealth's concession cards—the various types of concession cards that come through pension or unemployment eligibility—are used, as Mrs Sargeant was saying, by the states as a determinant of access to concessions. In addition, they have seniors cards which are used more for commercial concessions; public transport seems to be the other area in which they are used. It is interesting that two of those cards, in the Northern Territory and Western Australia, have no targeting component. Once you have that card, you can use it without any income testing at all.

**Ms MACKLIN**—Isn't that the case in New South Wales, too? Isn't the public transport concession non-targeted?

**Mr Correll**—Yes, that is true, but in Western Australia and the Northern Territory

they are totally non-targeted.

**CHAIRMAN**—A lot of people would see that as being equitable—an appropriate reward for a contribution made to the community during working life.

**Mr Correll**—That is a point that the Commission of Audit raises. This is something which influences all our thinking now regarding the way in which that is looked at. One of its comments was that the community is going to have to get used to restricted resources. Mrs Sargeant's focus in her opening comment was that we recognise there are limited resources and there is a need for targeting.

**CHAIRMAN**—What section of the retired community is represented by the council and what is the relationship between the council and the Association of Independent Retirees, the Australian Pensioners and Superannuants Federation and the National Seniors Association?

**Mr Correll**—The membership of the council is made up of individuals—about 50,000 individuals across the country. It is difficult to say what socioeconomic group they come from, but a clear majority would be on pensions—either full pensions or part pensions. In addition, there are 1,500 member organisations and more than 50 per cent of those are seniors groups, such as senior citizens clubs and RSL clubs, so we end up with a membership which is both individual and organisation based. We also have service provider members, but they are in a minority. The point is that older people are in control of the organisation.

**CHAIRMAN**—What is the relationship with those other peak organisations which I mentioned?

**Mrs Sargeant**—It is both formal and informal—present at a number of workshop advisory group meetings, both at the national and at the state level.

**CHAIRMAN**—Do you have a good relationship with all of them or is it a robust one?

**Mrs Sargeant**—I have not been engaged in those interactions at the national level for a long time, but at the state level, it depends largely on personalities. Some states are extremely cooperative, as I understand from the printed documents I receive, and others perhaps are not so from time to time. But, by and large, there is a good working relationship.

**CHAIRMAN**—I was just looking at what you said before, that you were concerned about extending benefits to, say, non-social security recipients. That, clearly, is at odds with the submission we have received from the Association of Independent Retirees.

**Mrs Sargeant**—Yes.

**CHAIRMAN**—In asking about the relationship, I was really wondering whether all of these organisations are heading in the same direction or whether you feel that you are pushing different barrows.

**Mrs Sargeant**—I would say that at times we beg to differ and we are quite open about that. That does not stop the opportunity to sit around a table and discuss matters. I am quite familiar with the seniors forum, which is an informal group of older peoples organisations—various—that has been organised through Council on the Ageing Victoria. That brings people to a round table discussion on matters that are of interest to all of them. There will be a meeting after the federal budget has been brought down. You will get variation across the states. At the national level, I think Mr Correll could probably speak more competently than I, in terms of the number of times he has been on a joint committee.

**Ms MACKLIN**—Have we moved into questions?

**CHAIRMAN**—We normally have a brief opening statement. We have all read about the initial submission but that is designed to supplement it and target our thinking. Is there something else you wanted to say, Mrs Sargeant? I had got the impression you had finished.

**Mrs Sargeant**—Yes, I had finished but I was wishing for Mr Correll and Ms Sheen to have an opportunity to make a brief presentation.

**CHAIRMAN**—Normally, we only have one opening statement but we could make an exception in this case because we did hold you up.

**Mr Correll**—The second point we made in our supplementary submission is about community service obligations. We raise this particularly after reading the transcripts of other hearings and realising that it has not been a major component of the discussions. It is our view that we are moving into a more complicated society, particularly for older people. Enterprises are being commercialised and corporatised, and the issue of community service obligation has become quite a vexed one for older people. Originally, some concessions had been passed through utilities but these are now being whittled away. That is of great concern to older people. We see that once again the Commonwealth needs to take some leadership in setting standards. If utilities are to be commercialised or corporatised, the community service obligations should be written into legislation.

**Mr QUICK**—What do you see as a community service obligation for, say, the banking industry? In my state of Tasmania, we have a Tasmanian based bank which has closed numerous branches, especially in the rural and remote areas. I noticed in the weekend newspapers that it expects Australia Post to take up some of the banking possibilities. Do you see that a community service obligation ought to be written down for electricity generation, for banking et cetera?

**Mr Correll**—In the submission, we have particularly focused on the essential utilities—gas, electricity, water. We had not addressed banking as we had done that in

previous inquiries to do with commercialisation and corporatisation. Any facility can have rural remote issues where people with limited mobility have a problem of access. You also have a society which is becoming more technological and, particularly for the 'older' older person, the technological society is a considerable mystery.

**Mr QUICK**—So hospitals, nursing homes and all those sorts of things should be within a municipal boundary and a certain percentage of services should be available for people aged 65 and over.

**Mr Correll**—Our policy is that people should have access to facilities as close to their home as possible. You have to bear in mind that, once again, with the 'older' older person things within walking distance are crucial to them because of difficulties of mobility.

**Ms MACKLIN**—You suggest in your supplementary submission that the corporatised or privatised instrumentalities should have responsibility for ensuring affordability. Do you have any suggestions about what you think would be the best mechanisms to make that work? What would be the best mechanism to deliver affordability for electricity and now telecommunications?

**Mr Correll**—When the Telecom concession was first introduced back in the 1960s that was one-third of the telephone rental. That type of system worked well. To us, that type of concession is useful, it is tangible and it appears as a discount to the invoice. We have made the point in our submission that the difficulty with cashed-out concessions is in how to regulate that income that you have received to pay the bills that come in at different cycles. As far as a lot of people are concerned, the best mechanism is to have a bill which has a concession on it. In that way they know that, when they receive their telephone account, a proportion will have been deducted from it.

**Ms MACKLIN**—Who should pay that?

**Mr Correll**—That is probably one of the hardest questions of all. As you would be aware, the social security department subsidises the telephone concession that is paid now. The community service obligation has not really been explored thoroughly in this country. In the UK, they certainly ran into major problems when they corporatised and privatised their utilities. As I understand it, in the UK, concessions within the corporatised structure have now been written back into the legislation.

**Ms MACKLIN**—Who pays in that circumstance—the privatised facility?

**Mr Correll**—I think it is the privatised facility in the UK.

**CHAIRMAN**—Ms Sheen, do you have an opening statement to make? I think Mrs Sargeant stated that all three of you wanted to say a few words.

**Ms Sheen**—We had read through the previous submissions and through the transcripts from hearings and there were a couple of issues that we thought were very

important to emphasise. We thought that the cashing-out was a very difficult concept for older people, that it would not be consistent with the nature of their limited budgets. They find the current system of concessions of most benefit in terms of managing their budgets. So we would be opposed to a cashing-out arrangement.

**CHAIRMAN**—Even if you overcompensated people? Even if you calculated that the average cost of the concessions would be, say, \$1,400 and you gave the people \$3,000 each?

**Ms Sheen**—Possibly. However, we perceive from older people that they distrust cashing-out. They feel that over time it would subject the value of the concessions or that cashed-out amount to erosion and that would be one of their major—

**CHAIRMAN**—Governments would not do that, would they!

**Ms Sheen**—That would be one of their major concerns about it. We also would like to point out that the current nature of the Australian social security system is one in which the aged pension is quite a small percentage of average weekly earnings, compared to other OECD countries.

**CHAIRMAN**—I saw that table.

**Ms Sheen**—We collected some statistics on this, which we point out to you. However, that income is supplemented by people being able to access concessions to Medicare and those sorts of non-direct cash benefits. In a sense, we see concessions as being a very important part of the safety net.

**CHAIRMAN**—In some of those other countries, though, it is not a social security pension. Is it not a contributed thing, almost like superannuation, that people receive?

**Ms Sheen**—Yes. Over time, we may, with compulsory superannuation, reach that point where the actual value of average retirement incomes is much higher than it is now. But certainly in the present context, which we would see going on for many years to come, the non-cash benefits are extremely important in maintaining a quality of life for older people, especially on social security incomes.

**CHAIRMAN**—Your council believes that there should be a range of nationally consistent core concessions, together with additional concessions reflecting regional differences. I imagine with the colder climates in some parts of the country that you would want concessions concerning heating and so on. What does the council consider should comprise that range of nationally consistent core concessions? How would you suggest that these core concessions be made universal? Would it perhaps be through COAG or something like that?

**Ms Sheen**—We have considered the COAG arrangement. Denys may like to comment about the Premiers Conference and the sorts of structures that could ensure that there is uniformity across Australia. We do realise that there are different needs in

different states and in different communities. There are differences in needs between rural and urban communities, and that needs to be taken into account. While we want uniformity in a general sense, there are specific needs and we would support some targeting to those specific needs.

**CHAIRMAN**—I would like to return to cashing out. It has been said that if you cashed out concessions this would enable a lot of people in rural and regional Australia, who are currently not able to access existing concessions, to benefit. Do you have a comment on that?

**Ms Sheen**—Yes. We have thought about that. It is a difficult issue and we note that there have been comments made, in particular, that some people in the community benefit more than others from concessions. It has been said that people with a house, a car and so forth derive a great deal more benefit from concessions than people who are living in hostels, nursing homes or in some other situation. However, as we see it, those concessions are very important in supporting independent living amongst people. We believe that it is very important for older people to be supported in their homes and communities, to be mobile and able to keep living in their own homes. Concessions have an important role in that respect. The point I am getting at is that there are different levels of access to concessions and they are dependent on people's living circumstances. However, we believe that there is some justification for differences because there are different needs and different levels of household usage.

**CHAIRMAN**—If rural and regional people are not able to benefit in the same way as many city people do with respect to existing concessions, how would you suggest that people in rural and regional Australia ought to be compensated?

**Ms Sheen**—That is a separate issue. We would not want to see a diminution in resources for concessions for people in urban areas, given that Australia is a very urbanised country and most people do live in urban areas. It seems that it would be more appropriate that there be special subsidies for people living in rural areas; a positive action that assists them specifically with the costs that they encounter as older people living in rural settings.

**Mr FORREST**—You have introduced a question that I wanted to ask: it is a question of equity. There is no public transport out in rural Australia, and aged people living in rural areas are paying out of their own pockets or relying on their families to get them to essential services. It really is a serious question of equity, and cashing out is the only way to manage that in an equitable sense. What you are suggesting is that we maintain some sort of geographical definition, and that is always difficult. How do you define provincial Australia from rural Australia and those sorts of things? The equity issue demands cashing out.

**Mr Correll**—There is obviously a very strong argument about the rural and remote areas; there is no question about that. As far as cashing out goes, we have to look over the whole spectrum of where concessions exist. We can go right through from pharmaceuticals—how would you cash out pharmaceuticals without causing another

degree of inequity? If we stay with the concessional society, there will be problems for rural and remote people unless there are particular subsidies for them; if we cash out, then other people are going to be disadvantaged. We do not pretend that there will not be disadvantages, whichever way the government goes on this.

**Mrs Sargeant**—Could I supplement those comments by saying that the different states handle their concession rates for essential services and utilities. The concession cards basically determined by the Commonwealth are used, as I said before, as the basic eligibility for entry into some of those, such as rates, at the local government level. The concession rates for water and electricity in Victoria are currently under survey by the Victorian government.

It would seem to me that there is a need for coming right back to the original question by the Chairman when he said, ‘What are the core concessions?’ Water, power for heating and cooking, and mobility and health would pick up most of them. Housing is another area which is really complex, with respect to access to public housing. The concessions for paying the local government determined rates make a difference to the capacity for independence, and the quality of life of, people who have pharmaceutical benefits, health care cards and concessions with respect to public utilities.

It is a complex interaction which the states use in different ways. There is no question of the fact that some states would have much greater problems with respect to access by people living rurally, where most people who live in rural areas are still urbanised—even though the concerns of far-flung, remote people are certainly extraordinarily important. Travel concessions should be able to be across state borders—as, for example, the seniors card provides for where there is public transport. This, in itself, is difficult enough to get agreement on. And then there is the issue of what concessions are available for fuel, where people can drive themselves—and not all people can.

What we did say about benchmarks and monitoring on page 3 of our supplementary submission was that we recommended that there should be a standards monitoring group established, particularly at the Commonwealth level, which could see where there was inequity across the different states in the way in which the states use the Commonwealth determined core concession cards to enable people to be eligible for state determined concessions. As far as I can make out, there is considerable variability across states.

With respect to the question of cashing out for rural people in respect of certain services, we would argue that the current cohort of older people—say, 50 to 100—on the whole have not experienced universal superannuation, as perhaps have the people who are 30 plus—those moving up into being older. Many of those older people were PAYE employees and they will not have had experience at budgeting to manage their income in the way in which people who are self-employed or independent retirees have done. Cashing out then becomes a very complex issue, as you know, with financial advisers and whatever else around our community.

We feel very concerned that we need to have clearly stated, unambiguous information for people who are old about their entitlements at both state and federal levels. I am sure this comment applies to other people as well, but we are targeting that population at the moment. There is enough evidence in the other submissions that people have presented to indicate that there is a degree of uniformity in the opinion that we do need to have much better and accessible information for people to understand how they can best use those entitlements. When it comes back to determining what the core concessions are, I would reiterate that they are health; basic utilities, like the essential services; mobility; and housing.

**Mr QUICK**—If I could interrupt you—

**Mrs Sargeant**—And I left out income.

**Mr QUICK**—The fact is that at the moment people are thought of as living in states. There should be a core Australian entitlement for people who are of a certain age.

**Mrs Sargeant**—That is, as I understand it, the pension concession card.

**Mr QUICK**—Yes, I know; but you are talking about community service obligations. It depends on whether you live in Victoria, New South Wales or Tasmania. Because of the structure, people are thought of as state people first and as Australians last.

**Mr FORREST**—I will give you a classic example. The elderly people in Mildura travel to Adelaide for their health support needs. It is closer than coming all the way down here to Melbourne, and there is no travel concession. It is across the state border. Similarly, there are people in New South Wales who travel to Melbourne. That is probably the greatest inequity that I would refer to in terms of rural people.

The people in Ouyen and Sea Lake who have to travel to either Mildura in the first case or to Swan Hill do not consider themselves to be urbanised. I would consider on an equity argument that they are entitled to the same travel concession anybody else has to go to see their doctor or if there is a problem with their electricity.

I am not satisfied with your answer yet that that issue, in terms of equity, can only be resolved by cashing out—give those people some sort of monetary contribution to some average assessment of what their annual cost might be. Probably for rural people the two issues are telephone—because they have to use their telephone and most of that is in STD calls—or travel. There are common elements there, but those two in particular—basically centred around their health support needs. I think it is an issue that you need to consider a bit more. I am not satisfied with your answer.

**Ms MACKLIN**—We could include subsidies for roads which certainly, from a local government financing point of view, disproportionately go to rural areas. If you take another issue, housing—and I do not think we want to extend this inquiry into those sorts of subsidies—there are massive subsidies in the Australian tax system towards home ownership.



I do think there are all sorts of intersecting points. The system is not perfect and will not be transparent. I think it is very important for us to remember that the system is never going to be transparent. We might decide that people in rural and remote areas need additional subsidies because public transport is not available. To say that that should be a reason to make other subsidies currently payable through concession card as transparent seems to me lacking in logic.

I want to move on to two other points—one about pharmaceutical concessions and the second, which is not related, is really your views about the impacts of the cut-out points and the tapering of various access to concession cards, the impact of the Commonwealth health care card on those just outside the eligibility cut-off points, and whether or not you have done any research that shows what the impact of that is. Certainly in my electorate that issue gets raised a lot. More than anything, people want access to the Commonwealth health care card. I am interested in your view about the pharmaceutical concession because it is a bit of both—it is both partly cashed out and partly a universal benefit. I would be interested in your views on both of those things.

**Mr Correll**—Pharmaceutical benefits is a very good one. As we talked earlier about the issue of cashing out, the subsidy on the pharmaceutical benefit was cashed out some years ago and it was included in the pension. But in the last budget the gap that the pensioner now has to pay has been increased which is not cashed out.

We questioned earlier whether older people trust cashing out—that is a classic example where they do not trust cashing out. They have seen an example in the last budget where the difference was where the gap was introduced on pharmaceutical benefits. It could not be seen as a price signal because people do not have discretion, largely, on whether they get a pharmaceutical or not. It is largely prescribed. In that way, pharmaceuticals is a very good example of a concession in terms of older people's access in terms of their pension and pensioner concessional entitlements. The tapering issue—

**Ms MACKLIN**—I understand the point about the last budget, but how do you think the intersection works by both having a concession previously connected to the pension and a pharmaceutical benefits scheme? You have got a universal benefits scheme that is providing subsidies to the whole community, and a safety net and a concession linked to the pension. Do you see that as the best way to go—three separate safety nets, really, as far as pharmaceuticals go? You might like to come back to us on that.

**Mrs Sargeant**—Yes, we would be happy to come back to you on that.

**CHAIRMAN**—If there is any further information you cannot provide immediately, would you be kind enough to send it to the secretary? The secretary will circulate it to all members.

**Ms MACKLIN**—The other point was cut-out points and whether or not you have done any research with your membership that shows any hardship at that cut-out point.

**Mrs Sargeant**—We have not done that research yet.

**Mr Correll**—No, we have not done research. The emphasis in our submission is on the people who are on the lowest level of the pension. That is where our emphasis lies. We say yes, certainly, if people in higher incomes could cap concessions, but only if the bucket of money is enlarged. What we see as the trap is that, if the bucket is kept at the same size and the concession extent, we would see that as inequitable to those people on the lowest pension income.

**CHAIRMAN**—While we are on pharmaceuticals, the Pharmacy Guild of Australia has suggested that all pharmacies be linked with the Health Insurance Commission database by an on-line interactive electronic system to enable the pharmacist to verify card holders' eligibility for concessional pharmaceuticals. How do you feel about that proposal, and are you aware of the PharmaNet situation in British Columbia which has a similar computer link-up to ensure that, when someone actually goes to a doctor and receives a prescription, that the same drug is not being prescribed more than once to the same person in the same circumstances?

**Mrs Sargeant**—I am not familiar with the British Columbia situation. It would seem to me that it is extremely important that there is a clarification of the drug use, say by an individual person, regardless of their age. So I do not think that is absolutely age related. If you had that proposal, that would clearly be a matter of resources available for the pharmaceutical industry to tap into.

**Mr Correll**—If you are partly alluding to the privacy issue, it has not been a major issue in terms of having computer chip-type cards, intelligent cards. The emphasis more is on the point that you are making, that people have the right prescribed medicine. In the research which we have done we have found a proportion of older people taking the same drug but not realising it because they are different colours. Anything that can be done to prevent that type of polypharmacy would be appreciated by older people, and also the encoding within the system so the person does not have to carry around a very inadequate card record of what pharmaceuticals they are on.

**Mr ALLAN MORRIS**—I have a question for Mr Correll. On the last page of your submission you talk about average earnings. The average earnings for a single person—is that single average male earnings?

**Ms Sheen**—I think those OECD figures were just average earnings. The reference I got it from, which is cited, was not absolutely clear what it was.

**CHAIRMAN**—There being no further questions, I thank you very much for appearing before the committee today. You are welcome to stay for the rest of our proceedings.

[9.49 a.m.]

**CHAIRMAN**—I ask the secretariat to invite the witness to swear an oath or make an affirmation.

**SIEMON, Mr Donald McIver, Social Policy Coordinator, Brotherhood of St Laurence, 67 Brunswick Street, Fitzroy, Victoria 3065**

**CHAIRMAN**—Would you like to make a brief opening statement? We have received your submission. We have all looked at it closely but there might be some aspects you would like to clarify.

**Mr Siemon**—Certainly. Thank you for the opportunity of speaking with you today. I think there are a couple of general points which I should emphasise from the submission. Then I would just like to briefly mention some recent work which has been undertaken by the non-government sector in Victoria with the Victorian government which may be of interest and finally just comment on three specific issues which seem to have arisen in other submissions.

I guess our submission was a fairly general one. There were three or four key things which I will draw your attention to which were in the summary. We believe you should take great care when considering proposals which substantially alter eligibility criteria for pensioner concession cards or health care cards. The reason for that is that there are significant downstream effects that can flow from those which perhaps are not always obvious at the federal level.

Secondly, our belief is that concessions are certainly not an adequate substitute for a good income support system but they are a useful add-on to that—in proportion they can be useful.

Thirdly, the pensioner concession card or health care card does provide a quick and efficient way of establishing entitlement at the state level and, indeed, within the private sector concession system which exists. It seems to us to be administratively simple and it would be silly to move away from this as the basis for the concession system.

Finally, the committee should give priority attention in our view to three things: firstly, to ensuring that there are not groups of low-income households who are excluded from important concessions at a state level; secondly, we believe this committee could give impetus to improvements to some state concessions; and at a federal level we would suggest that you should be looking at the ways of improving the situation regarding pharmaceuticals.

I will briefly mention the Victorian experience which we and other non-government organisations have been engaged in with the Victorian government regarding the restructuring of the water concessions. I will provide to the committee a copy of the non-government sector's proposals to the Victorian government which I think may be of

interest. There are a couple of lessons which I would want to draw out from that for you. That is, while the non-government sector has a responsibility to its constituency—generally groups of people who are living on low incomes or groups of people in particular need—in that process we were able to try to address both efficiency and equity arguments rather than just, as it were, make a case on equity grounds alone.

The second point is that from that we felt it was essential that people when looking at concessions have to really be clear on the need for and the purpose of the concession. Quite often concessions have grown up in a fairly ad hoc way. In arguments about cashing out, voucher systems, delivery systems or whatever systems are used, you really have to go back to what the purpose of the concession was and think that through on a case by case basis. In particular, concessions should not be a substitute for poor regulation or for lack of other forms of public subsidy, for example to rural infrastructure.

The third point is that in this situation while the changes which we were proposing did involve some small disadvantage to some existing groups of low-income households there was nevertheless a consensus on a way forward which would lead to widening eligibility. In other words, in this case we did not have a situation where age pensioners said, 'Our entitlements are absolutely sacrosanct and we would prefer to have a situation where other groups of low-income people are excluded from this concession.' There was a willingness to share the pool.

Can I just make comments about three things very quickly? Concerning cashing out, again the major point we would make about this proposal which was floated in the Social Security submission is that we believe it needs to be examined case by case, not as a principle.

**CHAIRMAN**—What do you mean by that?

**Mr Siemon**—You have to look at the case for cashing out on a case by case concession basis, not as a matter of simple principle, because the case for different concessions is different. There are different reasons why concessions have grown. There are different purposes that they actually service in practice.

The second point is that cashing out can leave those people with high needs in a particular area very vulnerable. The third point, which is not always appreciated, is that, if you take away the concession system, quite often you will also take away the rationale for other programs through which governments try to make the delivery of services more socially responsible. For example, there is a range of programs which exist in Victoria associated with energy as an essential good—things like the energy relief grant scheme, the home energy advisory service that we used to have and which may be in the future possibly reinvented, the pressures on the newly privatised electricity companies to behave in a responsible way. A lot of those things are bound up with the provision of the energy concession system. To cash it out may lead to a downgrading of other forms of government protection. So we would be concerned about that as well.

In relation to the extension of the pensioner concession card to non-pensioners, we would be a little bit cautious about this. We do believe that there are real problems at the edge of targeted systems, like concession card systems. There are people that just fall over at the eligibility criteria and are excluded. However, there are other ways of recognising it rather than actually continuing to extend eligibility for the concession card. We have noted in our submission a number of those things that are there which, as it were, ease that transition.

The group that we are probably more concerned with is the very low wage household that, for some reason or another, does not have an entitlement to a card rather than the older people who are excluded by, for example, the assets tests. If we believe hardship exists as a result of the assets test, we probably should be changing the assets test to the pension system, not changing the eligibility to concession cards.

In relation to the issue of uniformity, which is the third one, we would again support it. This seems to us to be a sensible direction to go in. The observation we make is that probably the most important thing in terms of concessions is to improve the delivery mechanisms for concessions. This is probably as big an issue as the existence or non-existence between different states. There are models which are better for delivery of concessions. For example, we would tend to favour something like the Victorian proportional discount arrangement for energy concessions as opposed to the New South Wales voucher system for supporting people for high electricity bills. Similarly, the Victorian education maintenance allowance, as in its manifestation prior to this year, seems to us to be a sensible arrangement and maybe should be looked at by some other states.

**CHAIRMAN**—Thank you very much. With respect to the Brotherhood of St Laurence, we would like to know a little bit more about it, particularly for those of us who are not from Victoria. It started life as a religious brotherhood, not dissimilar from the Brotherhood of St Barnabas. To what extent is it still a religious brotherhood compared with its social welfare responsibilities?

**Mr Siemon**—The original Brotherhood of St Laurence had a relatively short existence. The organisation now is incorporated under an act of the Victorian parliament as an independent, non-government welfare organisation with very strong connections to the Anglican Church. But there is no longer a religious order associated with that. The last member of that order was Father Gerard Tucker, who was the founder of the organisation. We operate quite a range of services in Melbourne—services to older people, material aid services, employment assistance programs, some of which are funded by the federal government, and some youth and family services of various sorts.

**CHAIRMAN**—Thank you. You gave us a very comprehensive opening statement that answered a lot of the questions I was going to ask.

**Mr QUICK**—You say that cashing out should be done on a case by case basis. Could it be done on a region by region basis? The member for Mallee is saying that there are specific needs say, for example, in the Wimmera and the Mallee and asking whether that should be treated in isolation. In Tasmania there are basically two or three big cities—in Tasmanian terms—but the rest are little country towns with declining services. Perhaps, through local government, ABS can say that there are X number of people aged between 60 and whatever it is and that their needs are such and such. We can give local government perhaps a core amount of funding to provide adequate transport—there is none there at the moment—hostel and nursing home accommodation, dementia services, respite care and disability services, and support for families who are unable to get into the work force. That way that region could be catered for. Perhaps in Hobart the aged people have got adequate transport and adequate resources because of the number of people there.

**Mr Siemon**—It seems to me that there are a couple of issues there. The first one is that some of the services which are lacking in particular places may represent a failure of public infrastructure provision more generally and is not really specific to the needs of the low income population. If there is not an adequate health service it seems to us that the issue there is providing the health service for the whole community rather than trying to do something through the concession system.

This was a problem that we faced with the examination of the water concessions in Victoria where people tried to invent a concession which would reflect the very high need for capital expenditure in some parts of Victoria. Our response to that, from the community sector point of view, was to say that if we were really concerned that water was going to be extremely expensive in some locations for all the people who live there, the government would be looking at a general infrastructure grant to that community to bring its water supply price down to an affordable level for everybody. After that you would then have a particular concession for low income people. But we should not necessarily try to use the concession system to meet needs which are much bigger than those needs. That is the first thing.

The second thing about the needs of people in rural, remote and, to some extent, regional centres is that there is a general point, I think, about concessions. In putting in any form of expenditure support like a concession, governments have to ask either explicitly or implicitly what are the prices they want to allow to flow through to people. I am going to sound like the industry commissioner here; you will have to excuse me. If people choose to live in a particular location, presumably they are making choices about that in terms of the costs that they are willing to bear. The thing that governments have to decide is what things they are going to subsidise for a particular reason. If there is a strong case for giving people complete subsidy for some of the things which relate to their living in a particular location, then so be it. But it seems to us that you have to argue it out on a case by case basis. Once you have moved into expenditure support or concessions there will be some areas where some people will be advantaged and some will be disadvantaged.

The issue which we would want to take on a case by case basis is: what is the reason that we think a particular commodity, a particular service, should be subsidised? In the case of water, for example, it may be that we want to subsidise it to a certain degree in order to ensure that the risk of people underconsuming that service and creating health problems associated with underconsumption is minimised. Our view is that you have to do that on a case by case basis, that you cannot make decisions about levels of concession and how they should be delivered in the abstract. They have to be done on a case by case basis. That is the reason we would be concerned about suggestions that you can take a whole suite of concessions and cash them out into a cash payment. You really do not know, without doing the thinking, what the impacts of that will be on the households that you were previously trying to assist.

**Ms MACKLIN**—You would have heard the question that I asked of the previous group, the Council on the Ageing, about how we do have an across-the-board system of subsidy to keep the price of pharmaceuticals for everybody within reasonable reach but then recognise that we do have a wide group of people—pensioners and others—who need additional support. You are really arguing that, for those essential services like water, energy and health, just to take a few, there is a place for both broadly based universal subsidies or, in the case of water, infrastructure provision and then specific subsidies. Is that correct?

**Mr Siemon**—We would not see any problem with governments providing universal subsidies; they do that in a whole range of ways. In terms of the pharmaceutical concession, I would make a couple of observations. Our research has shown that, among those families with children who are on low incomes but do not qualify for a health care card, pharmaceutical costs can be a major issue. Research using focus groups comprising those families has shown there is some reluctance to consume medication that they should be consuming, although it is hard to assign a health impact on that from those discussions. The only practical way of trying to assist that group, unless you extend the concession card eligibility, is with the safety net. The problem with the safety net is the issue of people's knowledge and how well the safety net actually works. For some households it works well.

**Ms MACKLIN**—The safety net is a good example, I think, of the problem. It is a sort of a microcosm of cashing out, isn't it—that you have to pay the \$600 before the safety net comes in? A lot of people just do not have the \$600—the people that you are describing—not to mention the fact that a lot of people, as you say, do not know about the safety net. As you mentioned in your previous remarks, there is no systematic way of pharmacies monitoring the use of pharmaceuticals and adding them up. I am just talking about access to the safety net; I agree with your other points about overuse. I do think that is a good example of the problem of cashing out: a lot of people just do not have the money or do not have the knowledge of the concession to actually take advantage of the safety net. They then have to go without essential pharmaceuticals.

**Mr Siemon**—I think that is right. If we had to make a guess—this is a little off the top of the head—about what would be the most useful thing to do at the moment I think we would like to see consideration given to improving the way in which the safety net works for that group who are outside the concession card eligibility population, particularly the families with children. Secondly, for that group, we would like to see maybe an easing of the safety net—bringing it down a bit—and, for the pensioner population, a reversal of the last budget decision about putting up the cost of pharmaceuticals.

I was quite struck by the fact that the low income population, as it were, contributed as much of the actual revenue that is gained from the increases in pharmaceuticals as the rest of the population did. It was a fairly uneven impact in the last budget. What we do not know—and perhaps the government does and has a very clear view on this; I would be interested to see—is the real strength of the argument regarding the sorts of fees which should be paid in terms of pharmaceuticals. People often allege things on the basis of a fairly quick analysis of the impact of pricing changes. Our work in a couple of areas suggests that the impact of pricing changes are often somewhat more subtle than those people who are enthusiastic about generalised user-pays pricing suggest.

It may well be something that this committee might want to look at, in terms of the pharmaceuticals area, to really see what the impacts of the pricing changes on the low income population have been. Is it really something which is necessary to curb overconsumption or are the impacts essentially going to be to promote underconsumption? Is it really something which should be addressed through other mechanisms rather than through curtailing consumer demand? Is consumer demand really the driving force for the blow-out in pharmaceutical costs?

Those are issues which we have some knowledge of but we would not at all claim expertise on. I certainly think they are relevant to the issue of the level at which you pitch concessions.

**CHAIRMAN**—Following on from what you said about low income families who currently do not have access, what would you do for independent retirees, many of whom are barely independent, suffering from low interest rates and have no access to the pharmaceutical benefit scheme at the concessional rate at this time either?

**Mr Siemon**—If a retired person is on an income which is very low and comparable with pension income and that isn't discretionary—in other words, it is a problem because they are being excluded through the assets test—my suggestion would be that we should be looking at the assets test because it is the assets test which is the fundamental problem there. If an independent retiree is in a degree of hardship as a result of the assets test, we should be looking at the assets test and saying that it is an unfair test.



If, however, the assets test is working well in the sense that what it is picking up are people who choose to preserve a level of assets by living very frugally—just as we enforce for people who are unemployed that they run down their assets to some degree, similarly in this case the social security system wants to enforce a run down of very high levels of assets because, essentially, we don't have death duties and inheritance taxes—then it seems to me the case for providing additional subsidies to that person's expenditure is much weaker. My first port of call is to say that if there is hardship then let us look at the assets test or let us look at the other reason they are excluded, which may be on the basis of residency requirements or whatever.

Having said that, it is inevitable that there will be hardship because people are just over the eligibility criteria and they have particularly high living costs or whatever. Our reaction to that is: what are the other things which are around in the system which may be assisting those people? In our submission we have mentioned a few and undoubtedly there are other things which are around as well. Older people in a sense benefit more than younger people in the public provision of health care, the public subsidies that go to health care. Those things probably all need to be taken into account.

We would not have a particular view about where the exact threshold should sit for the entitlement to a pensioner concession card, although it seems to us on the balance of what we know in our research that we are probably somewhat more concerned about lower income families—with children—who have very high costs rather than older retired persons who are not receiving the age pension. That may reflect the bias of our research and our service experience, so I would put a caveat on that.

**Mr ALLAN MORRIS**—Firstly, I recall that the budget was projected as being a very fair budget. I would hate you to forget that. Secondly, the safety net provisions actually lock people into an individual pharmacist which may, in fact, not just be anti-competitive but quite damaging for the individual in terms of being a captive to that chemist.

The question I wanted to ask you was more to do with remote and outlying areas. The philosophy up to last year was that we had concession cards essentially which were metropolitan based, particularly for transport areas. The communications concession was actually converted because of its universality. The notion in Victoria and other states was that the compensatory effects of community transport by the HACC system were much stronger in the outlying areas than they were in metropolitan areas. Philosophically, that seemed to be a fair balance—that you have concession cards in the cities where there is public transport and community transport in the country areas where there is no public transport.

The shift in recent times, firstly, towards user pays and, secondly, towards actual cuts in funding of HACC would seem to exacerbate the problem that Mr Forrest is raising about people in outlying areas not having equal access to those kinds of services. Did your

research or your organisational feedback indicate that that is getting worse or that the changes to HACC are likely to have that effect—in fact, highlight more strongly the difference between metropolitan and outlying areas?

**Mr Siemon**—We are quite concerned about the changes to HACC and some of the impacts of past changes and the imposition of user charges and so on in Victoria which are now spreading to other states. We are probably concerned about them for reasons other than the ones that you are talking about. The trade-off that you are referring to is an interesting one. I understand why it may be less even than it was in the past.

I suppose my feeling, at least in terms of state concessions, is that the way in which the Victorian government handled the development of the energy concessions may be more useful than others. It said, 'We have concessions which are flowing through the major utility systems of electricity and gas,' and then said, 'But, hold on, there are groups of people who aren't on reticulated gas. What can we do for them?' It then extended a further concession to those of about the same dollar amount but which did involve a much higher delivery charge because it was administratively much more complicated because you were targeting a small group of people and essentially it was writing out a cheque to everybody.

It is possible to extend concession systems on the periphery in such a way that you offer significant benefits to groups of rural and remote households. I do not understand the transport concession system terribly well but I would have thought it would have been possible, if the state government wished to promote some equality of subsidy for transport, for it to find ways to do that within the state concessions budget. I do not think that cashing out is necessarily the only way of doing it.

It is inevitable that if you start building on additional little concessions on the fringe they will be relatively expensive to administer. Also, governments may primarily be doing them for political rather than for policy purposes, if that distinction is a satisfactory one. They may be doing it because there is not a strong case in terms of need but it may be strong in terms of some notion of horizontal equity. Nevertheless, I think that it is possible and it may be a better way to go than just simply cashing out the transport concessions.

**Mr ALLAN MORRIS**—The state governments are moving more towards modifying public transport, for example, to cater for people with disabilities. The state departments of transport are also getting involved with HACC in terms of community transport infrastructure—in other words, vehicles. There is not much point having some money if there are no vehicles: if you have to pay for a cab fare rather than for a community bus. Those things were being done. That appears to have all been pulled back now.

As for cashing out concessions and saying, 'We will give them \$2 a week instead,' the fact is that there is no transport to spend the \$2 on. My concern with the outlying areas is that we have seen it as being a question of access and equity across a community

with varying systems, not simply the concession card system. Now it is being argued that, by cashing out the transport concession and giving people in small towns a couple of dollars extra a week, you somehow solve their transport problem. You then make the transport system in the cities quite different because of the change of concession card. My concern was that in the cause of equity we wiped out the concession card system and, at the same time, we are actually withdrawing infrastructure funding from both the transport department and HACC. It can be argued strongly that the Victorian and New South Wales state transport losses, borne by the whole state, are essentially benefiting the people in the capital cities. Some of that cost should be spread to outlying areas via systems like HACC and community transport, rather than cashing out the concession transport card.

**Ms MACKLIN**—They need the service.

**Mr ALLAN MORRIS**—Yes, that was the argument.

**Mr FORREST**—The reality is that there will never be a service if there are not enough people. That is the problem.

**Mr ALLAN MORRIS**—In the community transport with HACC, you can have, because you can use very small buses and the actual cost of those is very low compared to huge megasystems. The \$2 or \$3 per week for transport concessions is not going to solve the problem if there is no infrastructure.

**Mr Siemon**—Our services in the fringes of Melbourne have been arguing this issue about the extension of public transport. It is an issue which is real, particularly for parents—with children—who are on low incomes and who are constantly facing the problem of maintaining private cars which are often unsustainable and extremely uneconomic. We have been looking to see whether there are other ways of providing transport services or other forms of assistance with transport because of this real dilemma that a lot of people face. We are mainly talking about the fringes of Melbourne here but it also applies, much more starkly, in other parts of the country. So it is a real problem.

I think you are quite right to say that it is not just a problem of the concession system; there is something bigger here. I suppose my reaction—without having done any serious work on it—would be to say that my starting point in terms of concessional gaps regarding transport in non-metropolitan areas would be to look at other ways of providing subsidies to transport, rather than just cashing out the public transport concession.

**Dr NELSON**—Mr Siemon, thank you for all the work you do for low income and poor people. I very much appreciate it. First of all, on the issue of the extra 50c applied to pensioners for pharmaceuticals, the reason why there is \$300 million in the forward estimates is the sheer volume of use—to which Ms Macklin was alluding earlier—by that group of people. The average number of prescriptions per year is 32, so that is an extra \$1.25 per month.

I wanted to ask a question in relation to the gambling epidemic which Australia is

currently in the grip of. I know that your organisation spends a lot of time trying to deal with people who are casualties of it, perhaps particularly in Victoria. Based on the research I am sure your organisation has done or is doing, if we were to cash out concessions, what proportion of people—who are currently receiving concessions and would then perhaps receive cash—would put that money through poker machines, roulette tables and that sort of thing?

**Mr Siemon**—We have not got research findings which would be a useful guide on that. The feeling of emergency relief services—not just ours but others—is that there are quite a number of people who are coming in to emergency relief services, material aid services and others who have significant gambling losses, if not a gambling problem in the sense of an addictive behaviour. It is very difficult to know the extent to which this is surfacing because it is more in the news, as opposed to something which has always been there. We are quite cautious about the interpretation of service based data from that point of view.

What you have put your finger on is the perennial issue associated with governments providing expenditure as opposed to income support. If you provide all things in an income support fashion—if all your support is in terms of cash—then there may be households who will choose, or be driven by internal demon or whatever, to use that money in a way which leaves them without sufficient money to meet the essentials.

Governments in Australia have generally said, ‘We will provide complete subsidies for things like certain aspects of health. We will provide quite heavy subsidies for at least some forms of housing. We will provide little bits of subsidies to other things but, basically, 90 per cent of the money will go in as income.’

We favour a fairly high degree of independent choice in budgeting for low income households. We do not believe there is a very strong case for fully cashing out all that expenditure. We are particularly concerned about health education and housing obviously, that that expenditure is not cashed out. In terms of gambling, what you say is an issue. The same issue applies to various substance abuse in a sense.

We have some sympathy for governments who say that they would prefer to give public funds to an institution to provide a discounted service than to give the money cash-in-hand to households because that way the community knows that they are getting that service. So we do not really have too much of a problem with that provided it is a balanced overall outcome. Is that a helpful response?

**Dr NELSON**—Yes.

**CHAIRMAN**—Thank you very much, Mr Siemon, for appearing before us this morning. I do not think there were any questions you were unable to answer, so there is no extra material you have to send us.

**Mr Siemon**—I will send you some material about the Victorian water concessions

review which may be of interest.

**CHAIRMAN**—Thank you very much. Thank you for appearing before us.

[10.36 a.m.]

**CHAIRMAN**—I ask the secretariat to invite the witness to swear an oath or make an affirmation.

**DEANS, Mr David Randall, Chief Executive, National Seniors Association Ltd, Rows Arcade, Edward Street, Brisbane, Queensland 4000**

**CHAIRMAN**—Welcome. Thank you for your submission, which we have received and all read. We know you have to leave by 10.55. I was wondering if you might like to briefly give us a summary of some key aspects and then we could ask you some questions.

**Mr Deans**—Thank you, Mr Chairman. I will make two or three comments. Where we come from is that we believe that concessions are for the needy and that there should always be a means test on concessions. Secondly, the National Seniors Association believes that the Commonwealth seniors health card, which now provides the pharmaceuticals at a concessional rate, should be made available to all people of pensionable age in Australia rather than just to those people earning up to about \$21,000. We believe also, and I guess this is the critical issue on transport concessions, that there should be the introduction of a voucher system where people can go from state to state and obtain the same concession as a person of that age group in the other state.

Having listened to the questions previously, I would like to add to that that we believe that there should be a way that those people in receipt of a rail voucher, which people on the age pension receive, should be able to not cash that in but transfer it to use for airline travel, and if there is a balance they would pay that extra. People in remote areas, often older people, cannot spend two days in a train because of their health condition and so they should have the ability to use the airlines at no extra cost to the government.

I should say that the National Seniors Association is a national organisation with 104,000 members around Australia and growing. Those people are 50 years and over. We have 103 branches of our organisation around Australia, so we have the ability to obtain input directly from members. Some of the members who are in the National Seniors Association are, of course, in the work force age group, so therefore we have the difficulties of dealing with unemployment and particularly long-term unemployment for that age group. The other two-thirds are retired, and about half of those people are in receipt of an age pension or a veterans' affairs pension. The other half, meaning a third of our total membership of 104,000, are self-funded retirees.

**CHAIRMAN**—What relationship would you have with the Association of Independent Retirees, the Pensioners and Superannuants Federation and the Council on the Ageing?

**Mr Deans**—We have a very good relationship. The example of that is that all of

those organisations are members of the Retirement Income Conference, which is a group that meets two or three times a year. We meet to look at the issues that relate to our particular age group. We do not pretend to agree on all the policy issues, and we agree to disagree. But in fact that dialogue we have is very worthwhile in keeping in touch with other organisations and knowing what they do.

**CHAIRMAN**—I must say that I found it attractive when you suggested that the Commonwealth seniors health card should be made available to all people of pensionable age, irrespective of income and assets. Would you like to outline a little more how this would operate?

**Mr Deans**—It is reasonable to say that there obviously would have to be some cap on this, because you cannot expect a multimillionaire to be able to get the Commonwealth seniors health card. I am not quite sure what that cap should be. We are still working on that. We are getting information through a survey of our membership on what they believe it should be.

The Commonwealth seniors health card has been around for a few years now. What we see it as is an extension of the universal health system. We do not necessarily see it as a concession, but an extension of the hospital system. You can go to hospital and you get your drugs for nothing. With casemix funding you are being discharged earlier these days, so you are going out and having to buy the drugs at the pharmacy and therefore you are going to have to pay more for them. It is really part of a package for self-funded retirees as an incentive to stay self-funded. We believe that the tax free threshold together with the Commonwealth seniors health card will encourage self-funded retirees to stay out of the social security system and in fact reduce the social security budget.

The Commonwealth seniors health card goes together with another issue—that is, the safety net for pharmaceuticals. We believe it is unreasonable that \$612 be the safety net for one widow who is 80 years of age and funding her own retirement, compared with—and I am not criticising children—a family of 10 children, when it is much easier to get to \$612 than when you are funding your own retirement. It is a package that we believe should be going towards keeping people out of social security.

**CHAIRMAN**—You mentioned that the current claim form for the Commonwealth seniors health card is seen to be too intrusive and too complicated. Could you give us some examples of the difficulty that people experience? I understand that what you are saying is that, because of the complications of the form, fewer people are applying for it than would be entitled to have it.

**Mr Deans**—That is right. My understanding is that there would be about 70,000 entitled to it and 33,000 have taken up the card. We have spoken to the Department of Social Security about this. Since we spoke to them we have seen the new form, which is being prepared now, and we ran it by some people of our age group.

**CHAIRMAN**—Is it better?

**Mr Deans**—Yes, it certainly is. We made some suggestions, but in fact there were not many suggestions we could make. It had come out to be much better. What we found was that it was very intrusive. It has to be, of course, if—as it is now—it is a concessional thing. Certainly it is an improved form on the previous one and I believe people will find it much easier to fill in.

**CHAIRMAN**—You mentioned the voucher scheme. Have you consulted with any of the state or territory governments on this voucher scheme? How would it be received, particularly by states such as Queensland which seems to have the capacity to attract a lot of people who travel in that state from elsewhere?

**Mr Deans**—The scheme that we are supporting is that where someone comes to Queensland, for instance, and is going to travel around for two weeks, there should be some sort of value. I guess it is better to use the New South Wales example because it is a dollar for a day of travel. If you went to New South Wales, you would buy for \$14 a two-week voucher to travel on public transport. The biggest difficulty has been to have state governments see how they can in fact recoup the money that it is costing them for the concession that they are giving to people over a border. This is a very simple way. I have spoken to several ministers around Australia. They are not committed to it as yet, but I think this is the way to go. I think probably they are more in favour of this method than any way of recording what the concession is and then asking the other government to pay.

**Mr QUICK**—On the issue of core concessions, you mentioned council rebates and that the rebate value should be inflation indexed. Apart from council rate rebates, what other standard concessions do you see as pivotal to people you represent?

**Mr Deans**—If we are talking about those people on a pension, those concessions that are available now, I believe, are satisfactory. Of course, when you come to the other group of people, and if we put aside the people who are in the work force age group, when they are retired, we are not supporting all the concessions to, say, self-funded retirees. Our research shows that self-funded retirees would be very happy with those two benefits that we are talking about—the tax-free threshold of \$10,000 instead of \$5,400, and the scripts—because the high usage, of course, of the health system at this age group and it being, as we see it, part of the universal health system, would be the best thing for self-funded retirees. That is what they are saying.

We believe that the concessions available to those people on an age pension are satisfactory. We just believe that the value of that concession should stay up with inflation. We are concerned that many people of course live close in to the cities, those properties are escalating in price and if it is a set dollar value they are going backwards rather than staying up with the value of the concession.

**Mr QUICK**—A number of people that worry my office are the people who for some reason are part-pension and part-funded retirees and they seem to fall through the



net in numerous instances. What sorts of things could we do to address that which appears to be a select little group of people that are going through society as a group as they age. Hopefully, once they have gone through, we will not have a similar circumstance arising. They miss out on council rate rebates, they have hassles with pharmaceutical benefits, in some cases they do not qualify for a health care card, yet they are of the same age cohort as people living in the same street who seem, by a quirk of fate or whether they have never got into having superannuation through employment, to be advantaged compared to them. Obviously they must worry you as much as they worry my office and other electorate offices around Australia. What could we do to make their life easier?

**Mr Deans**—This question comes up annually at our conferences which have just started—the series of conferences—around Australia. If you can talk to them about those in need, and I always put the example of the young couple who live next door to them, in their 20s, who are paying off a mortgage on one income, I think it is unreasonable—and it depends on the case—for some people to be asking for a rebate on council rates. As I started my comments, I said concessions are for the needy. I think it is important that they are available to those people who need them, but I do not think people are entitled to it because they are a particular age. I do not think they are entitled to it—and when I say I, our organisation, our members, do not think they are entitled to it—just because someone else gets it.

That is why our argument is that the Commonwealth seniors health card, for instance, is an extension of the health system; it is not because someone else gets it. If you do not have a universal health system, our argument goes out the window. Sure, some people are very close to the borderline, and they suffer. You have to have a means test.

Maybe the income level is not high enough. With interest rates having come down—or maybe not going down any further—to a level where it is very difficult for people relying on investments with interest rates to break even or be better off than someone who is on an aged pension, that is where the low income tax rebate is going to be of assistance when that is introduced this year. But that is only helping about a third of the self-funded retirees in Australia, because about half earn too much to get the benefit and about 100,000 of the half million approximately do not pay tax since they have organised their investments so that they can, through dividend imputation, not pay tax. They cannot take the benefit of the rebate. So there is always going to be a problem. I do not think that self-funded retirees generally should necessarily get all the concessions that other people in need get.

**Dr NELSON**—I would like to raise a couple of issues. One is the issue of uniformity in rebates—whether they be council rebates or other concessions—throughout Australia. Does your organisation feel that it is desirable to move towards some form of uniformity? For example, we looked at all the councils in New South Wales, and there was an enormous variation as to what concessions, if any, were provided. Clearly, there has been an impact from the 1993 liberalisation of the provision of cards.

I am on a finance committee that is looking at national competition policy. As

governments privatise government-run enterprises or turn them into business type enterprises, there would appear to me to be a concern—I do not know if the government has it too—that, where governments have been providing concessions to cardholders, people who operate these things privately may not see that as a community service obligation. Certainly it is not going to help maintain their profitability. Has your organisation had any experience with that? That is the second issue.

Thirdly, in the pharmaceutical area, have you had any response from the current Minister for Health and Family Services in relation to advocacy for rationalising the threshold such that one person has to spend \$600 versus a couple and then a family?

**Mr Deans**—We certainly agree with a seniors card which should be valid around Australia. Strangely enough, we think it ought to be called ‘National Seniors Card’. It is necessary because, particularly when you get close to a border where you have twin cities, it is crazy to think they are different. But in most states you find that councils have different regulations for concessions, and we believe they should be uniform around Australia for those people who are entitled to them so that they can plan. There should not be a problem with the concession they may get if they move from house A to B and change their local authority area.

We have not struck the issue of privatising organisations yet, but there needs to be something built in to ensure those contributions to the people in the community who need them. The concession should be there. That should be part of the sale of that asset.

Thirdly, following my meetings with Dr Wooldridge over recent months, he certainly understands our point of view on equity as far as the safety net is concerned. But, obviously, he did not indicate to me what he might do; I will have to wait until May, as everyone else has to. But we are quite hopeful that this issue will be addressed in the future—it may not be this year—because it is a critical issue, particularly when you are talking about older old people.

**Dr NELSON**—Have you done any costings or are you aware of any costings on what it might be worth if, for example, the safety net threshold for a single person was dropped to \$300?

**Mr Deans**—No, I have not. Our suggestion is \$200 for a single, \$400 for a couple and \$600 for a family. We have not had access to the figures. We are doing costings, though, on the savings that would be made in Social Security on the Commonwealth seniors health card: for instance, how much we would save if we kept out those people who are on a part pension because they did not then go into social security. We are looking to save, of course, approximately \$100 million. We are getting very close to coming up to that figure, and it is not a great amount of pension that is going to be sacrificed in the future for those people to get that benefit. So it will be a revenue neutral issue.

**Mr FORREST**—The committee has spent a bit of time wrestling with the problem

of cashing out concessions. It seems that your suggestion is that of introducing a voucher. Have you put that idea to any of the state governments that are involved in the complexity of the way these concessions apply?

**Mr Deans**—The only one we have put is on the travel voucher system because that is reasonably simple to do. We have had favourable indications from state ministers that that is a reasonable approach. Western Australia, obviously, is in favour of it because they were one of the earlier ones to do some work in this area. I spoke to the minister here in Victoria recently, although there are some issues that need to be clarified. There is always some barrier there of course; it is never straightforward. I think that is probably the most favourable route to go down, and I would encourage the government to bring all ministers together and talk about this issue. The officers from the state governments are talking about the issue. I think it is time that the state ministers came together and started talking about it.

**Mr FORREST**—The states would be keen on it because it gives them access to a revenue stream. It puts the burden for the budget back on to the Commonwealth to fund the voucher system, doesn't it?

**Mr Deans**—No, I would not see it as being funded by the Commonwealth. If I were that age, I would go from one state to the other and I could buy a voucher, a travel ticket or whatever you would like to call it which would give me one or two weeks or 10 days travel at the concessional rate. So, in fact, I as an individual am paying for it but I am getting the benefit of a discounted rate for travel. So it does not involve the state government. In fact, all it does is make it easy for the state governments to transfer the funds. In other words, the individual is transferring those funds from one state to the other. The Commonwealth government does not become involved.

**Mr FORREST**—But it is still dependent upon a public transport system being available, and to some isolated communities that does not exist. In getting access to the nearest provincial community, there would not be any opportunity to use a voucher unless it was for a taxi or converted into petrol or something.

**Mr Deans**—I realise there is not private bus companies in every town in the remote and regional areas of Australia, but the school bus system works on a similar system. A private bus becomes a school bus early in the morning and during the afternoon, and in fact that is subsidised by state government. So if that is the case, if that is available, why not make that available during the day to older people? I am sure we all see, even in the remote areas, the school bus transporting children.

**CHAIRMAN**—Mr Deans, we are beyond the time you are able to stay with us. We did have a couple more questions. If I could perhaps briefly mention them, you might drop us a line with a reply if you feel the reply would take too long. The Pharmacy Guild has proposed to the committee that all pharmacies be linked with the Health Insurance Commission database by an on-line interactive electronic system to enable pharmacists to verify cardholders' eligibility to concessional pharmaceuticals. We would like to know if

you have any views on that.

It has also been proposed that concession cards be issued in the form of smart cards to assist with verification of eligibility for concessions, including pharmaceuticals. Do you have any views on that? Do you feel that older people would consider a plastic smart card to be an acceptable substitute for existing concession cards?

Lastly, we have been looking at cashing out. Some people have put that submission forward. Other people have suggested that, instead of having the current multiplicity of cards, we could have fewer cards. I would value your comments in relation to that. The secretariat will send you those questions in more detail and then you could get back to us. Then we could circulate that information to members of the committee.

**Mr Deans**—I would appreciate that.

**CHAIRMAN**—Thank you very much for appearing before us this morning.

[11.01 a.m.]

**CHAIRMAN**—I ask the secretariat to invite the witnesses to swear an oath or make an affirmation.

**LAMPE, Mr Garth, Assistant Director, Research, Planning and Budget Management, Youth and Family Services Division, Department of Human Services, Government of Victoria, PO Box 4057, Melbourne, Victoria 3001**

**PIPER, Ms Karen, Manager, Concessions Unit, Youth and Family Services Division, Department of Human Services, Government of Victoria, PO Box 4057, Melbourne, Victoria 3001**

**CHAIRMAN**—We have your submission and have read it. Would you like to outline some key points in a very brief opening statement?

**Ms Piper**—The Victorian government provides a significant range of concessions both in terms of revenue forgone and actual fund payments. It approximates \$446 million. The direct payments we readily identify are those for gas, water, electricity, municipal rates and transport. Updated figures indicate that to be in the vicinity of \$247 million. The Victorian government has continued to affirm its commitment to the delivery of concessions, particularly in relation to changes that are going on with reform of various industries such as the energy industry. There is an ongoing commitment to concessions, even though certain utilities are provided in the private sector. In August 1995 the Victorian government established a review of concessions. Unfortunately, we are not able to report on the outcome of that review because it is still in progress.

**CHAIRMAN**—How long will it take?

**Mr Lampe**—I do not think we are in a position to indicate to you either the outcome or the time of that review. As Ms Piper has indicated, the ministers have considered the issue of concessions over a period of time, and that consideration is continuing.

**Mr QUICK**—Does it normally take this long to do something of this nature?

**Mr Lampe**—I am not aware of any past examples, but I think it demonstrates that the issue of concessions raises a number of significant and substantive issues as to who is eligible, the level of concessions and how they fit in with the government's overall economic and social priorities.

**CHAIRMAN**—It seems an extraordinarily long time for an inquiry in relation to a relatively simple matter.

**Ms Piper**—One of the contributors to the delay has been an extensive piece of research that was undertaken last year in relation to patterns of consumption of water, gas

and electricity. That was to provide some data to assist in examining the needs and the options. That is one element.

**Mr QUICK**—Will that be further complicated? I know that the Tasmanian government is talking to the Victorian government, or vice versa, about electricity and a cable across Bass Strait. Is that going to complicate things? According to this submission, you do not support uniformity of state concessions. How are we going to deal with something as complicated as energy transfer between states?

**Ms Piper**—One of the implications of the diversification of the energy industry is how you achieve effective delivery when you have that diversity of arrangements. This kind of links back to the issue of smart cards and finding alternative mechanisms for delivery, over and above the agent actually providing the utility.

**Mr QUICK**—Should there not be a national standard, so that if you are an Australian citizen you get energy benefit, either for airconditioning in Queensland or additional fuel in Tasmania because of the various climates? Surely, the energy experts could say, ‘The average Australian uses X number of kilowatts per population and, whether it is for airconditioning or additional fuel or whatever it is in Tasmania, that is your entitlement. There is your basic entitlement of X number of dollars, and over and above that you pay.’ Why is it so difficult?

**Ms Piper**—I think there is general agreement about the need to commit to the provision of an energy concession. Our research indicated that there is quite a degree of variation in patterns of consumption, and certainly the capacity to tailor concessions to local circumstances has been an important consideration. That does not fully answer your question, but it adds to the picture of diversity of arrangements.

**Mr QUICK**—With people living either side of the Murray in Mildura and Wentworth, surely a regional approach rather than a state approach would be the obvious way to go? Geographically, they are in the same area but they are divided by an arbitrary line drawn by some cartographer in England 100 years ago.

**Ms Piper**—I think the decisions also relate to the capacity of governments individually to determine what their investment in the concessions that they offer can be, and that will influence uniformity.

**Mr QUICK**—What is happening in Albury-Wodonga between the two states? What initiatives are you taking? Obviously, there is a greater deal of cooperation in the Albury-Wodonga area than there probably is anywhere else in Australia. What are the Victorian and New South Wales state governments doing in this area to say, ‘We need to come up with a constructive, sensible approach to the people living in that conurbation’?

**Ms Piper**—At present, there is no particular work being undertaken around the energy concessions in that area.

**Mr QUICK**—But in this two-, three-, four-year study, is some sort of response to that going to be developed?

**Mr Lampe**—Can I respond on a couple of grounds? Firstly in terms of discussions between states on concessions, as part of a forum called SCISCA, there are discussions between the heads of the state community welfare departments about concessions and what are called concessions.

Secondly, it seemed to me that the issue of concessions in relation to electricity, water and gas reflects, in part, the fact that those industries have been owned and basically operated by the state governments. The issue of whether we are moving to a national electricity market or to a national gas market is something that I am not qualified to comment on, although I would comment in relation to your point about Tasmania that in Victoria we also get power from New South Wales, and vice versa. The issue about concessions is related to the billing process, it is not related to where the source of the power comes from. In other words, it is basically related to the distribution companies.

I think you will appreciate that we are representatives of the Victoria government, but we actually have a federal system in Australia and I think you understand some of the reasons why concessions vary between states.

**CHAIRMAN**—You say that concessions cost the Victorian government some \$450 million. Submissions have come to us suggesting that we should cash out concessions and that we ought not to have the various cards currently issued by the Commonwealth. How would the Victorian government manage its state based concessions if we cashed out the Commonwealth cards and no longer had any Commonwealth cards?

**Ms Piper**—Certainly, the Victorian government has been very reliant on the availability of the income and assets testing undertaken by the Commonwealth. A decision has been taken to continue to link that to enable us to target effectively low income people, without having a duplicate system. If we were to lose that facility, I would imagine that there would need to be another mechanism to enable that targeting to continue. There has been great reliance on that.

**CHAIRMAN**—Does the Victorian government maintain any statistics for planning purposes on the take-up of specific state and local government concessions, disaggregated by category of pension and allowance recipients? If you do not have that information at your fingertips—and you may well not have it—could you pass it on to the secretariat as soon as possible for distribution to committee members?

**Ms Piper**—Yes. We tend to have global approximate figures rather than specifics, and some of the value of the research that we undertook enables us to model take-up rates. There are issues to do with administration and the accuracy of other systems to give a definitive position, but we can give global figures.

**CHAIRMAN**—Can you clarify one extra thing for me: you say that the expenditure in 1995-96 on concessions on the part of the Victorian government was about \$450 million. Is that with respect to state concessions or state and local government concessions?

**Ms Piper**—That includes the municipal rate concession. The state government funds that, so it is a uniform concession across Victoria.

**CHAIRMAN**—What proportion of the \$450 million would be with respect to the municipal concessions?

**Ms Piper**—Approximately \$58 million.

**CHAIRMAN**—Thank you.

**Mr Lampe**—Could I just clarify that the estimates Ms Piper has given relate to 1996-97 but that your question related to 1995-96.

**Ms Piper**—Yes, sorry.

**Mr Lampe**—Just for the purpose of the record, the figures that have been quoted relate to our estimates for this year—1996-97.

**Dr NELSON**—On that municipal discounting of rates, does the state government reimburse the councils for the reductions that they provide to the ratepayers, and is the amount of deduction uniform throughout Victoria?

**Ms Piper**—It is correct that the state government reimburses local government for the cost of the concession. The actual concession relates to 50 per cent off the rates bill, up to a value of \$135, and it is targeted towards pensioner concession cardholders only.

**Mr Lampe**—Obviously, the amount received will basically be influenced by what the municipal rate is.

**Ms MACKLIN**—Pardon?

**Mr Lampe**—In terms of the absolute sum that is received by the pensioner concession card household, because it is a percentage up to a ceiling, it will vary depending on what the local government rate is. In other words, we do not have a uniform local government rate in Victoria.

**Mr QUICK**—Will that problem be alleviated at all with the amalgamation of councils into super-councils?



**Ms Piper**—No.

**Ms MACKLIN**—It won't, because they are not going to have a uniform rate.

**Mr Lampe**—The rate base of local government varies depending on the area in terms of land values and other things as well. I should also add that rates in Victoria have also fallen by upwards of 20 per cent as a consequence of the amalgamations.

**Mr FORREST**—To follow up on Mr Quick's question, on behalf of New South Wales communities that are just over the Murray River, such as Balranald and Barham, their community of interest for specialist support is Melbourne. Wentworth is in New South Wales but its community of interest is across to Adelaide, as is that of Victoria's Mildura people. Surely you could give a more positive suggestion in relation to transport—not to all the other matters that you mentioned in response to Mr Quick's question—such as some sort of mutual recognition to address that issue. Sydney is just too far away.

**Ms Piper**—Certainly, my understanding was—and the advice that we give is—that the pensioner concession card is recognised interstate, and allows for concessional travel. It does not assist those on health care cards or health benefit cards. We have not, as yet, undertaken an investigation of the reciprocal opportunities to address those particular issues, so I would only be guessing on that. I think it is an area that warrants further investigation.

**Mr FORREST**—There used to be a committee called a border anomalies committee. When the state legislation about mutual recognition went through the parliament here a year or so back, everyone had great hopes that this was going to resolve that difficulty. But obviously there has been no progress with the New South Wales government.

**Ms Piper**—Certainly not to my knowledge.

**Mr FORREST**—Do you have any suggestion as to what needs to be done to encourage that cooperation?

**Ms Piper**—I have not got a solution to that particular problem at this stage. Certainly, it would need to be identified as a priority area of activity for me to undertake that work.

**Mr QUICK**—So we are going to develop a smart card for Australians and you are proposing that consideration be given to a joint Commonwealth-state feasibility study; is this going to take another three or four years?

**Ms Piper**—At this stage, I think the development of smart card technology and its

application need careful and thorough work. I am aware that the Victorian government has committed to undertaking a feasibility study as a contribution towards the cost of the development of infrastructure and sees considerable potential in trying to develop an integrated system. In previous evidence, people have referred to France as having gone some way down the track. My understanding of the situation in France is that they also invested in multiple cards. The detailed work involved to look at the provision of the infrastructure and to then have a coordinated approach warrants the time and investment there.

**Mr QUICK**—Thinking about how long it has taken to develop a smart card type of system which can be used to travel on trams, trains and buses in Melbourne, how can we hope to get a smart card system operating around Australia? Is it going to be that difficult? I do not want to be disparaging, but my reading of the transport card system in Melbourne is that it seems to be hopeless, so what hope have we got of having a smart card system that can cover people nationally? Is it all a pipe dream?

**CHAIRMAN**—Before you answer that, I was astounded this morning in Melbourne to be held up at a railway crossing where the gates were opened and closed manually by some guy who seemed to spend the entire day in a little box waiting for a train to come by.

**Ms MACKLIN**—I really do not think that these people should be expected to respond to all the problems of the Victorian transport system!

**CHAIRMAN**—I must say I did find that astounding given the Victorian government's apparent national record for efficiency. Anyway, back to Mr Quick's question.

**Mr QUICK**—The reason I ask it is that people are saying that the smart card is the way to go. If we cannot organise a smart card for our transport system, what hope have we got of having a national thing with 14 A4 pages of information? As the last witness said, for some people, for example on the islands in Bass Strait, the only way out is by aircraft, so they could access their entitlement to so many flights across Bass Strait. My mother lives at Nhill. There are no passenger trains so she has to get a bus to Ballarat or Melbourne—or an ambulance for medical treatment. We are talking about feasibility studies. Are we wasting valuable money?

**Mr Lampe**—Can I make one or two general comments? In terms of the Victorian government and multimedia, the Victorian government has looked at a range of issues in relation to multimedia. They looked at the issue of kiosks and looked at the feasibility of a number of residents paying such things as water bills and various other bills via a system of kiosks. I am more than happy to go back to my colleagues elsewhere in the Victorian government to try and understand what some of those developments are, if that would assist you in terms of the Victorian government's thinking in relation to multimedia

technology, smart cards and broadbanded issues. But I am afraid we are not in a position now to give you any authoritative response to those questions.

**CHAIRMAN**—I would appreciate having that information if you could pass it on to the secretary, who will then pass it on to all of us.

**Ms MACKLIN**—My question is in relation to the taxi concession point for people with disabilities and, more broadly, the issue of support for accessible transport for people with disabilities. Given the Disability Discrimination Act, do you think that the disability area is one area where we would be justified in looking at a national concession system?

**Mr Lampe**—Can we take that on notice?

**Ms MACKLIN**—Sure.

**CHAIRMAN**—Just returning to cashing out, would the Victorian government have any view on cashing out of concessions? What factors would need to be taken into account if such an exercise were to be undertaken?

**Ms Piper**—There have been a number of issues raised in the context of cashing out. One has been the capacity of the concession to be tailored towards the particular needs of individual households in paying their bills. The value of the current system is that people receive the concession at the time that they pay their bills. It is a very visible and tangible contribution towards those costs. Cashing out, depending on what form it took, may sever that nexus, which I think is valuable. There are two issues about whether the concession gets paid on what it is intended to be paid for and whether it is an instrument that is sensitive to the size of bills and size of households and, therefore, the cost of remaining connected to supply.

**Mr QUICK**—On the issue of pension and concession cards being issued annually, what would the cost benefit be for, say, issuing a five-year one? States seem to say that it is their one big way of catching those who are ripping off and rorting the system. In this day and age, when just about everybody has got plastic cards with an expiry date of nine and then three years hence—most of my plastic cards have these expiry dates—why are states still interested in annual concessions for pensions, considering Victoria's lean and mean image, which in some cases I admire?

**Ms Piper**—Again, that is related to the Commonwealth issue of the cards and the Commonwealth process. Our verification mechanisms are currently not optimal in picking up on currency of eligibility. I am talking about municipal rate concessions, water concessions and energy concessions. We still undertake a cross-matching and a process of asking people to re-establish their eligibility if there has been a mismatch between the records that are held by the various authorities and those provided by the Department of Social Security and the Department of Veterans' Affairs. In effect, if they issued a three-year card, we would still be undertaking this verification process and, therefore, it would

not have a negative impact.

**Mr QUICK**—Which department is responsible for this verification?

**Ms Piper**—We monitor the verification and act as a conduit between the relevant authorities in Victoria delivering the concession and the Departments of Social Security and Veterans' Affairs.

**Mr QUICK**—How many people work in the verification section of the department?

**Ms Piper**—Basically, I have two people involved in overseeing that process, along with a number of other duties that they perform in relation to the delivery of concessions. Most of the administrative work is undertaken by the water authority or local government or the energy company at one end and then, at the other end, matching the data through the Commonwealth department.

**Mr QUICK**—Is that getting more complicated with Victoria divided off into energy zones A, B, C, D?

**Ms Piper**—No, because it links the individual card number rather than a geographic identifier. It is just a way of matching hard numbers and establishing whether that is still a valid number that should attract a concession. It only relates to pensioner concession cards; it does not pick up on health care and health benefit cards. Generally, people are required to present those cards at bill paying outlets in order to receive their concession. There is a problem in relation to telephone payment of accounts. We do not have a sophisticated enough system to pick up on that area, but we see that as a fairly marginal problem because most of the concessions are provided to pensioners.

**Mr QUICK**—What is the annual cost for production of the cards?

**Ms Piper**—We do not produce the cards. The Commonwealth produces the cards.

**Mr QUICK**—But haven't you got a state—

**Ms Piper**—We haven't got a state card. If you were wanting to claim a concession from your local council, what you would do is register your number and they will have that on a database. Then, on an annual basis, we will run off the numbers, give them to the Department of Social Security, they will match them against their database and tell the local government authority how many of them are still valid numbers. They must then write to or contact the resident and request that they re-establish.

**Mr QUICK**—If we are talking about, for example, age pensioners, there will always be that same cohort. Why can't you say, 'Look, you're 65 years of age. You've

got your entitlement. You've got access to these services. Unless you win Tattsлото, your life circumstances aren't going to change'?

**Ms Piper**—Mostly that is true. It is a problem when people are deceased and other family members continue to use their cards.

**Mr QUICK**—How big a problem is that? I know someone in the department is designated to read the death notices and crossmatch.

**Ms Piper**—I haven't quite got the figures on that, but it does make a contribution and we are not required—

**CHAIRMAN**—Could you get back to us with that information, please?

**Ms Piper**—I will take that on notice and see whether we can. Legislatively, we are required to verify eligibility.

**Mr QUICK**—Would you be happy to see a five-year card or a 10-year card, considering, as I say, that we are talking about people who are basically going to be on the same sort of thing, unless circumstances change, and they would probably be a very small number of people?

**Ms Piper**—We would still identify those through a different mechanism. So whether they have a five-year or a 10-year card would not alter our verification process.

**CHAIRMAN**—I understand some of the cards do not wear very well at the moment. Does the Victorian government find difficulty in recognising just what concessions do apply to what card, bearing in mind that in many cases the cards are almost not readable?

**Ms Piper**—We have actually invested a great deal in trying to make sure that those delivering concessions are able to easily identify which are the eligible cards. While the numbers are often known to rub off—in fact, we had a call about this the other day—there is a way of actually tracing the paper over the top to get an imprint of the number.

**CHAIRMAN**—What a terrible thing to have to do, though.

**Ms Piper**—Yes, it does slow things down.

**CHAIRMAN**—So, clearly, something has to be done about the quality of the cards. If they are going to last longer, as Mr Quick suggested, perhaps it might be viable to have something that is a bit more durable than the present material of which the card is made.

**Ms Piper**—That would only be a benefit.

**CHAIRMAN**—It seemed to me, too, that in many cases the value of the concessions have not been maintained by councils and other bodies. Do you have a mechanism to judge the performance of local authorities on maintaining the true value of concessions or have they been allowed to erode over time?

**Ms Piper**—The framework for the municipal rate concession was set some time ago at the value of 50 per cent up to \$135.

**CHAIRMAN**—Is that on the general rate?

**Ms Piper**—Yes.

**CHAIRMAN**—Then you have got services and charges on top of that.

**Ms Piper**—That is a uniform rate. They do not have discretion over that particular concession. They do have discretionary capacity to levy their own waivers and so forth, but I don't know that that is a particularly common practice. The impact of local government reform has in fact enhanced the value of the concession in the last two years, with the average reduction of 20 per cent in rates.

**CHAIRMAN**—There has been a reduction of 20 per cent across the board in rates in Victoria?

**Ms Piper**—Yes.

**CHAIRMAN**—Mainly brought about through amalgamation and other efficiencies resulting from amalgamation?

**Ms Piper**—That is correct.

**CHAIRMAN**—That is impressive. Perhaps you can do something about the little man who opens and shuts the gates at the railway crossing. That might be the next big issue to attack!

**Dr NELSON**—Would it be possible for us to have a list of members of the ministerial committee review of state concessions and their terms of reference?

**Mr Lampe**—I would need to take that on notice.

**Dr NELSON**—I want to come back to the issue of taxi concessions for people with disabilities. In Victoria, does the scheme apply only to taxis or does it apply also to buses specifically fitted for people who have a disability?

**Ms Piper**—We have a scheme that we call the multipurpose taxi program, which is targeted towards people with disabilities. It was established as an alternative to outfitting the bus infrastructure at the time it was introduced. I am not an expert on the bus system and I would need to take on notice any further information you require about buses and their accessibility.

**Dr NELSON**—The reason I ask is that certainly in New South Wales you can use a taxi concession to get in a taxi, but if you want to get on to a bus specifically designed and accredited to carry people with disabilities—they are usually mini-buses, of course—you cannot use the darn things, which seems ridiculous. On the issue of uniformity, if a Victorian resident who is entitled to a concession to use transport here as a disabled person goes to New South Wales, do they get any concession at all in New South Wales or in any other state?

**Ms Piper**—Not that I am aware of and not by virtue of their disability. If they happen to be a pensioner with a pensioner concession card, they may access public transport.

**Dr NELSON**—If, say, a person from New South Wales who has a taxi concession scheme entitlement there comes to Melbourne, are they entitled to use anything here?

**Ms Piper**—Not at the moment, no.

**Dr NELSON**—Is that something that the government is working towards overcoming?

**Mr Lampe**—That question has already been asked and we have undertaken to take it on notice and come back to the committee.

**CHAIRMAN**—Mr Deans from National Seniors mentioned a national seniors card voucher scheme. He also said he has discussed this with ministers. I do not know whether the Victorian minister has been included, but I suspect he probably has. Do you have any idea of the reaction of the Victorian government to such a proposal?

**Ms Piper**—None whatsoever.

**CHAIRMAN**—Could you perhaps get back to us on that?

**Ms Piper**—Yes.

**CHAIRMAN**—That would be appreciated. Are there any other comments you would like to make on the issue of concession cards?

**Ms Piper**—I would like to reiterate that the focus of concession policy is on

targeting those in the worst economic circumstances. There have been a number of submissions to look at the recognition of self-funded retirees for the same benefits and we would continue to affirm the need to give priority to low income people.

**CHAIRMAN**—But they are low income people.

**Ms Piper**—I am sorry, the lowest income people as attested to the income and assets testing undertaken by the Department of Social Security.

**CHAIRMAN**—So you are saying that you do not believe independent retirees should receive any assistance? That is an incredible statement from the Victorian government.

**Ms Piper**—I think a number of self-funded retirees receive some forms of assistance through the state seniors card in relation to public transport, but it is about priority access.

**Dr NELSON**—I just want to come back to this issue of uniformity and reciprocity. In 1995 the National Accessible Transport Committee agreed to consider some sort of national uniformity. I know you will call me simple, but we are almost two years down the line and we don't seem to be getting anywhere. You represent one of the most important states in the country, yet you cannot tell me where we are at. I am just as hard on the New South Wales government over it. I would like you to be able to tell me where we are at. What effort, if any, is the Victorian government making to push it along?

**Mr Lampe**—As I said, we have undertaken to pursue the issue. We are responsible for the overall concessions policy of the Victorian government and for the operation of that concession. As was explained either in the submission or by Ms Piper, there was a central fund which pays energy, water and transport. Obviously transport issues are something we fund and will have to explore where those issues are at with our colleagues in the infrastructure transport department.

**Dr NELSON**—I appreciate the position you are in as senior public servants but where is the process bogged down? Is it at the political level? Is it a part of the COAG negotiations which appear to be making very little progress? Where is it being held up?

**Mr Lampe**—I am not in a position to advise you as to where the issue is at and what the problems are.

**Dr NELSON**—Is that because you do not know?

**Mr Lampe**—That is what I am saying in polite terms. I do not have the information to answer your question.



**Dr NELSON**—But I would have thought that someone in your position would be able to say, ‘This is an important issue. We are right on top of it. This is where we are at.’ Why can’t you tell us?

**Mr Lampe**—I do not have the information to answer your question.

**CHAIRMAN**—Can you get the information?

**Mr Lampe**—I have undertaken previously to actually produce some of these issues and we will get back to the committee.

**CHAIRMAN**—When would that be?

**Mr Lampe**—We will get back to the committee as soon as we can. We will get back to the committee in relation to the questions you have raised. Following looking at *Hansard* and the wording of those questions, we will do our best to get back to the committee by the end of the month.

**Dr NELSON**—I appreciate the political constraints you work under but my asking this question and your not being able to give me the answer is a bit like asking the Treasurer, ‘What is the growth forecast for next year?’ and him saying, ‘I have got no idea. I will have to look it up’. It just seems such a core part of any government’s, whatever its political colour, activity. Anyway there is no point going on with it.

**Mr QUICK**—Is Victoria any further advanced than any of the other states? Victoria seems to be taking the lead in lots of things. Are you taking the lead in developing this national responsibility? Are all the states as reluctant as Victoria obviously is?

**Ms Piper**—The work that was progressed which Victoria contributed to had been a draft discussion paper looking at the issues in relation to the development of a national framework for concessions. That was submitted to a working group of administrators last year—

**Mr Lampe**—SCISCA, which I referred to earlier.

**Ms Piper**—The work has not progressed beyond that point.

**Mr QUICK**—So what is the sticking point?

**Ms Piper**—I cannot answer the question.

**Mr QUICK**—Usually working groups come up with a position paper and then that is taken back to the various state governments and then the ministers, depending on their

tardiness or their enthusiasm, usually say, 'It is going to take such and such a time depending on what is happening and parliamentary sittings.' We are in the situation where the Commonwealth, in their wisdom or otherwise, are saying that aged care, disability and all these other things are being foisted onto state governments.

I can understand the pressure that state governments are under, but Australians are Australian. They are not Victorians first or Tasmanians first. As the honourable member said, if you are a person with a disability and you are forced to travel interstate, as a lot of people are, why should your entitlements be any less or any greater, especially when we have got Albury-Wodonga and Wentworth and Mildura? I would hate to be a person with disabilities in those towns. Someone must have come up with some solution or else a hell of a lot of people with disabilities never move across the state boundaries and that sounds very far-fetched.

**CHAIRMAN**—Have you had complaints about that?

**Ms Piper**—I could not give you an actual number. Sometimes we get calls from interstate people. We run a customer information line and we get up to 500 calls a week from the community. Sometimes that gets raised.

**CHAIRMAN**—It does seem to me that particularly in the case of Albury-Wodonga, which was set up by the two state governments to be an urban area, that some of these matters should have been looked at at that time.

**Ms Piper**—I actually have a sense that there is something further I can identify in relation to Albury-Wodonga but I cannot actually articulate what it is. It has just sort of triggered something.

**CHAIRMAN**—Could you let us have it as soon as possible, please?

**Ms Piper**—Yes.

**Mr QUICK**—I would like to think they could solve some of these problems.

**Mr FORREST**—Probably the fact that they created a border anomalies committee. But that is just where you send your submission and you never get an answer from them. We still have different threads on the fire hydrants in New South Wales and Victoria.

**Ms Piper**—My feeling about what has happened in relation to Albury-Wodonga has been picked up in terms of transport and that there is a reciprocal recognition of transport concessions, but I need to actually check that with the public transport.

**CHAIRMAN**—But I understand, though, that there is not a common taxi area. While a Wodonga taxi is actually able to take you to Albury, it cannot pick anyone else

up until it gets back across the border to Wodonga, and I suspect the reverse is the case.

**Dr NELSON**—The reason I am particularly focused on this is that one of my constituents, who is in a wheelchair, goes down to Canberra, because his mother is in a hospice down there—you can imagine she is not too well—and accumulates, of necessity, certain expenses in travel, as difficult as it is to get a taxi that would accommodate him. And then neither the ACT government nor the New South Wales government is prepared to reimburse him. I realise it is hard enough representing the Victorian government without getting stuck into representing the others, but it just highlights this anomaly and there appears to be not much progress. I suspect it relates more to a lack of political will than it does to any dallying on the part of public servants.

**CHAIRMAN**—Thank you very much for appearing before the committee this morning.

Resolved (on motion by **Mr Quick**, seconded by **Mr Forrest**):

That, pursuant to the power conferred by section 2(2) of the Parliamentary Papers Act 1908, this committee authorises publication of the evidence given before it at public hearing this day.

**Committee adjourned at 11.42 a.m.**