

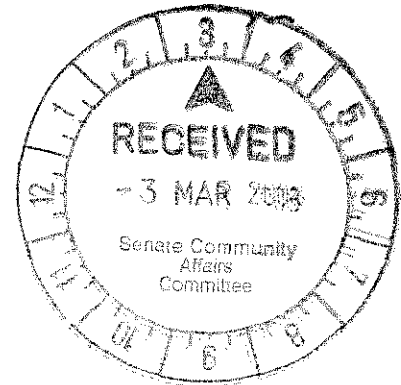


SENATOR URSULA STEPHENS

SENATOR FOR NEW SOUTH WALES

Senator Claire Moore
Chairperson
Senate Standing Committee on Community Affairs
Parliament House
CANBERRA 2600

25 February 2008



~~Claire,~~
Dear Senator Moore,

I am writing to you in relation to the Inquiry into the Cost of Living Pressures on Older Australians currently being conducted by the Senate Standing Committee on Community Affairs.

I have recently met with a constituent who has pointed out to me an anomaly that occurs when a married couple is assessed for a Pensioner Concession Card, which relates to the status of the couples income.

Mr Ron McMullen, is a former Commonwealth Public servant, who worked in the Department of Finance and in the area of superannuation. He has prepared a schema which describes this anomaly well, and the unintended consequences that it produces. I attach this for your information and consideration.

I am seeking clarification from the Minister for Human Services and the Minister for Superannuation on this issue. However, I believe it is an issue that deserves consideration by the Committee in the context of the Inquiry, and would ask that the Committee formally accept the attached document as a late submission, so that it can be considered by the Committee in its Report.

I look forward to your advice on this matter,

Kind regards,

Ursula Stephens

Encl.

CASE A

Married couple both of age pension age. Assessed under income test.

Husband

Income: Cwlth Super pension
↓
Part age pension say \$200 pf.
↓
Pensioner concession card

Wife

Say \$200 pf from *private source*
↓
Part age pension say \$50 pf
↓
Pensioner concession card

CASE B

Married couple both of age pension age. Assessed under income test.

Husband

Income: Cwlth Super pension
↓
Part age pension say \$200 pf
Less balance of Comcare from wife
\$100 = \$100 pf
↓
Pensioner concession card

Wife

Say \$200 pf, but from *Comcare*
↓
Part age pension but adjust up or down depending on amount of Comcare payment.
If Comcare **less** than the assessed part pension, payment of difference is made. Say \$250 part pension less \$200 Comcare = \$50.
↓
Pensioner concession card.

If Comcare **more** than assessed part pension the amount of the difference between Comcare payment and part pension is deducted from husband's part pension and no payment is made to wife. Say \$100 part pension less \$200 Comcare results in \$100 being deducted from husband's pension.

↓
No Pensioner concession card. Simply because an actual payment is not made even though entitlement to part pension is established and the payment that would have resulted except for the application of the 'dollar for dollar rule' that payment is deducted from the husband.

Wife is entitled to Cwlth Health card, but this does not carry same benefits as Pensioner concession card. Benefits from PCC are mainly provided by non Cwlth bodies and are at the discretion of service providers, but as examples: NSW drivers licence free to PCC holders. Car registration for PCC holders free which means a jointly owned car has to be transferred to the PCC holder to get the concession. If travelling PCC holder gets concession rate but wife has to pay full rate. Any service in joint names only attracts half the concession rate unless both are PCC holders.

The wife's name appears on the PCC holder's card with her own number and causes confusion and embarrassment with some medical services in particular, when questions are asked 'why doesn't your wife have her own card?' etc.

All this results in unfair treatment of the wife when the two cases above are compared.
Ex Cwlth employees are being discriminated against.

The wife has no option but to accept the Comcare payment. There is no provision for conversion to lump sum. Once she reached 65 years of age the amount is drastically reduced and remains at that level for the rest of her life.

Solution: 1. Amend regulations or whatever, so that where eligibility for part pension is established and where only by the application of the 'dollar for dollar' Cwlth rule, an actual payment is not made, then a PCC may be issued.

2. Deduct an extra \$5 or whatever from husband's part pension and make that \$5 payment to wife, thus making the issue of a PCC possible.

Neither solution would involve any additional payment by the Commonwealth.