



Carers ACT Response to the ACT Concessions Review February 2016

Introduction

The ACT Government is seeking feedback on a range of options that have been developed to improve the fairness and targeting of the ACT Concessions Program. These options are outlined in the public discussion paper, Options to improve the fairness and targeting of the ACT Concessions Program, which is available for comment until Friday 22 January 2016.

Community input is an important part of considering how we improve the sustainability of our concessions program into the future. Community members are encouraged to share their views by filling out this online submission form.

1. Information about you:

Name: Colleen Sheen

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2. Are you a current recipient of ACT Government concessions?

No

3. Are you a community sector organisation or emergency support service that advocates on behalf of concession recipients in the ACT?

Yes

No

Carers ACT response:

Carers ACT Ltd – supports carers, caring families and people with disability. Around 48,850 people in the ACT care for a family or friend with a disability, chronic condition, mental illness, drug or alcohol issue, or who is frail and ageing. Carers are an integral part of our health system and are the foundation of our aged, disability, mental health and community care systems. In 2015, Deloitte Access Economics estimated the cost to replace this informal care with formal care services nationally would be over \$60 billion annually. For many carers and caring families their caring comes at a cost to their own health and wellbeing, it can mean financial hardship because of reduced workforce participation and the 'hidden costs of caring' such as medications, specialist therapy etc, and can also reduce their social participation. In 2014-15 Carers ACT provided direct support to over 5000 families.

For more information about carers and Carers ACT see our submission to the Expenditure Review at <http://www.timetotalk.act.gov.au/storage/ACT%20%20Concessions%20-%20Community%20Submission%2015.pdf>

4. How did you hear about this consultation?

- Online (ACT Government website)
- Social media
- Our City, Our Community newsletter
- Media

5. What are your views on OPTION 1 - Improving the equity of utility concessions?

Summary: There are around 15,000 households who access the Water and Sewerage Concession, and around 29,000 households who access the Energy and Utility Concession. Fewer households receive the Water and Sewerage Concession as it is only available to property owners.

An option to improve the equity of utility concessions would be to transfer the funding provided for the Water and Sewerage Concession to the Energy and Utility Concession. The transfer would distribute the available funding over 29,000 households and would not impact on the cost of the Concessions Program.

The proposed option would improve the equity of the Concessions Program by redistributing available funding over a wider range of people, therefore increasing concessions to those people who do not own their own property. However, those concession card holders who own their own property would see a reduced concession.

Note: for full details on the Option 1, refer to page 6 in the discussion paper.

Carers ACT response:

Carers ACT supports this option to improve the equity of utility concessions. However, our preference is that the ACT Concessions Program benefit the most financially disadvantaged ACT households, many whose residents will be carers or caring families and who are amongst those in the ACT living in households with the lowest income quintiles. Refer to our comments in 3 above and 6 below.

6. What are your views on OPTION 2 - Improving the sustainability of the Water and Sewerage Concession?

Summary: The Water and Sewerage Concession assists eligible card holders to meet the costs of the supply charges for water and sewerage on the properties they own. The concession does not apply to the costs associated with water usage. Approximately 15,000 households receive this concession.

An option to improve the financial sustainability of the Concessions Program would be to lower the Water and Sewerage Concession from 68 per cent to 50 per cent of the supply charges, phased over four years. This would reduce the annual concession from \$413 to \$304 and would reduce costs by around \$1.6 million per annum once fully implemented.

The proposed option would improve the sustainability of the Concessions Program by reducing the concession to around the national average.

Note: for full details on the Option 2, refer to page 10 in the discussion paper.

Carers ACT response:

This is Carers ACT preferred option, as it improves the sustainability of the Concessions Program while still providing a 50 per cent concession of supply charges for eligible card holders. For property owners residing in their own property we suggest consideration of a reasonable concession for water use. Many carers and caring family households have increased water usage due to higher need for laundry because of soiled bedding and clothing, and bathing and personal hygiene requirements of the people they care for. It should be noted that some families care for more than one person. For example, they may care for an adult child with a disability, and an ageing partner who experiences incontinence.

7. What are your views on OPTION 3 - Improving the equity of utility concessions for retirement village residents?

Summary: Due to the nature of long term sub-lease arrangements in retirement villages, people who currently reside in Independent Living Units are unable to access the Water and Sewerage Concession. It is estimated that there may be up to 700 pensioners in Independent Living Units who would otherwise be eligible for a Water and Sewerage Concession if they did not live in a retirement village.

An option to address this anomaly could be to extend the Water and Sewerage Concession to include people residing in Independent Living Units in retirement villages. However, this option may not be feasible if Independent Living Unit residents do not hold water and sewerage accounts.

Other options could be to increase the Energy and Utility Concession for Independent Living Unit residents by an equivalent amount, or alternatively to pay the accommodation operators directly.

It is noted that concessions for retirement village residents are available in New South Wales, which are paid to the operator and passed on to eligible residents.

Note: for full details on the Option 3, refer to page 12 in the discussion paper.

Carers ACT response:

Carers ACT's preference is not to further disadvantage pensioner residents of Independent Living Units in retirement villages. As such, replication of a proven scheme that operates in the NSW could be considered for the ACT.

The ACT Government may also need to consider whether it needs introduce a similar scheme in the ACT for residents of specialist accommodation units or single dwellings. With the introduction of the NDIS and transition of people with disability to non government accommodation it is likely that there will be more people moving into an ILU with builders developing more to meet the future need. For example, innovative housing models built in the ACT with NDIS capital costs specialist accommodation, or families building independent living units for family members with disability to assist them increase their independence.

8. What are your views on OPTION 4 - Improving the equity of the General Rates Rebate?

Summary: The General Rates Rebate assists homeowners with the annual cost of general rates. It provides a rebate of 50 per cent of general rates charges with an annual cap of \$675 per property in 2014-15. This increased to \$700 as reflected in the 2015-16 Budget. In addition to the General Rates Rebate, all eligible homeowners can also access a 50 per cent rebate on the Fire and Emergency Services Levy.

Approximately 14,000 households receive the General Rates Rebate, of which 3,000 concessions are subject to the grandfathered uncapped scheme - pensioners in receipt of an uncapped rebate scheme prior to 1 July 1997.

An option to improve the equity in the Concessions Program would be to reduce the difference in rebates received between capped and uncapped (grandfathered) recipients. On average, uncapped recipients receive a 50 per cent higher level of concession than capped recipients, although the difference is much larger for high value properties. This could mean that two neighbours in similar properties and in similar circumstances regarding conditions for access to other ACT concessions, would be receiving very different levels of rates rebates because one of them has access to the uncapped scheme.

It is noted that ceasing the grandfathered arrangement would have a significant impact on some households, thus phasing, freezing and targeting options have been developed as part of this option.

Note: for full details on the Option 4, refer to page 14 in the discussion paper.

Carers ACT response:

To ensure the sustainability of the ACT Concessions Program, recognising the projected growth of ACT residents accessing this program, Carers ACT supports phasing out of the uncapped scheme within a sufficient period to not impose significant financial hardships on residents currently eligible for the uncapped scheme. Carers ACT would not like to see single part-pensioners being further disadvantaged with the removal of the uncapped scheme. We also suggest that the ACT Government consider extending the uncapped period for individual households that could demonstrate financial hardship because of the changed rebate.

9. What are your views on OPTION 5 - More transparent general rates exemptions?

Summary: General Rates exemptions are provided to assist eligible organisations by providing a full (100 per cent) concession. To be eligible for the concession, the organisation must be a not-for-profit organisation, educational/tertiary institution (school, university, CIT), religious organisation, sporting association, child care provider or retirement village. Currently, there are 328 properties that have been deemed eligible to receive a full concession for general rates.

An option to provide greater transparency would be to undertake valuations on the 328 properties, following which the policy on General Rates exemptions would be reconsidered.

The proposed option would improve the transparency of the levels of assistance provided to organisations and would inform future decisions on equity, sustainability and targeting of the Concessions Program. It should be noted that the currently level of assistance provided through General Rates exemptions is unknown as there have been no land valuations undertaken for the properties and a rebate is not applied.

Note: for full details on the Option 5, refer to page 18 in the discussion paper.

Carers ACT response:

Carers ACT recommends that the ACT Government undertakes further work to examine the benefits and equity of differentiating the levels of assistance provided to organisations, as well as recovering partial rates for properties that are also used for commercial or residential activities. This could include an organisation's income, operating costs and surplus in determining a General Rates exemption scale. This would be more equitable and without penalising existing eligible organisations with less income and assets than some current eligible organisations.

10. What are your views on OPTION 6 - Improving the sustainability of the Motor Vehicle Registration Concession?

Summary: The Motor Vehicle Registration Concession assists eligible ACT residents with the costs associated with motor vehicle registration. The value of the concession in 2015-16 ranges from \$265 to \$483 for passenger vehicles, depending on vehicle tare weight, with lower values for motorcycles and trailers.

Approximately 37,000 concessions are provided to pensioners and DVA Gold Card holders who receive a 100 per cent concession on the cost of registration.

A possible option to improve the sustainability of the Concessions Program would be to reduce the Motor Vehicle Registration Concession by 50 per cent of the cost of registration for Pensioner Concession Card holders, including DVA Pensioner Concession Card. DVA Gold Card holders would continue to receive a 100 per cent concession. The reduction could be undertaken in one year or phased in over four years.

The proposed option would improve the sustainability of the Concessions Program by bringing into line with most other States the level of discount available under the concession. The concession would be reduced to 50 per cent of registration charges.

Note: for full details on the Option 6, refer to page 19 in the discussion paper.

Carers ACT response:

Carers ACT does not support this option. Carers ACT recognises that the ACT Government is seeking to improve sustainability of its Concessions Program, however, we note that that ACT registration costs are at the "upper end" when compared to other jurisdictions. Our principal reason for not supporting this option is because caring families rely on their family vehicle for transport for younger children or adult children with a disability – to school, work or therapy; and caring families supporting a family member with a chronic condition or who is frail aged also transport the people they care for to medical appointments, take them shopping etc.

Any addition in the running costs of a family vehicle will increase financial hardship experienced by many ACT families caring for a family member of friend. It also likely to reduce the independence associated with owning and running your own vehicle for caring families and older people living in the ACT.

While community transport is an option for some families, often it is not suitable or at times required. Likewise, public transport may not be a viable option for caring families.

11. What are your views on OPTION 7 - More targeted seniors card eligibility?

Summary: The ACT Seniors Card is issued free and provides access to discounts on a range of goods and services provided by Government and approximately 300 participating businesses. It is available to all permanent residents of the ACT over 60 years of age who work less than 20 hours per week in paid employment.

Concessions provided by the Government for ACT Seniors Card holders include a 10 per cent reduction in the cost of motor vehicle registrations at a cost of around \$400,000 per annum, a \$35 rebate towards the cost of spectacles every two years at a cost of around \$50,000 per annum, and 50 per cent reduction in the cost of ACTION bus fares amounting to around \$330,000 per annum.

The aging population is placing increased pressure on service delivery and the Government needs to consider better targeting concessions to those who most need assistance. Over the next 20 years, the number of people in the ACT who are over 60 years of age is expected to increase by 79 per cent.

A possible option to improve the sustainability of the Concessions Program would be to increase the eligibility for the Seniors Card age requirement to 65 year over 10 years to allow for a gradual transition.

Note: for full details on the Option 7, refer to page 21 in the discussion paper.

Carers ACT response:

As well as the concessions the ACT Government provides to ACT Senior Card holders, another benefit of the ACT Seniors Card is the range of goods and services provided by participating businesses e.g discounted home maintenance services, and discounts from participating interstate and New Zealand agencies. For ACT residents 60 years and older in the lower income quintiles who work less than 20 hours per week, some by choice and some because they have been unable to find work with more hours, access to this card can improve their quality of life and wellbeing, including reducing social isolation and financial disadvantage.

Rather than increasing the eligibility for the Seniors Card age requirement to 65 years over 10 years, Carers ACT believes it will be more equitable to introduce an income and asset test for ACT residents 60 years and over working less than 20 hours a week. It's known that many older ACT residents in higher income quintiles are accessing the ACT Seniors Card, and where the lack of this card is less likely to create financial hardship.

Carers ACT also notes the potential impact on participating businesses of possible change to eligibility for the ACT Senior Card.

12. What are your views on OPTION 8 - Improving the sustainability of the Public Transport Seniors Card Concessions?

Summary: The ACTION Transport Concession assists Pensioner Concession and Health Care Card holders, students and Seniors Card holders to meet the costs of public transport.

As of 3 January 2015, the value of this concession is \$1.46 per peak weekday single trip (based on the full adult MyWay fare of \$2.91 per trip) or \$1.50 per off peak weekday or weekend trip (based on the full MyWay fare of \$2.31 per trip). Commuters over the age of 70 receive free travel on ACTION buses.

Currently, those who hold a Pensioner Concession Card, Health Care Card, ACT Services Access Card, Student Card or a Seniors Card receive concession fares on ACTION buses. In 2013-14 approximately 5.2 million concession trips were undertaken, with Seniors Card trips accounting for around 500,000 of these trips.

Two possible options could be considered to improve the sustainability of the concessions program: removal of concession fares for Seniors Card Holders, or reducing concession fares for Seniors Card Holders.

The proposed option would improve the sustainability of the Concessions Program by reducing access to the concession for Seniors Card holders, which is currently available to all permanent residents of the ACT over 60 who work less than 20 hours per week in paid employment and is not means tested to those most in need.

Note: for full details on the Option 8, refer to page 23 in the discussion paper.

Carers ACT response:

Carers ACT does not support this option as it could increase financial hardship, and reduce social inclusion for current recipients of the ACT Seniors Card with low incomes. Refer to our comments on Option 7 above that explain our preference for a more equitable income and asset test for ACT Seniors Card eligibility.

13. What are your views on OPTION 9 - More targeted concessions for Part Pensioners?

Summary: Part pensioners are eligible for the full range of concessions provided to other pension types. This includes General Rates, Energy and Utility, Water and Sewerage, Motor Vehicle Registration, Drivers Licence, Public Transport, and Spectacle Scheme concessions.

Part pensions are available for people on incomes up to \$48,880 per annum for singles and \$74,800 per annum for couples. Prior to announcements made in the 2015-16 Commonwealth Government Budget, pensioners could hold assets, excluding their principal place of residence, to the value of around \$1 million and still receive a part pension. This figure is expected to be reduced to \$823,000 in 2017.

The vast majority of pensioners earn less than \$20,000 per annum, and there are relatively few over \$40,000 per annum, however, data is not held by the ACT Government on individual asset holdings.

Possible options that could be considered to improve the sustainability and fairness of the Concessions Program would be to limit part pensioners to either 75 per cent or 50 per cent of any concession they are currently eligible for. This would better target concessions, while ensuring those with most limited incomes continue to be supported.

It is estimated that around 11,000 part pension households would be affected.

Note: for full details on the Option 9, refer to page 24 in the discussion paper.

Carers ACT response:

Carers ACT suggests that it is more equitable to limit part-pension concessions to single recipients, who often are in the lowest income quintiles but still need to meet living expenses such as Motor Vehicle Registration, General Rates and other utility costs similar to part-pension couples. We recommend this as a preferred option, rather than implementing a reduced concession to those with most limited incomes.

Our recommendation is based on the cost of the part-pensioner concessions (approximately \$13 million in 2014-15, or around 25 per cent of the projected \$51.3 million cost of the 2015-16 Concessions Program) and to assist the sustainability of the ACT Concessions Program.

14. What are your views on OPTION 10 - Improving equity by providing support for Family Tax Benefit A recipients?

Summary: The ACT Government currently provides no specific concessions to people who receive Family Tax Benefit A. Recipients of Family Tax Benefit A only receive concessions where they meet eligible requirements, such as holding a Pensioner Concession or Health Care Card.

Modelling undertaken by NATSEM indicates that there are around 16,000 families who receive Family Tax Benefit A and that 11,000 of these households currently receive no assistance in the form of ACT Government concessions.

A possible option could be to provide people who receive Family Tax Benefit A and who do not currently receive the Energy and Utility Concession an annual \$100 concession on their electricity costs. The proposed option would target assistance to low income families to help with cost of living pressures.

Note: for full details on the Option 10, refer to page 26 in the discussion paper.

Carers ACT response:

Carers ACT supports the expansion of the ACT Concessions Program to all ACT households receiving Family Tax Benefit A to help low income families help with cost of living pressures. Many of these families will be caring for a child with a disability or chronic condition.

15. What other options could the ACT Government consider to improve the targeting and fairness of the ACT Concessions Program?

Carers ACT response:

1. Carers ACT recommends the ACT Government consider improving the targeting and fairness of the ACT Concessions Program in line with the objectives of *Caring for Carers: The ACT Carers' Charter* including:

- * Carers are supported to sustain their caring role.
- * Carers' diverse needs are acknowledged and appropriate supports provided.
- * Carers share a quality of life that is in accordance with community standards.

2. Carers ACT has participated in COTA ACT's discussions on efficient energy use and reduction of energy costs for ACT seniors and supports a proposal that the ACT Government provide a small capital grant or no-interest loan to people to increase the energy-efficiency of their homes and so reduce their energy use and their energy costs.

16. Thank you for taking the time to provide feedback.

You are reminded that all input received may be made publicly available on an ACT Government website unless otherwise requested.

Are you happy for your feedback being made public?

- Yes
 No

Carers ACT thanks the ACT Government for the opportunity to comment on the ACT Concessions Review.

For more information about our response please contact Colleen Sheen, Carers ACT Senior Policy Advisor, on 9296 9900 or email colleen.sheen@carersact.org.au

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