COST OF LIVING REPORT

DECEMBER 2016

Concessions and the Cost of Living

ISSUE 14

Northern Territory Council of Social Service

NTCOSS

NTCOSS
Northern Territory Council of Social Service

About NTCOSS

The Northern Territory Council of Social Service (NTCOSS) is a peak body for the Social and Community Sector in the NT and an advocate for social justice on behalf of people and communities in the NT, who may be affected by poverty and disadvantage.

NTCOSS is a member of the nationwide Councils of Social Service (COSS) network, made up of each of the state and territory Councils and the national body, the Australian Council of Social Service (ACOSS). The membership of NTCOSS includes community based, not for profit service providers in the social welfare area such as consumer groups, indigenous and mainstream organisations and interested individuals.

NTCOSS' vision is for

"A fair, inclusive and sustainable Northern Territory where all individuals and communities can participate in and benefit from all aspects of social, cultural and economic life."

NTCOSS' mission is

"To promote an awareness and understanding of social issues throughout the NT community and to strive towards the development of an equitable and just society."

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Introduction

There are two parts to this report. The first part of the report examines changes in the cost of living over the past quarter and the past year in the Northern Territory, with a particular focus on cost of living pressures for vulnerable and disadvantaged Territorians.

The Northern Territory is a vast expanse, with significant differences between Darwin, Alice Springs, other centres and remote communities in terms of access to services and facilities. There are differences in terms of quality of infrastructure (e.g. roads) and difficulties in access to major centres for some remote communities, often due to the impact of weather conditions at certain times of the year. Examining the impacts of cost of living pressures must be seen in a broad context, as there cannot be a one size fits all response to addressing the needs of all Territorian households.

This report focuses on changes in the CPI for Darwin across a range of key expenditure areas over the past year. The report also examines the Selected Living Cost Index (SLCI) for particular household types, in conjunction with looking at income support payment to determine if they are keeping pace with rising living costs.

It is important to note that CPI figures only reflect trends for capital cities and Australia as a whole, and cannot tell us about trends in price movement for states and territories, nor for regional areas.

While it is important to look at the movement in the generic 'All Groups' CPI figures, expenditure on the basic essentials makes up the majority of or even all of the expenditure items for low income households, and so it is the price increases in those areas that will have a greater negative impact on some households, and it is these areas that are the focus of NTCOSS in these Cost of Living Reports.

The methodology used for the SLCI is different to that used for the CPI (see also Explanatory Note 1). The Living Cost Indexes (LCIs) have been designed to answer the question: 'By how much would after tax money incomes need to change to allow households to purchase the same quantity of consumer goods and services that they purchased in the base period?' (ABS [1] 2016a). The SLCI's are preferred, as a summary measure, over the more well-known CPI, because the CPI is technically not a cost of living measure, as it tracks changes in the price of a specific basket of goods, however, this basket includes goods and services that are not necessarily part of the expenditure of all households - in particular for many low income households (SACOSS 2014, p.4).

The second part of this report focuses on comparing price rises in a range of key expenditure areas, with a number of both NT and Commonwealth concessions, rebates and subsidies (hereafter referred to broadly as 'concessions') which are available to seniors, people with disability and low income Territorian households, related to these expenditure areas. This section of the report specifically looks at whether the adjustments made to concessions are keeping up with the price increases in these expenditure areas, and therefore whether they are adequately addressing the cost of living pressures for recipient households.

[1] Throughout the report the Australian Bureau of Statistics is referred to by its well known abbreviation (ABS).

SECTION 1 Price Movement in Goods and Services and the Impact on Low income Households

Table 1 Changes in the CPI over the past year

Table 1a: Changes in CPI over the past year (Sep 2015 – Sep 2016) Darwin vs National Figures

CPI (All Groups)

Darwin ↑ **0.4%** vs Australia ↑ **0.7%** in the last quarter (to Sep 2016)

Darwin Flat (0.0%) vs Australia ↑ **1.3%** over the past year (to Sep 2016)

Source: ABS 2016d Data 5,6 and ABS 2016e Data 5, 6

Table 1b: Movement in CPI categories: Darwin vs National over the past year (to Sep 2016)

Increases in Darwin over the past 12 months

Insurance
↑ **3.9%** vs Australia ↑ **7.8%**

Health
↑ **3.3%** vs Australia ↑ **3.9%**

Education
↑ **3.4%** vs Australia ↑ **3.3%**

Alcohol & Tobacco
↑ **6.7%** vs Australia ↑ **5.7%**

Food & non-alcoholic beverages
↑ **2.2%** vs Australia ↑ **1.5%**

Decreases in Darwin over the past 12 months

Clothing & Footwear
↓ **-2.2%** vs Australia ↑ **1.2%**

Housing (including utilities)
↓ **-2.8%** vs Australia ↑ **1.8%**

Rents
↓ **-7.7%** vs Australia ↑ **0.7%**

Electricity
↓ **-5.5%** vs Australia ↑ **4.7%**

Transport
↓ **-2.1%** vs Australia ↓ **-3.4%**

Automotive Fuel
↓ **-11.8%** vs Australia ↓ **-12.6%**

Communication
↓ **-7.2%** vs Australia ↓ **-7.5%**

Source: ABS 2016e Data 4, 5, 6

Table 1c: Significant changes in CPI categories Darwin vs National over past quarter (to Sep 2016)

Rents
↓ **-2.4%** vs Australia ↑ **0.3%**

Food & non-alcoholic beverages
↑ **1.9%** vs Australia ↑ **1.7%**

Communication
↓ **-2.1%** vs Australia ↓ **-2.3%**

Clothing & Footwear
↓ **-1.9%** vs Australia ↑ **0.3%**

Source: ABS 2016d Data 4, 5, 6

It is important to take into consideration that the CPI-All Groups is an average figure and amongst the 11 major CPI categories, there are price fluctuations both up and down. Where price rises occur for essential items of expenditure such as health and insurance these are likely to have a greater impact on low income and disadvantaged Territorian households, as these items require a greater proportion of weekly income for these households.

In addition, while there have been some price decreases in some key expenditure areas – e.g. rent - this only tells part of the story. NTCOSS has highlighted over many years that the NT has some of the highest rent prices in the country, compared with other jurisdictions – so while they have dipped recently, rental prices are still high, and continue to place great strain on many lower income households.

On top of this, while fuel prices have dropped in Darwin (as well as in major regional centres), NTCOSS has highlighted for some time, the huge disparity between fuel prices in major centres and remote areas of the Territory, where in some communities, customers are paying up to twice the price paid for fuel in Darwin and Katherine (NTCOSS 2016, P.21).

Price increases in critical expenditure areas continue to place great strain on lower income households, and cannot be ignored. And while a low or steady rate of CPI over the past decade may seem like good news, not all Territorian households are enjoying the benefits of this, as the overall CPI ‘All groups’ figure doesn’t reflect what prices are doing for particular categories of goods and services or what prices are doing in other parts of the Territory.

The Selected Living Cost Index (SLCI) for Income Support Recipients

An examination of price movement for goods and services purchased by low income households is important for determining how well Australia's income support system is doing in terms of helping people to keep up with rising living costs. The ABS Selected Living Cost Index (SLCI) measures the cost of various baskets of goods which are specific to a number of different household types – including Age pension" and "Other government transfer recipient" households, "Employee" households and "Self-funded retirees" (ABS 2016a). Other government transfer recipient households include "households whose principal source of income is a government pension or benefit other than the age pension or veterans affairs pension – e.g. Newstart or Youth Allowance (ABS 2016c)

NTCOSS is specifically focused on the cost of baskets which apply to "Age pension" and "Other government transfer recipient" households, given that it is these households who are more likely to be representative of low income and disadvantaged households. Comparisons are also made, however, with expenditure for both Employee households and self-funded retiree households.

Movement in the Selected Living Cost Index (SLCI) over the past year (Sep 2015 - Sep 2016) Darwin vs National figures

Table 2: Changes in SLCI figures over the past year (to Sep 2016)

National CPI all groups ↑ **1.3%**

SLCI for Age Pensioners ↑ **1.5%,** above the CPI increase

SLCI for Other Government Transfer Recipients ↑ **1.6%,** above the CPI increase

SLCI for Employee Households ↑ **1.2%,** below the CPI increase

SLCI for Self-funded Retirees ↑ **1.5%,** above the CPI increase

Source: SLCI Figures taken from ABS 2016a and CPI figures taken from ABS 2016d Data 6

Table 2b: Changes in SLCI figures over the past quarter (to Sep 2016)

National CPI all groups ↑ **0.7%**

SLCI for Age Pensioners ↑ **0.8%,** above the CPI increase

SLCI for Other Government Transfer Recipients ↑ **0.6%,** below the CPI increase

SLCI for Employee Households ↑ **0.5%,** below the CPI increase

SLCI for Self-funded Retirees ↑ **0.8%,** above the CPI increase

Source: SLCI Figures taken from ABS 2016a and CPI figures taken from ABS 2016e Data 6

Contributing Factors to the changes in the SLCI Figures in the last quarter

Other Government Transfer Recipients Households (0.6% Increase)

Contributors to the rise in SLCI

Food and non-alcoholic beverages (+1.8%) contributed most to the rise, due to the rise in fruit and vegetable prices, as a result of “adverse weather conditions” which impact supply.
Housing (+1.1%) also contributed to the rise, driven by increases in both electricity charges due to “increases in wholesale electricity costs across the eastern and southern states”; and property rate charges, “due to increases in general rates, garbage charges and other levies” (ABS 2016b).

Contributors to the offsetting movement

Communication (-2.4%) contributed the most significant offsetting movement this quarter, driven by the fall in telecommunication equipment and services, which was “due to strong continued competition amongst service providers” (ABS 2016b).

The rise in the SLCI for other government transfer recipient households was lower than the rise in the CPI (+0.7%) this quarter, because these households “are more heavily impacted by cyclical changes in the proportion of consumers exceeding the Pharmaceutical Benefits Scheme (PBS) safety net, when compared to the CPI population. The smaller rise for other government transfer recipient households is also due to the fall in mortgage interest charges, which are not included in the CPI” (ABS 2016b).

Age Pensioner Households (0.8% increase)

Contributors to the rise in SLCI

Food and non-alcoholic beverages (+2.3%) contributed to the rise as per above.
Housing (+2.0%) also contributed to the rise as per above (ABS 2016b).

Contributors to the offsetting movement

Health (-1.8%) partially offset the rises, “driven by pharmaceutical products. The fall is due to the cyclical effect of a greater proportion of consumers exceeding the Pharmaceutical Benefits Scheme (PBS) safety net” (ABS 2016b).

The LCI for age pensioner households recorded a larger rise than the CPI (+0.7%) this quarter, as these households “have a higher expenditure on food and non-alcoholic beverages, which rose this quarter, when compared to the CPI population (ABS 2016b).

Employee Households (0.5% Increase)

Contributors to the rise in SLCI

Food and non-alcoholic beverages (+1.6%) contributed to the rises, as per above.
Housing (+1.3%) also contributed to the rise as per above (2016b).

Contributors to the offsetting movement

Insurance and financial services (-1.7%) contributed the most significant offsetting movement this quarter, “driven by domestic holiday travel and accommodation. Falling accommodation and airfare prices reflect the softening demand during the winter period” (ABS 2016b).

The rate of rise in SLCI for Employee households below the CPI is mainly due to the fall in mortgage interest charges, which are not included in the CPI (ABS 2016b).

Self-Funded Retiree Households (+0.8% Increase)

<u>Contributors to the rise in SLCI</u>

Food and non-alcoholic beverages (+2.2%) contributed to the rise, as per above.

Housing (+2.1%) also contributed to rise, as per above (2016b).

Contributors to the offsetting movement

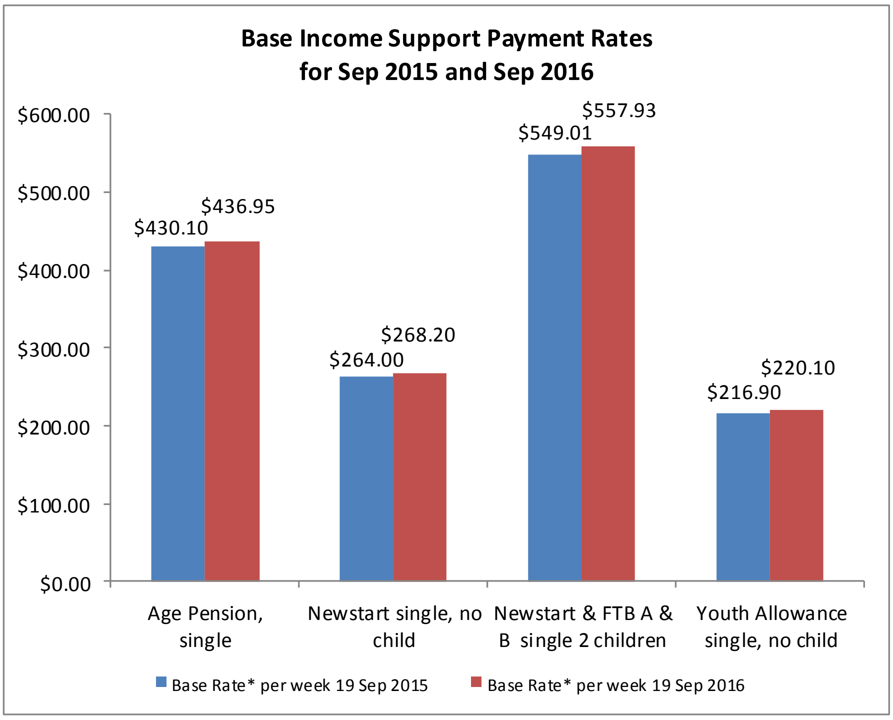
Communications (-2.2%) contributed the most significant offsetting movement (ABS 2016b), as per with Other Government Welfare Recipients above

The LCI for self–funded retiree households recorded a larger rise than the CPI (+0.7%) this quarter. As these households "have a higher expenditure on recreation and culture, which rose this quarter, when compared to the CPI population" (ABS 2016b).

How well are income support payments keeping up with Cost of Living changes?

Where an income support payment is someone's sole source of income, being able to regularly save a significant amount of the weekly payment is a very difficult task. The dollar value of changes in cost of living over the past year has been calculated for someone who is on the base level of payments, and assuming they spend all their income. The calculations are shown in Figure 1.

Figure 1: Selected Income Support Payments rates as at Sep 2015 and Sep 2016

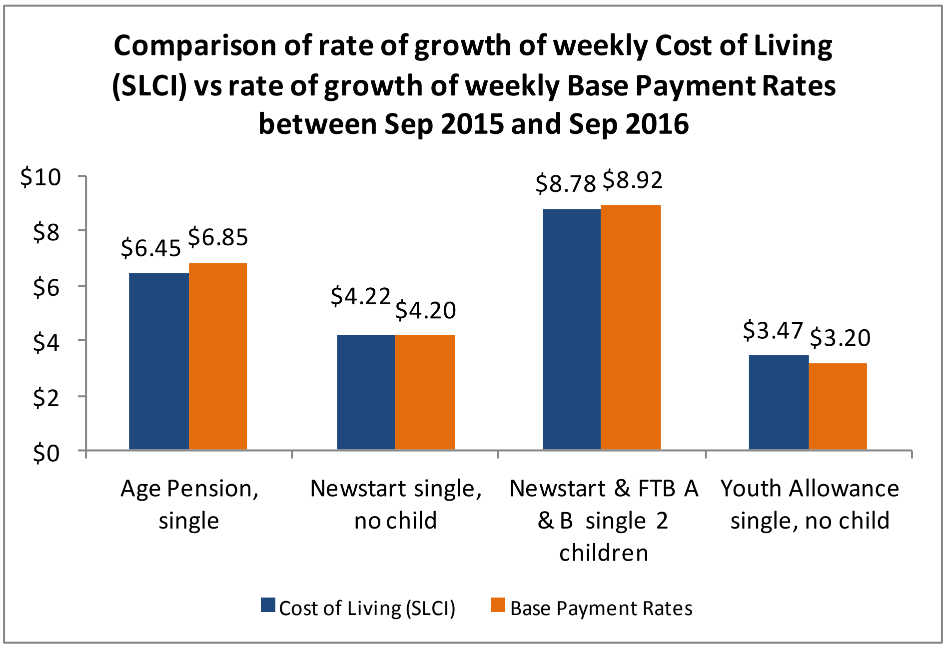


Sources: Centrelink 2015 & Centrelink 2016a.

See Explanatory Note 4 for information on the calculations for each payment type used in Figures 1 and 2

NB: For simplicity, some supplements & Rent Assistance are not included in Figure 1, as they can vary from person to person

Figure 2: Growth in Selected Income Support Payment rates vs Cost of Living (SLCI) over the past year (to Sep 2016)



Sources: Centrelink 2015 & Centrelink 2016a; ABS 2016a.
Note: The rate of growth of the SLCI is calculated by multiplying the September 2015 base payment rate by the percentage increase in the SLCI over the past year for the relevant payment type

Figure 2 shows the weekly increase in the cost of living for each payment category (based on the change in the SLCI over the past year), and assuming that all weekly income has been spent. These figures indicate that for households who rely on income support payments, the increase in the payments over the past year has barely covered the rising costs of living (Age Pensioner and single parent Newstart recipients), or not quite covered the rising costs of living (Newstart and Youth Allowance recipients).

It is a concern that the payments of some income support recipients are not keeping up with rising living costs, coming on top of an existing **inadequate base rate of payment** (if it is the sole payment received). It is critical that the Commonwealth government addresses the low rate of base payment for both Newstart and Youth Allowances as a matter of urgency. People receiving these payments regularly have to make difficult decisions about what living expenses they can meet.

Living on $220.10 per week on Youth Allowance, or $268.20 on Newstart (Centrelink 2016a), for example, means that there are very few discretionary or luxury expenditure items. Housing, food, transport, health and utilities bills all have to be squeezed into a very small payment which is around $400 under the minimum wage of $672.70 per week as at 19 September 2016[2] (Fair Work Commission, 2016).

Living on such a low income means if there is a an unexpected medical bill or a larger than expected electricity bill – some other essential items might have to be forgone (e.g. paying for car repairs, or spending less money on food) in order to meet urgent bill payments.

[2] $672.70 (for a 38 hour week (before tax) is the minimum wage for the period 1 July 2016 – 30 June 2017.

The Pension Indexation System and the Inadequacy of Indexation for Allowance Payments
The above figures also reinforce the importance of the current method of indexation for adjusting pension rates every six months, where payment increase are linked to Male Total Average Weekly Earnings and prices (CPI) – to ensure that pensioners do not drop behind society averages (See Explanatory Note 3). Note that the rate for the Disability Support Pension is exactly the same as the Age Pension rate, but for simplicity reference is made to the Age Pension throughout this report.

Newstart and Youth Allowance and other base level benefit allowances are indexed to the CPI only, and this indexation system doesn't ensure that increases in allowances will always keep up with the cost of living, which is currently the case, as highlighted in Figure 2 above. (See also discussion below regarding Changes in Income Levels).

Smith & Hetherington (2016, p.37) highlighted in a recent report that "there is some inadequacy in our public pension settings in Australia today…. the Age Pension in Australia is not adequate to live a life of dignity without considerable sacrifice, especially for renters". They also point out that the single rate of pension of $437 per week (including the pension and energy supplements) is only barely above the poverty line of $422 per week for a single person not in work (calculated by the Melbourne Institute of Applied Economic and Social Research, cited in Smith & Hetherington (2016, p.37). Without diminishing the significance of this issue of the inadequacy of the age pension, but **if the age pension has been found to be inadequate – how much more inadequate is the Newstart Allowance which is currently $168 per week lower than the age pension.**

A payment of $38 a day is simply not enough for an individual to live on. The Australian Council of Social Service (ACOSS), and a number of other prominent organisations in recent years, including: the Business Council of Australia, the Organisation for Economic Development, the Australian Council of Trade Unions, and the former Commonwealth Government's Henry Tax Review, have all **called on the Commonwealth Government to increase the base rate of the Newstart Allowance and other base level payments by $50 per week, as a matter of urgency. NTCOSS continues to supports this call.**

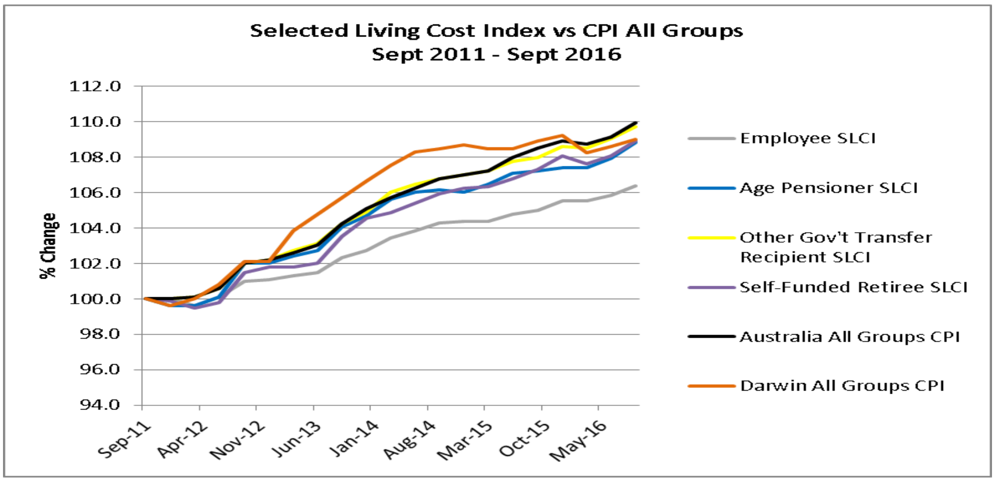
Changes in Prices: SLCI and CPI over the last five years
The ABS acknowledges that the CPI was not designed as a cost of living measure, as it is "designed to measure price inflation for the household sector as a whole and is not the conceptually ideal measure for assessing the changes in the purchasing power of the disposable incomes of households" (ABS, 2016c). The living cost index, on the other hand, "is particularly suited for assessing whether the disposable incomes of households is keeping pace with price changes", where those households derive their income predominantly from government pensions or benefits" (ABS, 2016c).

The SLCI "measures the impact of changes in prices on the out-of-pocket expenses incurred by households to gain access to a fixed basket of consumer goods and services" (ABS, 2015c). The SLCIs better reflect pressures on different household types and more adequately reflect cost of living pressures, in particular for low income households. There are differences between the CPI and the various living cost indexes due partly to differences in methodology, and because the living cost indexes better capture the greater significance of key expenditure items for these population groups (SACOSS, 2014, p. 4).

Figures 3 and 4 examine the SLCI for the last five years for age pensioners other government transfer recipients, employees and self-funded retirees, in comparison with the national and Darwin 'All groups 'CPI figures. **These figures show that the costs of living (as measured by the SLCI) for other government transfer recipients (9.7%) has gone up faster than the costs of living for all of the other groups;** and marginally below the national rate of CPI (9.9%) against which it is indexed, and higher than the Darwin CPI (9.0%) over the same period.

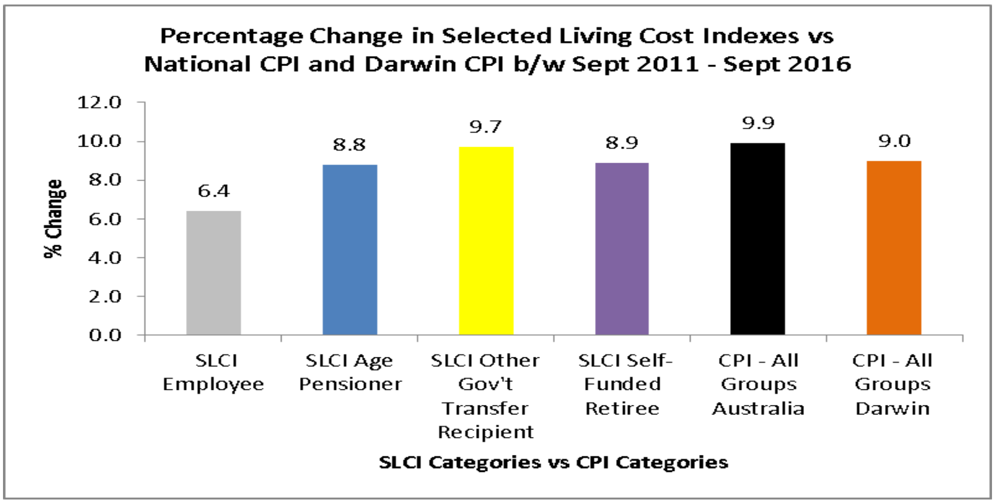
The living costs for age pensioners (8.8%) have tracked below both the national and the Darwin CPI, which again reinforces the value in the much better indexation system for pensions (as discussed above). Employees had the lowest rate of growth in their living costs (6.4%) while costs for self-funded retirees (8.9%), were very similar to that of age pensioners. **It is a concern therefore, that the cost of goods is going up highest for those who can least afford it.**

Figure 3: Changes in Living Costs vs CPI All Groups Sep 2011 – Sep 2016



Source: ABS 2011-2016; ABS 2016e Data 5. 6

Figure 4: Percentage Change in Selected Living Cost Indexes vs National CPI and Darwin CPI, Sept 2011-Sept 2016



Source: Figures adapted from ABS 2011-2016; ABS 2016e Data 5, 6

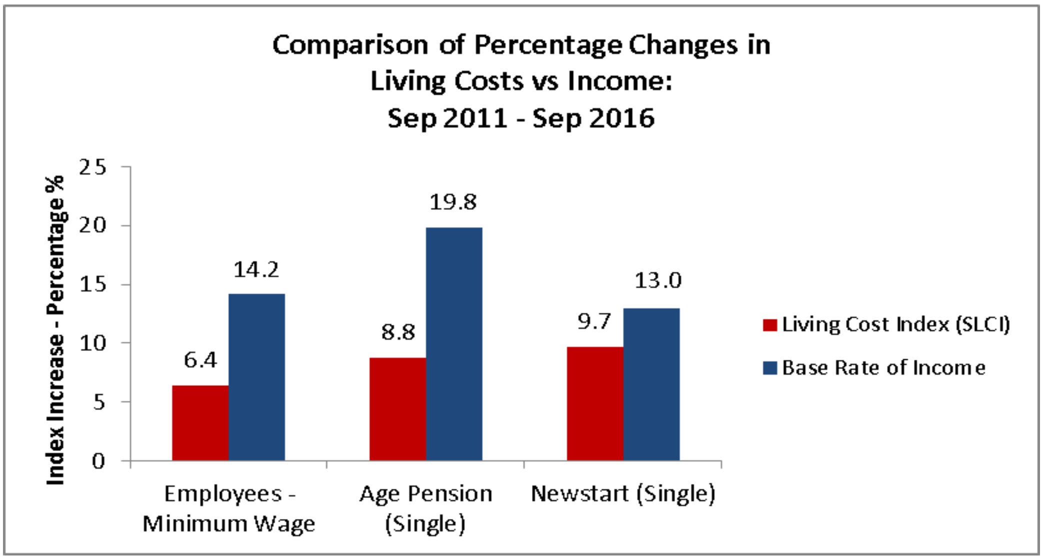
Changes in Income Levels

Price changes, however, are only one component of cost of living pressures. Changes in income levels must also be considered, including an examination of whether income levels are keeping pace with cost of living pressures.

Figure 5 (below) compares changes in living costs, measured by the Living Cost Indexes, with changes in incomes for particular household groups over the last five years (Sep 2011-Sep 2016). The figures are base rate[3] amounts only, to allow for consistent historical comparisons, as some additional supplements (e.g. rent assistance and Family Tax Benefits) can vary depending on household type. While these supplements are important to the level of household income, they have less impact on the *rates* of change of the income levels shown in Figure 5. The employee income figure used is the national minimum wage (rather than the average wage) as it better reflects the experience of the lowest income earners (SACOSS, 2014, p.5).

While over this five year period, the Newstart Allowance rose higher (13%) than the CPI 'All groups' Australia (9.9%) – against which it is indexed, the costs of many goods in Darwin as measured by the CPI (electricity 28.2%; health 22.3% and insurance 21.1% in Darwin have risen at a far greater rate than the CPI 'All groups' over this same period (ABS 2016d, Data 4, 5). Prices in these areas disproportionately impact on low income and disadvantaged households. While it is true that rents in Darwin have come down by 5.8% (CPI) in this period (ABS 2016e, Data 4, 5), rents still remain high overall, and continue to put financial pressure on many Territory households, with rental affordability still a significant issue in the NT (NT Shelter 2016, p. 6).

Figure 5: Income and Living Cost Increases, Sep 2011 - Sep 2016



Source: ABS 2011-2016; Fair Work Commission 2016; Centrelink 2011 and 2016

3 NOTE: The base rate figure does include the pension supplement and energy supplement for pensioners; and the energy supplement for Newstart recipients – as they are a guaranteed part of these respective payments.

Figure 5 highlights that over the last five years, while living costs have gone up at different rates for the various income groups, there have in fact been income rises[4] for all these groups. Both the age pension base rate, and the minimum wage for employees have risen well over twice the rate of the SLCI for their respective groups over this period. In addition, the rate of the pension increase was also more than one and a half times the rate of growth of the Newstart payment over the last five years (18.8% vs 13.0%), with the pension rate increasing $72.30, while the Newstart Allowance only increased by $30.75 in this time.

The experience of Newstart recipients, as revealed by these figures, continues to be very different to that of Age Pension recipients, with their rate of payment rising much slower than that of the pension, and the gap between pensions and Newstart (and other allowances) continues to widen.

SACOSS (2014) has highlighted that there has been a critique that these living cost indexes underestimate the increase in cost of living due to expansion of the basket of goods and services in a household (for example, increasing need for financial and communications services) and changing weightings over time (Dufty & Macmillan, 2013, cited in SACOSS 2014, p.5). As a result, the picture presented in Figure 5 may be overly optimistic. The figures reinforce the need for reform of the base rate of allowance payments (which also includes Youth Allowance and Widow's payment).

[4] *NOTE: The figures displayed in Figure 4 reflect average figures only, and individuals' circumstances and incomes may change from time to time. Many employees, who while they may be paid above the minimum wage, may not however, have received CPI wage rises, and there may be changes in rules or entitlements which could positively or negatively impact on the incomes of those reliant on government income support (SACOSS 2014, p.6).*

Economic Outlook for the NT – Deloitte Access Economics (DAE) economic forecasts for the NT
The Northern Teritory Economy

The Deloitte Access Economics (DAE) economic forecasts for the NT for the next five years, while still positive, are not as high as the expected projections from 12 months ago, as shown by Table 3; while the employment growth forecasts have improved, as seen in Table 4

Table 3: Economic Growth Forecasts: NT vs National - at Sep 2016

Economic Growth Forecasts	NT Forecasts	National Forecasts
2015-16 (estimate)	↑ 3.1%	↑ 2.1%
2016-17 (forecast)	↑ 2.3%	↑ 2.7%
5 year average annual growth rate (2015-16 to 2019-20)	↑ 3.0%	↑ 2.8%

Source: NT Government 2016, p. 1

The current 5 year average annual economic growth rate of 3.0% forecast is below the 3.6% forecast a year ago (September 2015), with the NT still having the second highest economic growth forecasts of all jurisdictions (down from having the highest forecasts a bit more than a year ago), with Queensland still having the highest forecast figure (3.4%). Nationally, the five year forecast is up 0.2% from a year ago (NT Government 2016a p.1; NT Government 2015a, p.1).

Table 4: Employment Forecasts: NT vs National - at Sep 2016

Employment Forecasts	NT Forecasts	National Forecasts
2015-16 (estimate)	↑ 1.8%	↑ 1.3%
2016-17 (forecast)	↑ 1.3%	↑ 1.4%
5 year average annual growth rate (2015-16 to 2019-20)	↑ 1.4%	↑ 1.5%

Source: NT Government 2016, p.2

The current 5 year average annual employment growth rate forecast for the NT is an improvement on the September 2015 5 year forecast of +1.1%. There has also been an improvement in the national 5 year forecast (1.5%) up from 1.4%, a year ago (NT Government 2016a, p.2; NT Government 2015a, p.2).

NT Government 2016-17 Mid Year Report
The NT Government recently released its 2016-17 Mid Year Report, which provides "a snapshot of the Territory's fiscal position and economic outlook". This report has indicated that, "the fiscal balance deficit is projected to be largely unchanged at $875 million in 2016-17, before gradually returning to a surplus by 2019-20" (NT Government, 2016d).

The NTG has acknowledged that the Territory economy has grown much slower over the past 12 months (2.7%) than had been the case over recent times, and has identified that the Territory is in a transition phase given that the high growth resulting from private investment is on the decline (NT Government 2016d).

While the NTG has made a commitment to invest heavily in infrastructure to help stimulate the economy and create jobs, it has also identified a number of savings measures as part of this transition phase (NT Government, 2016d).

The current economic climate of the Northern Territory, coupled with existing cost of living issues, presents some challenges for the NT Government which has the delicate task of balancing economic and employment growth in a context where there is significant disadvantage, including homelessness and overcrowding, unemployment and chronic disease, in significant pockets of population across the NT.

In addition, there have been historically high costs of living, especially in key areas such as housing, food, transport and utilities prices. While there has been an easing of costs in some of these expenditure areas in recent years, some prices (e.g. rents) still remain high overall. It is in this context that NTCOSS examines the role that concessions play, as they are a critical component of the social welfare support system in assisting many households in the Northern Territory to maintain an adequate standard of living.

SECTION 2: Costs of Living Pressures and the role of Concessions in the NT

The Concessions Framework Nationally and in the NT

What constitutes a concession? In its 2002 submission to the ACT concessions review, the ACT Council of Social Service (ACTCOSS) defined a concession as:

"a reduction, discount, subsidy, rebate, waiver or exemption provided by the government on the value of goods, services or associated fees to an individual, family, household or organisation. They are generally provided on the basis of low income, special needs or disadvantage, or some other special category such as age or war service." (ACTCOSS, 2002)

A range of federal and state government concessions and payments are made available to particular (eligible) households to assist with certain essential living costs, with most administered at the state or territory government level. Eligibility is often linked to prior eligibility to a Commonwealth concession card or at other times is based on a means test or an income test.

Such concessions are provided in addition to income support payments, while some people not on income support payments also qualify for some concessions. A number of concessions which are linked with key expenditure areas – such as housing, utilities, transport and health - are highlighted in this report. Not all available concessions are specifically highlighted in this report (i.e. property based concessions on council rates), however, those chosen concessions are reasonably representative of a range of key expenditure areas affecting low income and disadvantaged people in the NT.

Different concessions (as highlighted below) are structured in different ways and "…the particular concession mechanism is important, as different methods for providing concessions can have different outcomes in relation to keeping pace with the cost of living (SACOSS 2014, p.6). The Queensland Council of social Service (QCOSS 2014, 15ff) have outlined a number of ways energy concessions are structured nationally and internationally – and while focused on energy concessions, the principles of how these concessions are structured may be broadly applicable to all concession types. Three of these types of concessions are outlined here,[5] along with a concession type highlighted by SACOSS. Examples of these different types of concessions provided in the NT or nationally are also provided.

Types of Concessions

Flat-payment concessions

Flat-payment concessions provide a discount off the bill of a set dollar amount for individuals or households who are eligible. Under such schemes, the value of the concession can reduce in real terms depending on the mechanism for increasing the payment over time (QCOSS 2014), with some schemes not indexed. The NT Patient Assistance Travel Scheme (PATS) accommodation subsidy is an example of a flat payment concession scheme, where the concessions are not indexed, though there have been two increases over the past decade (a $2 increase from $33 to $35 in 2008 and a $25 increase to $60 in 2013 (NT Government, 2013b & 2016i).

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[5] *For a full outline of the pros and cons of the five ways energy concessions are structured see -* http://www.qcoss.org.au/energising-concessions-policy-australia

The Northern Territory Electricity Rebate model (available for holders of the NT Pensioner and Carer Concession Card) has two components, one of which is a flat discount (currently $1.268 per day, NT Government 2016e (p. 36) taken off the fixed daily charge of $0.5035 (Power and Water Corporation 2016a, p.2). (See also Percentage-based concessions below). The water concessions in the NT follow this same model.

Some jurisdictions have introduced a cap on their rebates in an effort to prevent excessive usage being subsidised under the program (QCOSS 2014, p.20), however the NT electricity and water concessions currently have no cap on usage.

Percentage-based concessions

Percentage-based concessions are structured by having a percentage discount off the price of the goods or services, and have more chance of keeping up with price rises, because the amount of the concession available goes up with any price increase.

Several advantages which have been documented by QCOSS (2014, p.20) in relation to percentage based concessions (related to energy, but relevant more broadly) include:

- The provision of "proportional assistance to households with different… usage."
- The automatic provision of "additional assistance to help customers cope with large seasonal bills"
- The removal of the "need for an escalation mechanism as the concession automatically adjusts to changes in prices"

The Northern Territory Taxi Subsidy Scheme (NTTSS) is a percentage based scheme, which covers 50% of the fare, with the other half of the fare to be paid in cash and/or credit/debit card by the eligible NTTSS member.[6]

Another NT example is the Northern Territory electricity rebate model, which as well as the fixed concession has a 'type of' percentage based concession, as it provides a discount ($0.091 per kW/h of usage or 35.6%) which is taken off the variable component of the electricity bill ($0.255399 per kW/h), and the concession available increases with increases in usage (NT Government 2016e, p.36).

While there are advantages to the percentage based scheme issues also exist, as while the concession available increases as prices increase, so too does the contribution that the individual is required to pay for the service – so their impact isn't as clear cut as it may seem on the surface. With the NTTSS scheme, for example, a taxi fare increase of 10% over a given year, for example, would mean a return fare of $40 would then become $44. This means the taxi subsidy used would increase by $2 for the trip (from $20 to $22); but the remaining portion of the fare that the passenger is required to pay, would also rise by the same 10% rate of $2. This extra money must be found for every taxi trip across a 12 month period.

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[6] *Transactions are limited to 50% of the total fare per journey and the subsidies amount cannot exceed the member's available balance.*

While taxi fares rates do not increase every year – when such increases do occur, it is likely that the percentage rise will be above CPI rises for the same period (for example in Darwin the CPI for the past year was 0.0%, while nationally it was 1.3% (and the transport CPI for Darwin was -2.1%) and the urban transport CPI remained flat at 0.0% over the past year (ABS 2016e, Data 5). In addition an increase of 10%, for example, would be well above the rate of any payment increase a pensioner, or Newstart recipient, in particular, would receive (the latter's payments being pegged to CPI rises).

Income-based concessions

Income-based concessions are different from other concession types as they are based on a premise that expenditure should not exceed a certain proportion of income. This type of concession puts a cap on the amount payable by eligible customers with reference to their income (QCOSS 2014, p.23). This means an eligible household only pays up to a maximum set proportion of their income on an expenditure area – such as housing costs (QCOSS 2014, p.5).

An example from the NT of such a concession is public housing rent in remote areas being capped at various percentage levels depending on age of the tenant and the age/standard of the house. For example, a 'primary tenant' on the Age Pension is charged 14% of their income during the first year in a new house, which rises to 18% in the second and following years; while an 'other tenant or occupant' in a refurbished house, over the age of 18, on Newstart, will pay 10% of their income towards rent. There is also a maximum dwelling payable on rents to ensure that people living in overcrowded houses or dwellings are not disadvantaged because of their higher total household income (NT Government 2015d).

Income based concessions are an effective means of ensuring that households have the capacity to adequately meet their rental payments, and do not end up in housing stress (paying 30% or more of their household income on rent if in the bottom 40% of Australian income earners)[7]. Income based concessions also provide equitable outcomes for different household sizes and different geographical and socioeconomic areas.

Concessions and payments indexed to CPI

SACOSS (2014, p. 7) also highlight payments indexed to CPI, such as Income Support Payments (e.g. Newstart and Youth Allowance), and point out that as the prices of some expenditure items increase at a much faster rate than the generic CPI , it means that the value of these concessions and support payments is not maintained. For example, the 28.2% increase in the CPI for electricity in Darwin over the past five years is much higher than the 9% increase in the generic "All Groups" CPI for Darwin for the same period

Commonwealth concessions, payable through Centrelink, such as Commonwealth Rent Assistance and the Utilities Allowance are also indexed to the CPI (each March and September). Another concession, the Telephone Allowance, is indexed to the CPI once a year, in September.

[7] *This is the definition of housing stress used by Tanton et al (2013), The National Centre for Social and Economic Modelling (NATSEM)*

The effectiveness of Concessions in assisting low income and disadvantaged Territorians
This section of the report explores price rises in a number of key expenditure areas, including Transport; Domestic Travel Accommodation; Housing; Pharmaceuticals, Telecommunications and Utilities; and examines the range of Commonwealth and NT concessions related to these expenditure areas, which all play a role in assisting Territorians with cost of living issues. The majority of Northern Territory concessions fall under the NT Pensioner and Carer Concession Scheme (NTPCCS).

Changes in CPI (and other measurements of price changes) for specific expenditure areas over the past five years are compared with changes in the rates of concessions. The data is used to examine whether the adjustments which have been made to concessions have been keeping up with the price increases in these expenditure areas over the past 5 years, and therefore whether the concessions are maintaining their monetary value for the recipients.

The data used in the figures which follow, show percentage increases over the last five year period, but don't consider changes in eligibility criteria or rule changes regarding specific concessions, which might have had an impact on particular groups over this time. The percentage data also doesn't reflect whether concessions began at a low level in the first instance; and neither does the data reflect the dollar value changes in either the CPI or the concession/rebate change.

The following sub-sections will examine concessions in relation to specific cost of living areas, rather than by whom administers them, however, given that there is currently an NT Government review into the NTPCCS, there will be some specific comments and recommendations highlighted in relation to this scheme.

Specific Concessions in the Northern Territory: An Update

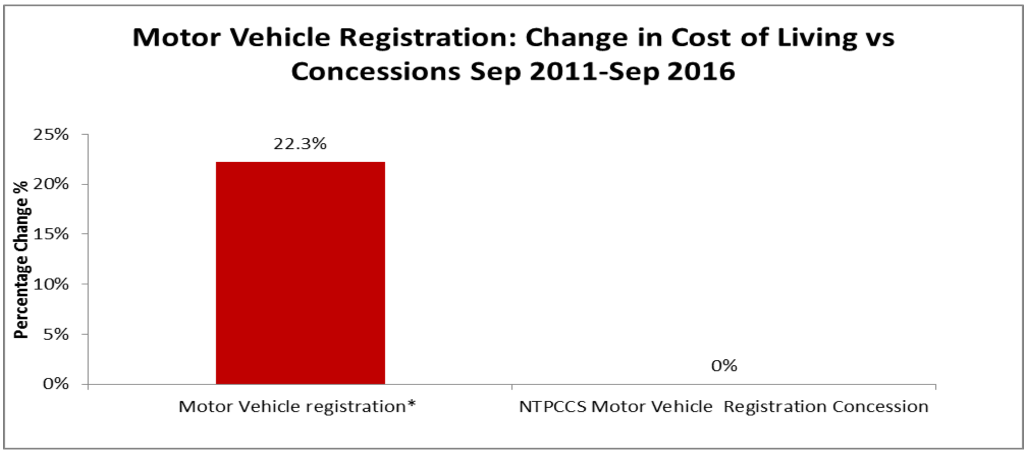
Transport Prices and Concessions

Several different transport subsidies are available to particular groups of people in the Northern Territory, depending on their circumstances.

Motor Vehicle Registration Concession

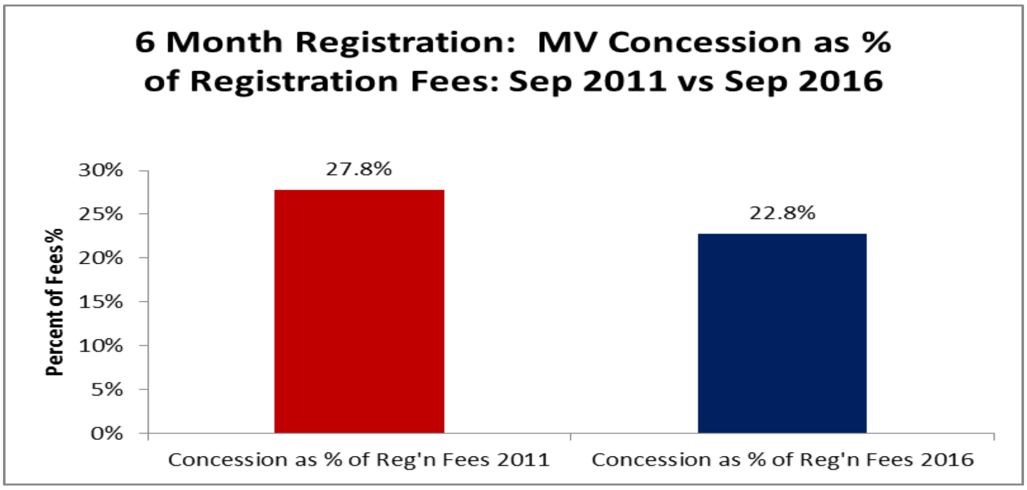
The Motor Vehicle Registration Concession provides for a $154 concession on the cost of 12 months vehicle registration or a $77 concession on the cost of 6 months registration. However this concession is not currently indexed. As there is no specific CPI category in relation to motor vehicle registration fees, an examination of registrations fees since July 2011 until Sep 2016 shows an increase in fees of 22.3% for a smaller vehicle (up to 1500ml, NT Government (2011, 2015d), which is more likely to be the size of car of a person on a low income. The figures are also based on the 6 month registration fee, as lower income households are more likely to pay 6 months at a time, rather than the 12 month up-front fee. For vehicles up to 3000ml, the increase in fees was 24.4%. Over the same five year period, the concession on motor vehicle registration hasn't increased at all.

Figure 7: Percentage Change in Motor Vehicle Registration Fee vs Concession b/w 2011 -2016



Source: MV Registration Fee data taken from NT Government 2011 and 2016f
NTPCSS Concession rates taken from NT Government 2009 and 2016e
NOTE – comparison is made with a vehicle 1001-1500 ml for 6 months registration

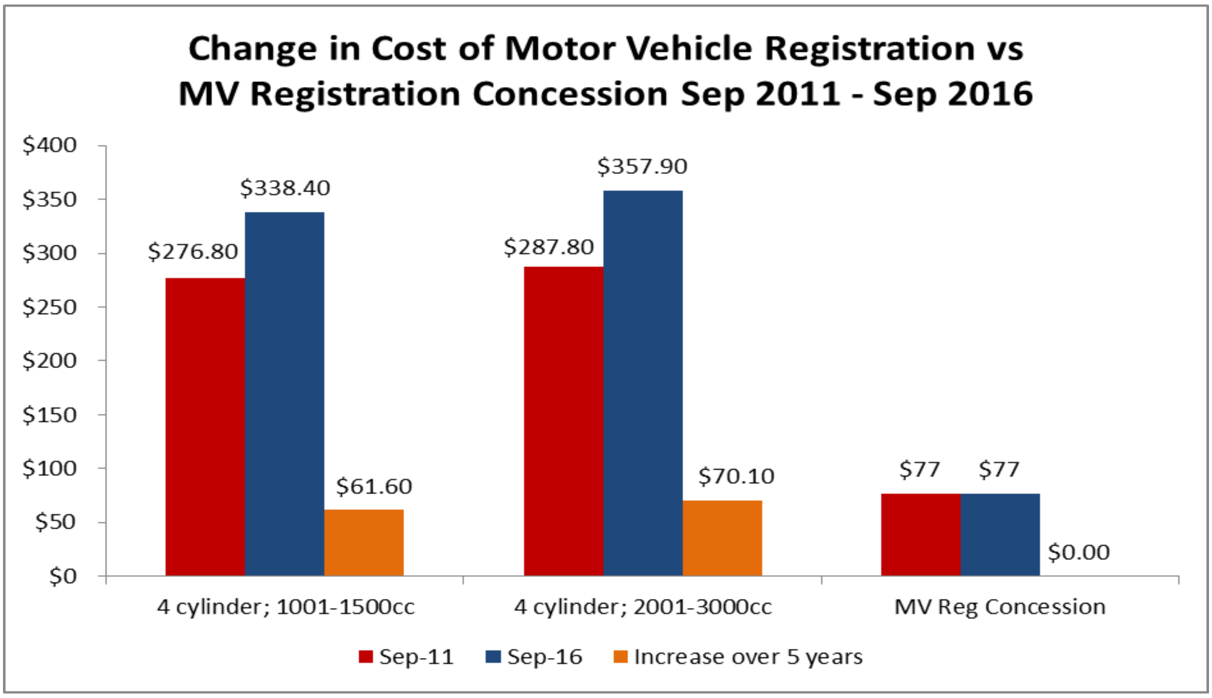
Figure 8: MV Concession as a percentage of Registration Fees comparing 2011-2016



Source: MV Registration Fee data taken from NT Government 2011 and 2016f
NTPCSS Concession rates taken from NT Government 2009 and 2016e
NOTE – comparison is made with a vehicle 1001-1500 ml for 6 months registration

The erosion of the value of the concession is also demonstrated by an examination of the concession as a proportion of the full bill payable (had the concession not applied) which has gone down from 27.8% to 22.8% between September 2011 and September 2016 (for a vehicle 1000-1500ml), as shown in Figure 8. In addition Figure 9 shows that the dollar value of the erosion of the $77 concession, illustrated by the increase in the cost of registering a vehicle in 2016 compared with 2011 - which has been a $61 rise for a small vehicle and a $71 rise for a larger vehicle. These increases have nearly eroded all of the value of the $77 concession over this period.

Figure 9: Change in cost of Motor Vehicle Registration Sep 2011 - Sep 2016



Source: MV Registration Fee data taken from NT Government 2011 and 2016f
NTPCSS Concession rates taken from NT Government 2009 and 2016e
NOTE – comparison is made with a vehicle 1001-1500 ml for 6 months registration

When we examine the concession and registration costs going back to July 2010 (after the concession was increased to $77 in July 2009) we find that the cost of registering a small vehicle has risen by $68.25; and for a slightly larger vehicle the increase has been $76.75 (just short of the value of the $77 concession) (NT Government 2010, NT Government 2016f). The value of the motor vehicle concession since it was last increased over 7 years ago, has been almost been completely wiped out by the subsequent price rises.

What is required is for the motor vehicle registration concession to be raised from the existing rates of $77 for 6 months, or $154 for 12 months, to a higher concession rate, given that the last increase was in 2009. In addition an indexation system needs to be put in place to ensure that each year the concession rises in line with the yearly increase in motor vehicle registration fees.

It is unclear why indexation has not occurred in the past, given that other concession areas e.g. utilities are indexed in line with price rises. Had the concessions risen in line with the fees increases over the last six years the concession rates would be currently around $96 for six months and $192 for 12 months (which would reflect the percentage value of the concessions in relation to registration fees in 2010 (28.5%, and 28.9% respectively).

NT Taxi Subsidy Scheme (NTTSS)

The NT Taxi Subsidy Scheme (NTTSS) is intended to assist with transport needs, but is not intended to meet all transport costs and provides a subsidy of 50% of a taxi fare. Since 2008, when administration of the NTTSS has sat with the Department of Transport, the maximum yearly subsidy limit was indexed at the start of each new financial year until the 2011/12 year (NT Government 2015c, p.1). There were no further increases again however, until mid-2015.

In January 2015,the Department of Transport shifted from the 'basket of costs' method to adopting CPI as the method of calculating taxi fare increases, and a decision was made to align the NTTSS increases with taxi fare reviews – meaning there would be two year reviews in line with the CPI September quarter figure as a measure. The review process also involves examining the percentage of NTTSS recipients who use up all of their taxi subsidy allocation before the end of the financial year (Source NT Government 2015i).

In July 2015 the Northern Territory Government announced a 6% increase in the yearly amount of allocations for the various categories of the NTTSS, and also announced that the scheme would be be reviewed every time any increase in taxi fares is approved (NT Government, 2015e). This effectively meant that the NTTSS will be reviewed yearly, in line with each taxi fare review – based on the September CPI figures each year (NT Government 2016g).

NTCOSS also understands that during some recent periods, only a very small percentage of NTTSS recipients had used their full allocation before the end of the financial year, which is why decisions were made that there was insufficient cause to increase allocation levels for the 2012/13-2014/15 years.

In principle, this percentage based method for allocating subsidies is a good one, as the subsidy automatically adjusts to changes in prices, however, as any price rises in taxi fees occur, passengers will also have to pay an increased amount in their 50% contribution (as outlined in the section on Percentage Based Concessions on p.20 above).

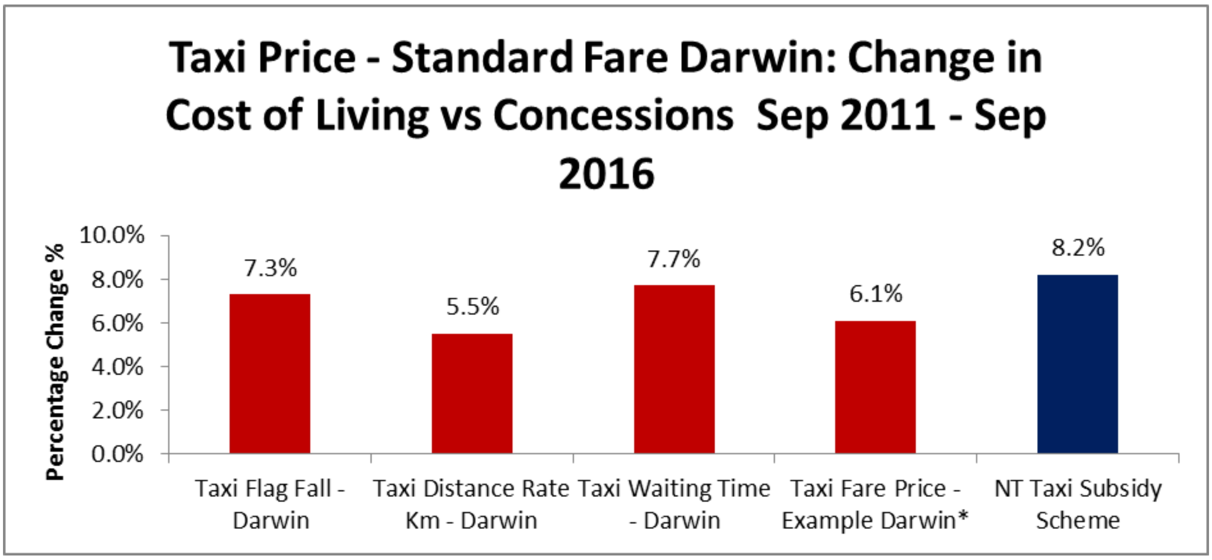
Figure 10 shows a comparison of taxi fare price changes between September 2011 and September 2016 in relation to the three components of the taxi fare structure (Note: there is not a separate CPI sub-category for taxi fares). Figure 10 also includes a percentage figure for the increase in an sample taxi fare for the same period, as the three cost components of a taxi fare (two of which are variable) don't allow for a direct comparison with the percentage change in the NTTSS. The taxi fare figure used is based on a 10 km taxi fare in Darwin.

Given that each taxi fare will be slightly different depending on distance travelled and waiting time, there will be some slight variations in costs, but the 10 km taxi fare example shows the rise in the NTTSS over the past five years, is slightly above the rise in the Darwin taxi fare charges.

Given that the NTTSS is a percentage based scheme, such that the contribution of the subsidy rises with the rising taxi fare, it means that the NTTSS can help recipients keep up with cost of living increases. Given that any increase in taxi fares does also involve the passenger contributing more towards the cost of the trip, this issue is an important consideration for future reviews of the various allocation levels for the NTTSS scheme.

While the increase in taxi fares in recent years have not been huge (around 6% over the past 5 years), a sudden 10% increase in taxi fares on a $40 return taxi fare would see prices rise to $44 adding $2 per trip to the contribution a passenger must make. For a passenger under the Category B allocation, who can make 91 such round trips per year, this would add $182 to their yearly taxi expenses, which may be a significant additional expenditure for an individual on a limited income.

Figure 10: Changes in Darwin Taxi Rate Charges and NT Taxi Subsidy Scheme b/w Sep 2011-Dec 2016



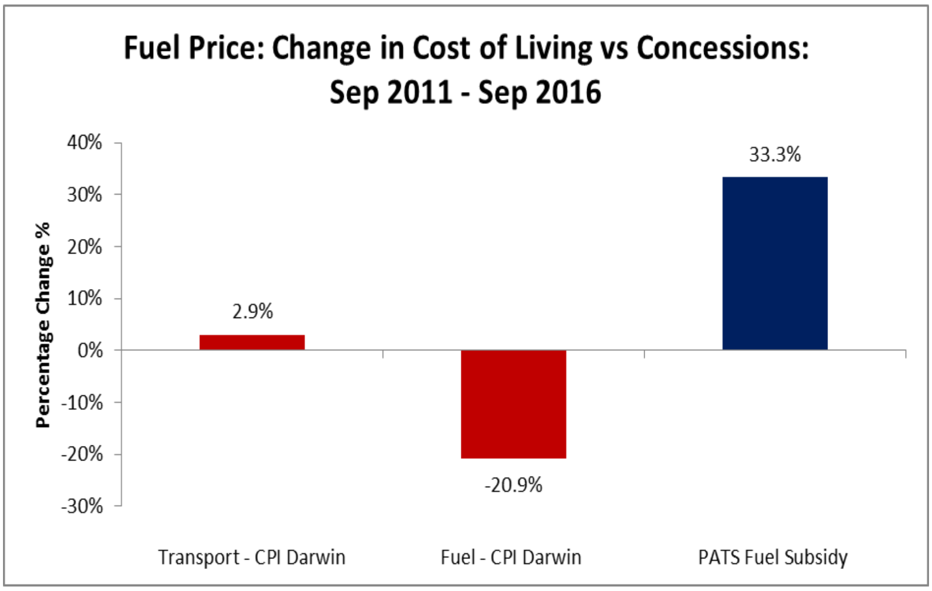
Source: Taxi Fare Calculator 2011, NT Government 2015i; 2016c and 2016g.

Note: The example used of the 10.2 % increase in the Taxi fare Price (Darwin prices) is based on a 10 km trip, with a total waiting time of five minutes. *See also Explanatory Notes 5.2.*

The 8.2% figure used for the NT Taxi Subsidy Scheme increase used in Figure 10, is the rate increase figure for Categories B, and B – MPV, and D (Note: The increase for Category C was 8.1%, and Category D was 8.3%+ (Category A recipients all receive different amounts above the Category B level).

In setting the most appropriate method for indexing taxi subsidy allocations in the future, NTCOSS believes that consideration must be given to the possibility that some NTTSS recipients may be frugal with their taxi subsidy usage in order to ensure that have enough in their allocation to stretch out across the whole financial year, and the 'real need' may not always be reflected in figures on numbers of people who use up their allocation prior to the end of the financial year. This issue has been raised in the past by community sector representatives in the aged and disability sector. In particular, some service users have stated that because of episodic as well as scheduled medical appointments, they tend to be very careful with their use of the NTTSS for that reason (keeping part of their allocation in store, just in case). **Engagement with NTTSS recipients and disability advocacy and support organisations could assist in understanding subsidy usage and demand, and for help in framing future allocations levels.**

Patient Assistance Travel Scheme
Figure 11: CPI Fuel changes and PATS Fuel subsidy Sep 2011 - Sep 2016



Source: ABS 2016d Data 5; NT Government 2013b and 2016i

The PATS fuel subsidy was increased in September 2013, contributing to the 33% in the PATS fuel subsidy over the last five years. Given the dramatic reductions in fuel prices over recent years, the increase in the fuel subsidy compares well at the moment.

The changes in the PATS system, introduced in September 2013, which now also provides a fuel subsidy for people who have to travel more than 400km cumulatively in one week for renal or oncology treatment (NT Government 2014) has been a very positive development. This means that residents from places like Ltyente Apurte (approximately 90 km from Alice Springs) or Ntaria (approximately 140 km from Alice Springs), who travel in three times per week for dialysis treatment, can claim a subsidy (NT Government, 2014). Prior to these changes, such patients were deemed ineligible, because they lived less than 200 km from a major hospital.

The subsidy rate for PATS ground transfer allowance was also increased in September 2013, meaning that there has been a 25% increase, since September 2011, which is above the rise in urban transport fares (21%) over the last five years, and also above the approximately 6.1% rise in taxi fares highlighted in the previous section (see Figure 10 above).

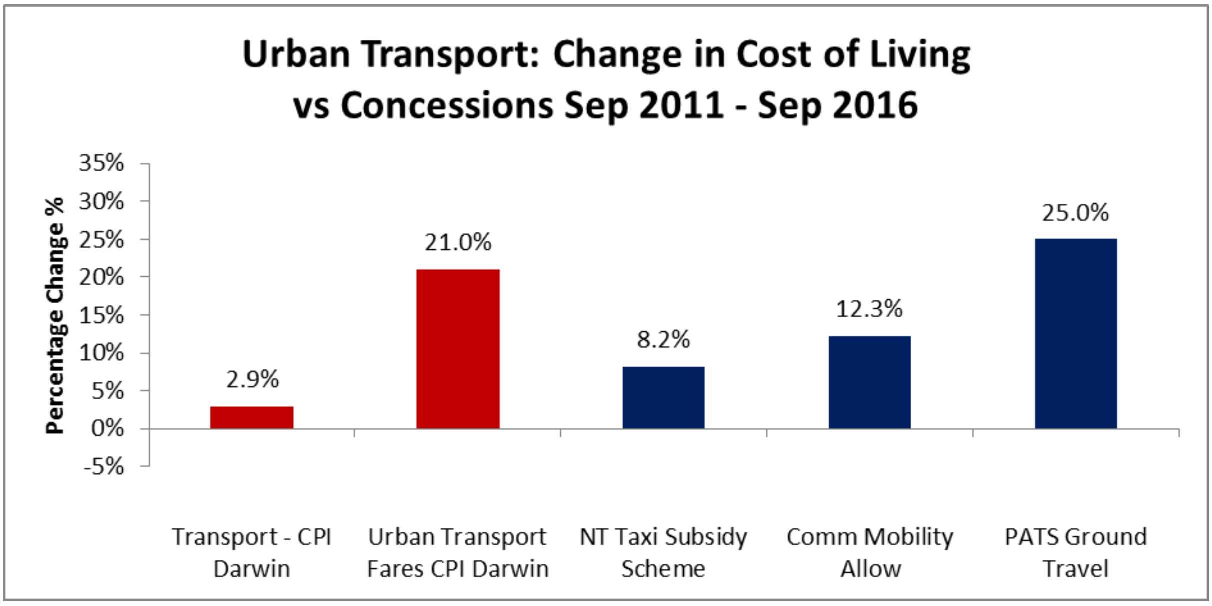
Despite the fact that currently the fuel subsidy and the ground transfer allowance are tracking quite well in relation to the price changes in the corresponding cost of living area, with these types of (flat payment) concession there is invariably a lag, followed by catch up, followed by another lag period. As SACOSS (2014, p.7) has pointed out, "This means that those people reliant on these payments are having to constantly agitate for increases to the schemes just to keep pace with prices – with mixed success" (SACOSS 2014, p.7). Therefore, NTCOSS believes that consideration needs to be given to implementing an indexation component so that adjustments are made when significant price changes occur. This could be monitored through a yearly review process.

The Commonwealth Mobility Allowance increased by 12.3% over the same period and is indexed yearly Centrelink 2015 and 2016a), meaning that there isn't the lag that other concessions face, and so it has some chance of keeping up where prices are rising. The mobility allowance has generally kept pace with, and more recently risen above the Transport CPI for Darwin (2.3%) since September 2011; and is clearly above the CPI for fuel (-20.9%) at the end of the five year period (due to the dramatic decrease in fuel price over the last few years); though it has lagged behind the CPI for Urban Transport (21%) (ABS 2016e, Data 5).

The Mobility Allowance is designed to assist people with a disability (aged 16 or older) "who cannot use public transport without substantial assistance, and who are required to travel to and from their home for work (including volunteering), study, training or job seeking. It is therefore more likely to cover fuel costs or taxi fares, so a specific comparison with public bus fares is less necessary; however the CPI category 'Urban transport fares' includes both public transport and taxi fares – so a direct comparison with rises in taxi fares based on CPI figures is not possible. The Commonwealth Mobility Allowance, however, appears to have kept pace with the rises in Darwin Taxi Prices (see Figure 10 above). While it has not kept pace with all price rises, at least a system of annual increments is in place.

Note: The urban public transport category includes both taxi and public buses, so there is no separate category for either taxis or public buses

Figure 12: CPI changes and concession increases, Urban Transport, Sep 2011 – Sep 2016



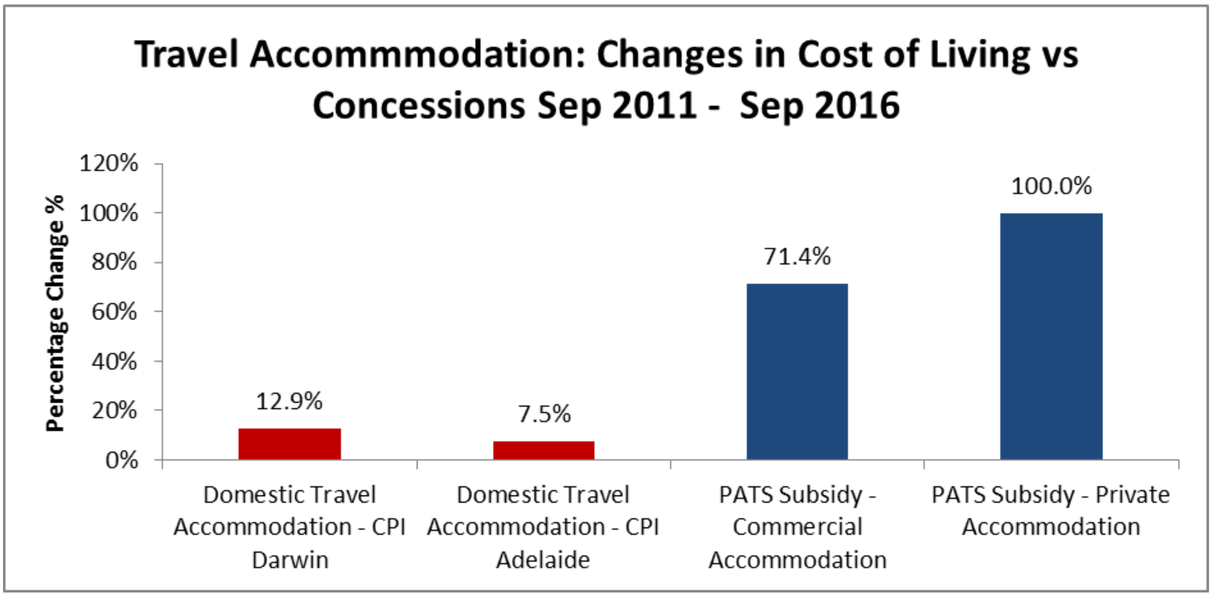
Source ABS 2016e Data 5; Centrelink 2011 and 2016a; NT Government 2013b, 2015i, 2016g and 2016i.
Note: Urban Transport Fares refers to: Bus, train, ferry, tram and taxi fares, not for holiday travel (2011e)

Note: While not reflected in Figure 12 above, the concession rate of bus fares for NTPCCS recipients using the public bus system is $1. This rate rose on 1 January 2013, having previously been free for NTPCCS recipients since 2009 (NT Government 2013a; NT Government 2015b). (See further discussion on Public Transport below).

Domestic 'Travel Accommodation' and Concessions

Two types of travel accommodation concessions are available for people (and escorts if applicable) who meet the PATS eligibility criteria to access specialist treatment interstate or intrastate. These are the PATS commercial accommodation subsidy and the private accommodation subsidy.

Figure 13: CPI changes and Concession increases, Travel Accommodation, Sep 2011- Sep 2016



Source: ABS 2016e Data5; NT Government 2013b and 2016i

Note: Domestic Travel Accommodation refers to CPI Category of: 'Domestic Holiday Travel and Accommodation'

The PATS commercial accommodation subsidy is also a flat rate concession, and increased from $35 per night to $60 per night in September 2013 (NT Government 2013), making it the highest patient travel accommodation subsidy nationally. The percentage change over the last five years has well outstripped the CPI for domestic travel accommodation for both Darwin and Adelaide during this time, as shown in Figure 13. (Adelaide is often a required destination for NT patients).
The private accommodation subsidy had a 100% increase from $10 to $20 in September 2013

It must also be borne in mind with both of these subsidies that they are not indexed, and they are subject to a more ad hoc periodic review, and there may not be another increase (particularly of these magnitudes) for quite some time.

While the $60 per night commercial accommodation subsidy covers the cost of accommodation available in some hospitals, and in Aboriginal Hostels (which have the added bonus of providing 3 meals a day) and other hostel accommodation - the reality is that these options are not always available or appropriate for all patients in all situations. There are times where people have to stay in more expensive commercial options.

In addition, even though the commercial accommodation subsidy is currently keeping pace with price rises, the reality is that accommodation prices are likely to keep rising over time, while the subsidy remain the same, until next reviewed, because there is not a regular indexation system in place. Reviews of the PATS system, however, have not been very regular. NTCOSS believes that there needs to be a yearly review of the PATS accommodation subsidies, and for an indexation component (yearly indexed) to be built into all subsidy rates.

There are also other factors to be considered when the more expensive commercial options are used, as generally meals are not provided and the accommodation may not be as central to the Hospital or Health Service where the specialist(s) are based. This can create challenges and barriers for people who are elderly, and who may have English as second language, and who may also have mobility issues.

Another issue, which is outside the scope of the PATS scheme, but nonetheless impacts on patients, is the lack of adequate parking at major hospitals (such as in Darwin and Adelaide) if they have chosen to drive intrastate or interstate to access medical treatment.

Public Bus Service

The public bus service in the NT has a two tiered price system, where standard fares are $3 (for up to three hours use); while pensioners and health care card holders receive a $2 discount, being charged a $1 fare (NT Government 2015b). This system has been in place for several years now, and at the moment provides a low cost transport option in the regions where public bus services actually exist – as long as people live close enough to a bus stop to utilise the service.

From 1 January 2013, the NT Government increased general urban public bus fares by between 25 and 50%, and also brought in a charge for Concession Card holders, who had previously travelled for free. The $1 for Concession Card holders to travel for 3 hours still constitutes cheap public transport, and the concession bus fares are still quite low in comparison with fare rates in other jurisdictions. The concession fare represents a discounted price rather than being a percentage based concession (NT Government, 2013a).

While a generous concession, the reduced bus fare concession can only be accessed in Darwin, Palmerston and Alice Springs, as these are the only areas where the Government contracts a public bus service provider. While Tennant Creek now has a fixed route town bus service, run by a local not-for-profit transport group (Tennant Creek Transport Inc.), the NTPCCS public bus concession rate does not apply to this bus service. NTCOSS encourages the NT Government to enter into dialogue with Tennant Creek Transport in an effort to develop a system whereby there is equity for Tennant Creek based NTPCCS recipients in accessing transport at a lower price.

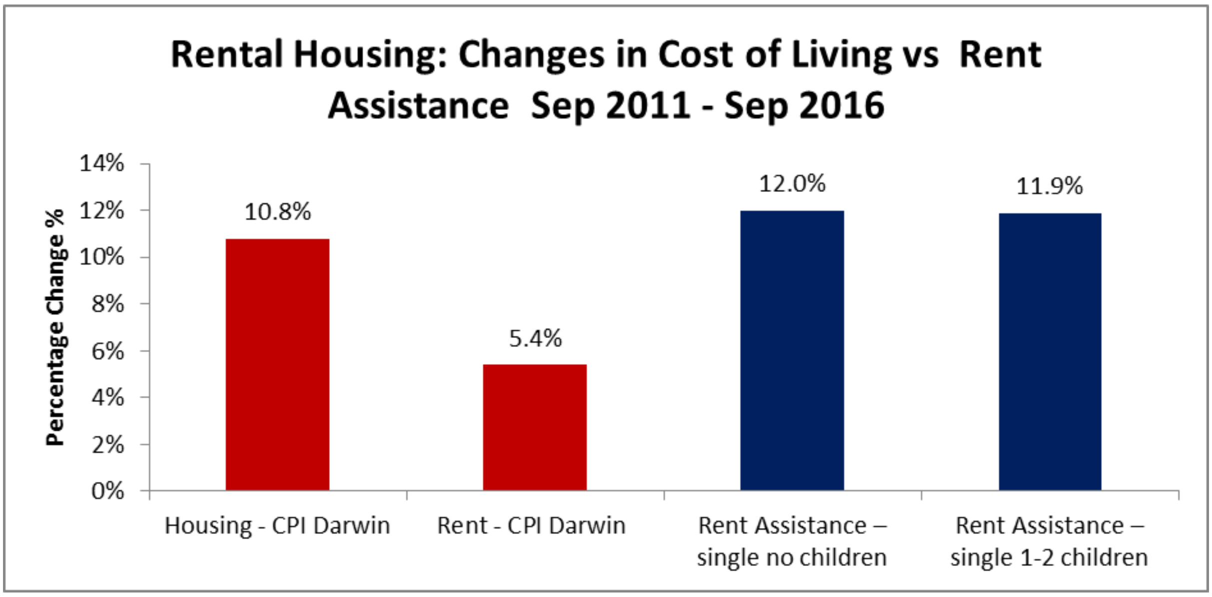
Housing and Rent Assistance
Commonwealth rent assistance has risen at a higher rate than rent price increases in Darwin over the last 5 years – due to decreases in the CPI for rents in Darwin in each of the last 7 quarters since March 2015, as shown in Figure 14.

This means that at the moment the percentage increase in the Rent Assistance payments (which designed to ease the cost of living pressures for low income households who are renting), is keeping pace with the percentage increase in the cost of renting a property in Darwin. It hasn't always been this way, and if rental prices climb again, the Commonwealth Rent Assistance may again lag behind the price rises in rental properties. The percentage increases in Rent Assistance, however, do not tell us about the dollar increase in both rent and Rent Assistance, and nor does the maximum level of rent assistance cater for regional differences in rent prices.

The NT has had historically high rental prices and while there has clearly been some recent improvement in rental affordability in the NT over the past year or so, the NT is still the second least affordable jurisdiction in the country in which to rent a property (REIA 2016, p.3), having been the least affordable jurisdiction as recently as in December 2014. The NT proportion of income required to meet rental payments was 25.1% in June 2016, above the national average of 24.8% (REIA 2016, P.3).

NTCOSS (2013, p.12) has previously identified the need for the Commonwealth Government to index Commonwealth Rent Assistance payments to match rental prices – taking into account regional differences, so payment can be more effective long term in terms of reducing housing stress on low income renters.

Figure 14: CPI changes and Rent Assistance increases, Rental Housing, Sep 2011 - Sep 2016



Source: ABS 2016e Data 4; Centrelink 201 and 2016a.

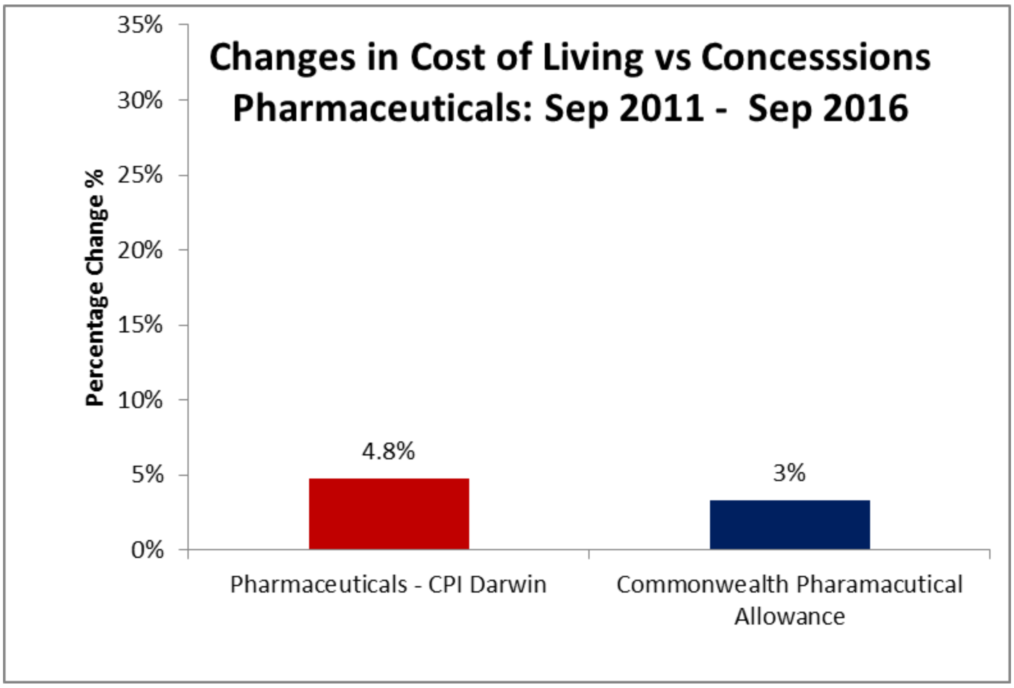
Pharmaceuticals and the Commonwealth Pharmacuetical Allowance

The Commonwealth Pharmaceutical Allowance payable to selected households, including parenting payment (single) recipients, if under pension age, and some Allowance recipients, if they have a temporary incapacity to work or a partial capacity to work

As Figure 15 shows, comparing the rate from five years ago, with the 2016 rate, overall the Pharmaceutical Allowance has not kept up with the CPI increases in pharmaceutical products in the NT, over the last 5 years.

It is unclear when indexation is next due – but the allowance rate has not increased since March 2012. In fact it has only been increased twice since March 2011. For pension recipients, this allowance is built into their pension payment automatically.

Figure 15: Comparison of CPI changes and concession increases, Pharmaceuticals, Sep 2011 - Sep 2016



Source: ABS 2016e Data5; Centrelink 2011 and 2016a.

Telecommunications and the Commonwealth Telphone Allowance

The Commonwealth Telephone Allowance (TAL) is a quarterly payment, paid through Centrelink to eligible beneficiaries and is designed "to assist with the cost of maintaining a telephone service—however, it is not paid to assist with the cost of telephone calls".

The allowance available for "telephone subscribers who receive the Disability Support Pension and who are aged under 21 years without children and to Parenting Payment (Single) recipients who are under age pension age. The TAL is also paid to telephone subscribers who receive certain social security allowance payments and are in specific circumstances". (Centrelink 2016, p.32).

There are two different rates of payment for the TAL, with the higher rate paid for home internet subscribers. The allowance "is shared between both members of an eligible couple". (Centrelink 2016a, p.32). The current rates of the Telephone Allowance are as follows:

Table 5: Change in rate of payment of Telephone Allowance b/w Sep 2011 - Sep 2016

Yearly Rates	2011	2016	% change b/w Sep 2011 – Sep 2016
Base Rate of TAL	$96.80	$111.20	14.9%
Higher Rate of TAL	$145.60	$165.60	13.7%

Centrelink 2011 and 2016a

The TAL was initially established when a landline was the only option available for households The developments over the past couple of decades in terms of mobile phone and internet communication devices and services means that there are now a suite of telecommunications options available – and being connected to these has increasingly become essential in terms of accessing essential services like Government services (Centrelink, Taxation - which has in a large part been driven by government requirements) as well as banking and communication for work and home life – and for remaining connected with society. The TAL has not been modified to reflect the current realities in terms of communication needs.

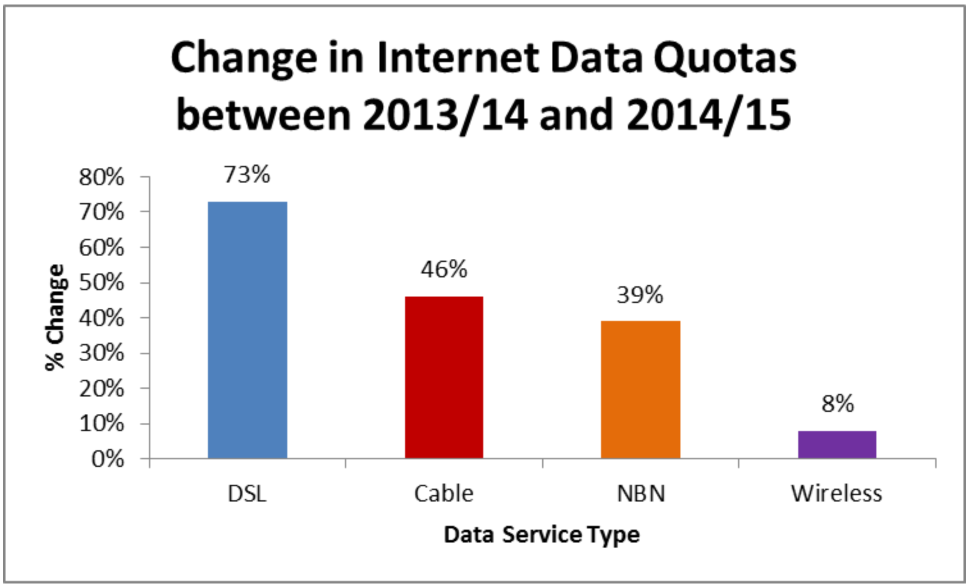
The fact that the TAL is designed to predominantly assist with the maintenance of a telephone service, and not call costs, does not reflect the reality of modern life where people may have a mobile phone and internet service – and not necessarily a landline. The base rate of the Telephone Allowance, however, does not cover any of the costs associated with either of these devices.

Rapid growth in the usage of Telecommunications Services

It is well established that there has been a significant increase in the use of telecommunication services in recent times (reflected, for example, in the increase in data usage). It is also clear that the Telephone Allowance is financially inadequate to address the reality of cost of living pressures brought about by telecommunications services expenditure; and nor is it structured in a way that reflects the reality of telecommunication services used in 2016.

The Australian Competition and Consumer Commission (ACCC) (2016), provides data on a yearly basis that shows a breakdown of patterns of use and changes in costs for a range of communication types. Figures for 2014/15 show that over the past year alone. While NTCOSS does not have access to figures to make a 5 year comparison, the ACCC figures for the past year show that Internet data quotas increased significantly with DSL services increasing by 73%, cable services by 46%, and NBN services by 39% services, and wireless services only increased by 8 – as shown in Figure 16 below. In relation to mobile phone services, mobile data quotas increased substantially for the same reporting period.

Figure 16: Change in Internet Data Quotas between 2013-14 and 2014-15



Source: Figures derived from: Australian Competition and Consumer Commission (2016, p.73)

The price data which is published by the Australian Competition and Consumer Commission (2016) provides a breakdown of price movement across a number of communication service types, and shows that, "…overall prices for telecommunications services were relatively stable in 2014–15, falling in real terms by 0.5 per cent (Fixed line voice service prices fell l by 1.6% overall, mobile prices increased by 0.2% overall, and internet service prices decreased in real terms by 1.3 % (Australian Competition and Communication Commission, 2016, p.73).

The CPI for telecommunications decreased by 10.8% between September 2011 and September 2016, however, this figure is a subset of the Communication figure, and is not further disaggregated. **It must be kept in mind, however, that just because prices have fallen, it does not follow that expenditure will necessarily have dropped, because the usage of services has increased at such a rapid rate in recent years.** NTCOSS plans to look at the issue of telecommunications expenditure in the NT in greater detail in 2017, when the next household Expenditure Survey 2015/16 data becomes available.

While the TAL is indexed annually, the payment rates are so low ($2.14 per week for the base payment and $3.18 for the higher rate) that a comparison of the rate of growth in the allowance, compared with the change in costs of the related telecommunication services would be meaningless.

One other significant issue with the TAL is that it is poorly targeted. The higher rate of the TAL is paid to those on the higher Centrelink benefits – such as pension and carer payment recipients, while recipients of Newstart ($168 per week lower than the pension) and Youth Allowance (216 per week lower than the pension) receive the lower rate or no TAL at all (Ogle & Musolino 2016, p.23) 2016). Ogle & Musolino (2016, p.23) also highlighted that less than half of the respondents to a survey they conducted on the TAL were satisfied with the rate of payment, with an increase to $60 per quarter ($240 per year) being "the lowest figure where the majority of survey respondents believed that it would make a difference to affordability"). NTCOSS believes that, along with better targeting of the TAL to assist people receiving the lowest payments, the base payment needs to be increased so that it can make an effective contribution to reducing cost of living pressures caused by the need for households to access a range of telecommunication products and services.

Oral Health Services in the NT
The Northern Territory Government's "Oral Health Services NT" provides quality oral health services to Territorians.

Services for Adults
Adults with a Centrelink Pensioner Concession Card or Health Care Card are eligible for free dental services, however, the high demand for services means that waiting lists can apply. "Patients are prioritised based on their clinical need and those with the most urgent problems will get priority".

Services for Children and Adolescents
Free dental services are provided from birth to 18 years of age through school-based clinics, community clinics and mobile services. Oral Health Services NT participates in Medicare Child Dental - see below (NT Government 2016.

Medicare Child Dental Benefits Schedule

Medicare Child Dental provides financial support for basic dental services for children aged between 2 and 17 years, on any one day of the calendar year, as long as the family receive certain government benefits such as Family Tax Benefit Part A for at least part of the calendar year, and are also eligible for Medicare. The benefits for basic dental services are capped at $1,000 per child over 2 consecutive calendar years. If all of the $1,000 benefit is not used in the first year of eligibility, it can be used in the second year if the child remains eligible. Remaining benefits cannot be used after the end of the second year (Australian Government, 2016c).

Specific concessions for families with children school age or younger
The following concessions (not means tested) are available to families with children in the NT.

Back to School vouchers
The 'Back to School' voucher payment provides financial assistance to parents and guardians for each child they have enrolled in a NT government or non-government Territory school or preschool or for each child registered for home-schooling. The payment provides students with an entitlement to receive educational items (purchased from the school only) in Term 1 of each school year to the value of $150 (NT Government, 2016l).

Sports Vouchers
"The Sport Voucher Scheme is available to every school-enrolled child from preschool to year 12 and home-schooled children. Children living in an urban area will automatically receive two $100 sport vouchers each year from their school, one in January and one in July, for sport, recreation and cultural activities", which can be used 300+ registered sport, recreation and cultural activity providers (NT Government, 2016m).

Learn to Swim Vouchers
'Learn to Swim' vouchers are available for children under five years old and not enrolled in preschool or school. Children can receive two $100 vouchers each year (NT Government, 2016m).

Utilities and Concessions

"Energy concessions are delivered to address access to energy for people on low-incomes, people relying on medical equipment and people who have additional energy needs due to thermo regulatory illness", and are "a significant arm of the consumer protections in Australia's domestic energy markets" (ACOSS 2014).

The NT Government provides electricity, water & sewerage concessions to a large number of households, through its NT Pensioner and Carer Concession scheme (NTPCCS). It covers permanent residents of the NT who hold a valid concession card issued by Centrelink, or the Commonwealth Department of Veteran Affairs, or carers in receipt of Carers Allowance from Centrelink.

In addition, since May 14 2014, individuals who have a health care card (low income) and meet all other eligibility requirements, are able to access the Scheme, including electricity, water and sewerage concessions (NT Government, 2016j). The Department of Health reviews electricity, water and sewerage concessions annually. The review occurs when Power and Water Corporation and Jacana advise of tariff rate changes, which are generally implemented on January 1 of each year.

Some people in the NT can access the Commonwealth Utilities Allowance through Centrelink, which is a small quarterly payment made available to a narrow pool of recipients and is $608 per year currently. Those eligible for this allowance are recipients of Widow Allowance and Partner Allowance who are under age pension age, and Disability Support Pension recipients who are aged under 21 years without children (see Explanatory Note 5.9 for more information). Given that very few people on the NTPCCS would receive this concession, therefore the main focus here will be on the Territory based utilities concessions.

The NT Electricity Rebate model has two components, comprising of a flat discount (currently $1.268 per day) taken off the fixed daily charge, as well as a discount off the variable component ($0.091 per kW/h of usage). The rebate model for water is structured in the same way with a flat discount ($0.956 per day) taken off the fixed daily charge, and a discount taken off the variable component ($0.953 per kL of usage). Both discounts are increased at the same time as the annual increase in the regulated residential energy price, and have been in place since changes were made to the concessions in 2009. There is a flat discount taken off the fixed daily sewerage charge as well ($1.323 per day).

Since March 2009, the NT Government have indexed electricity, water and sewerage concessions "in line with tariff increases, to ensure that no member of the Scheme is worse off as a result of tariff increases" (NT Government, 2016j).

A comparison between the 2011 tariff and concession levels and the current 2016 tariff levels and concessions is shown here to demonstrate the percentage change in each component of utilities charges and concessions, over time.

Table 6: Comparison of utilities charges and concessions over time in the NT: Sep 2011- Sep 2016

		Utilities Charges			Concessions		
		As at Sep 2011	As at Sep 2016	% change b/w 2011 -2016	As at Sep 2011	AS at Sep 2016	% change b/w 2011 -2016
Electricty	Fixed Daily Charge	$0.3898	$0.5035	29.2%	$1.190	$1.268	6.6%
	Per kWh	$0.1977	$0.255399	29.2%	$0.524	$0.091	73.7%
Water	Fixed Daily Charge	$0.5407	$0.8029	48.5%	$0.815	$0.956	17.3%
	Per kL	$1.2946	$1.9226	48.5%	$0.623	$0.953	53.0%
Sewerage	Fixed Daily Charge	$1.684098	$2.12596	31.4%	$1.035	$1.323	27.8%

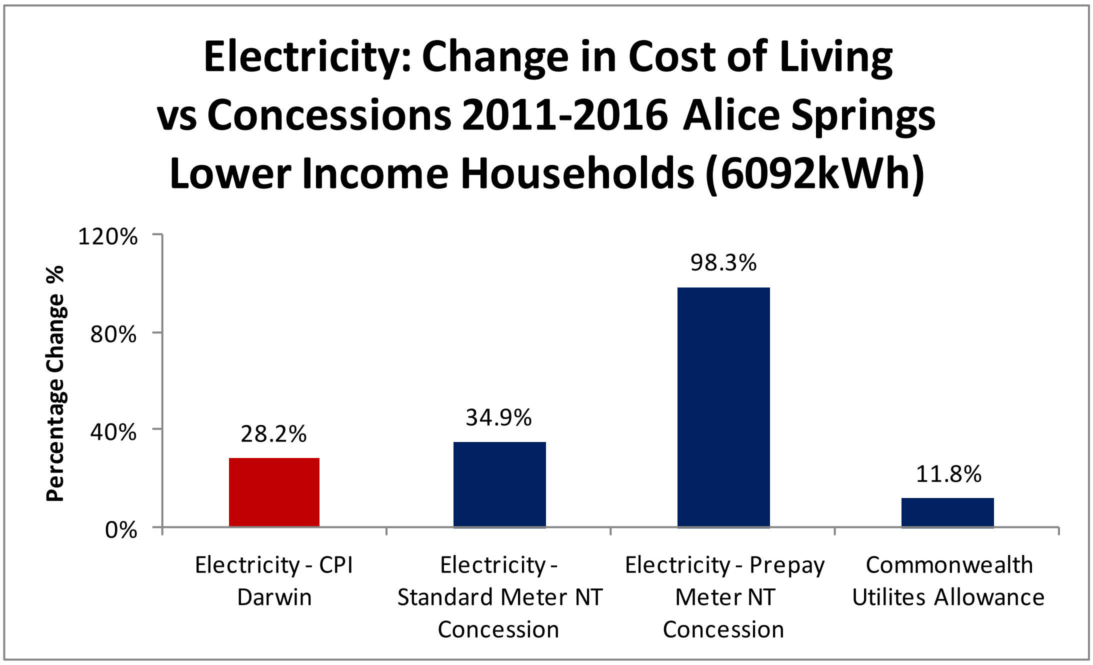
The fact that there are two components to both the charges and concessions for electricity and water makes it hard to do a direct comparison of the growth rate in charges and concessions.

While the electricity tariff (both components) increased by 29.2%, the concession on fixed daily charges rose by 6.6%, and the concession on the per kilowatt hour charge rose by 73.7%. There is a similar story for water. With the sewerage charges and concessions, it is straightforward as there is only a fixed daily charge – which increased by 31.4% over the last five years, while the rise in the concession has not quite kept up, being at 27.8%.

Every household's consumption rate and therefore utilities bill are going to be different, so in order to demonstrate the actual difference made by the NTPCCS concessions, calculations based on some different scenarios of consumption figures are used here, to demonstrate the impact of the concession scheme. Three examples are provided here to reflect costs for a 'lower income'* household scenario (in Alice Springs) as well as average household consumption figures for both Darwin and Alice Springs.

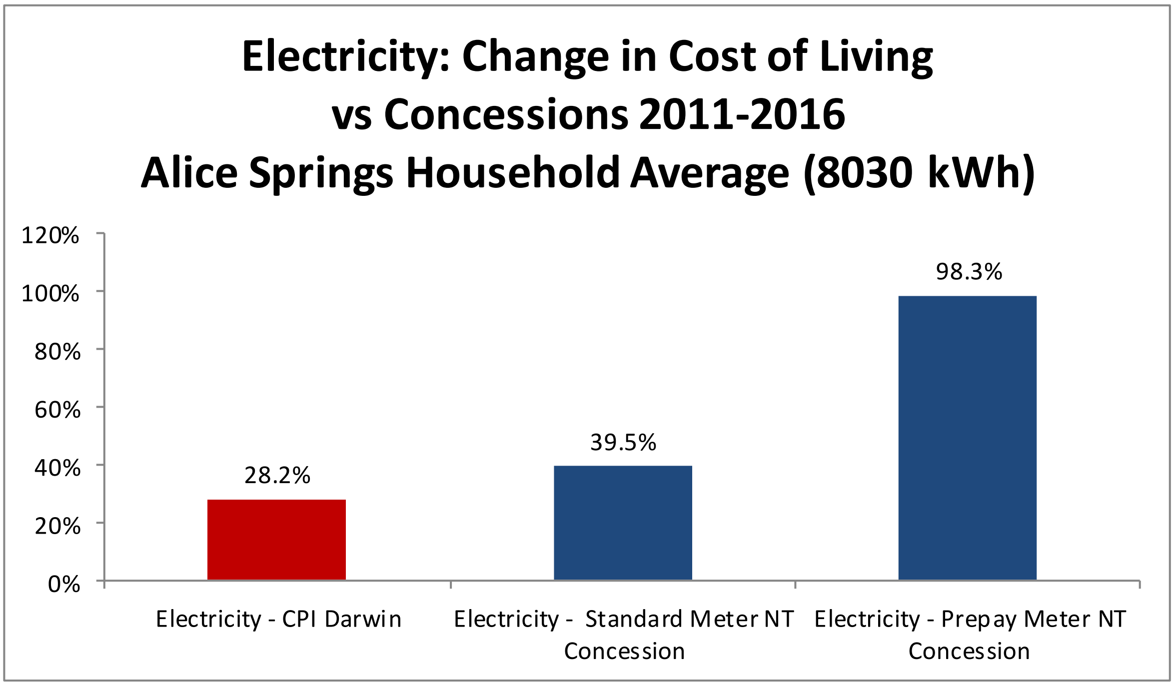
**See Explanatory Note 5.8.4 for methods for calculating each of the consumption figures used in these scenarios, and rationale for figures chosen to represent the lower income households.*

Figure 17a: Comparison of CPI changes and concession increases, Electricity, Sep 2011 – Sep 2016 Alice Springs Lower Income Household Consumption - 6092 kWh.



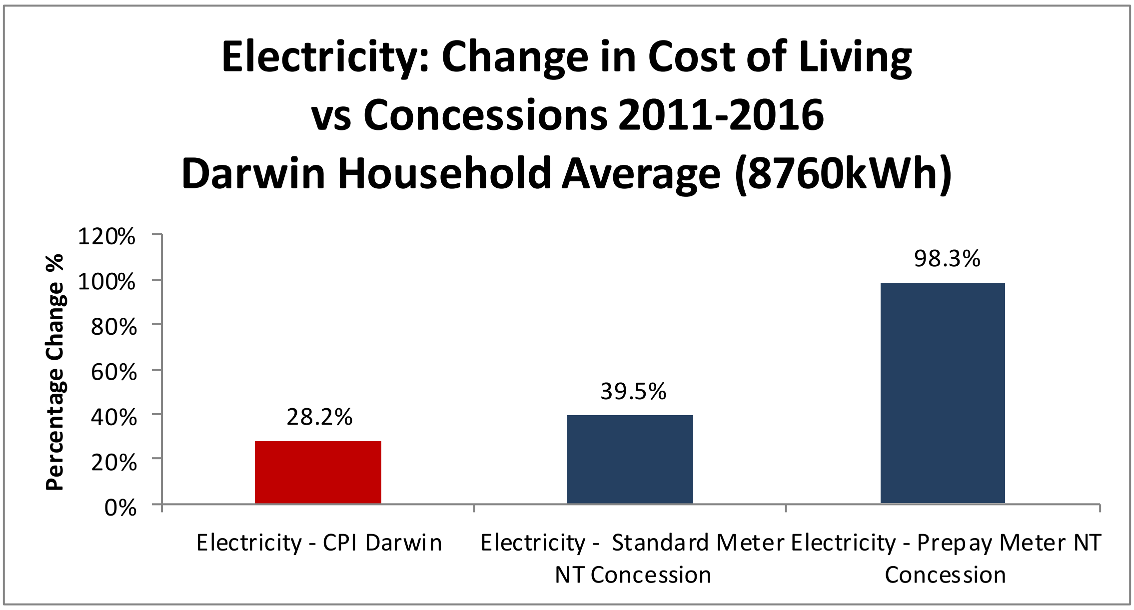
Source: ABS 2013, 2016e Data4; Power and Water Corporation 2011 and 2016a; Jacana 2016; NT Government 2015f and 2016e; Centrelink 2011 and 2016a. For calculation of lower income electricity consumption figure see Explanatory Notes 5.8.4

Figure 17b: Comparison of CPI changes and concession increases, Electricity, Sep 2011 - Sep 2016 Alice Springs Average Annual Household Consumption - 8030 kWh.



Source: 2016e Data 4; Power and Water Corporation 2011 and 2016a; Jacana 2016; NT Government 2015f and 2016e.

Figure 17c: Comparison of CPI changes and concession increases, Electricity, Sep 2011 - Sep 2016 Darwin Average Annual Household Consumption - Electricity 8760 kWh.



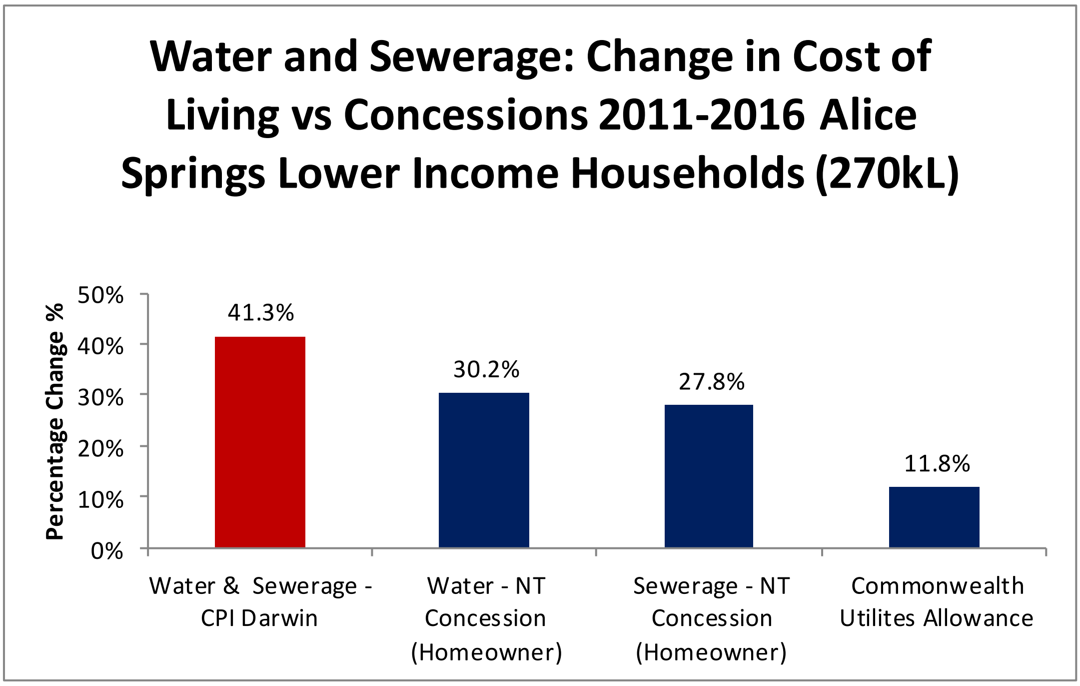
Source: ABS 2016e Data 4; Power and Water Corporation 2011 and 2016a; Jacana 2016; NT Government 2015f and 2016e.

The above graphs highlight two main issues. Firstly they show that the greater the electricity consumption the greater the level of concession a customer will receive, as there is currently no cap imposed on the level of concessions payable. **This is an important factor that the NT Government may need to consider in its review into the NT Pensioner and Carer Concession scheme, in order to ensure the scheme's sustainability well into the future (see further discussion below).**

Secondly, the figures above also demonstrate that the percentage increase in the NTPCCS scheme for electricity is currently more than keeping up with the percentage increase in the CPI for electricity; however this is only half of the story, as the CPI for electricity relates to a much higher starting base figure, as electricity bills are generally much higher than the concession payable to a customer. What is important is to examine how much more (or less) out of pocket a NTPCCS customer is, comparing the actual charges paid between 2011 and 2016 (using the same consumption level figures), which Figures 19a-d below demonstrate.

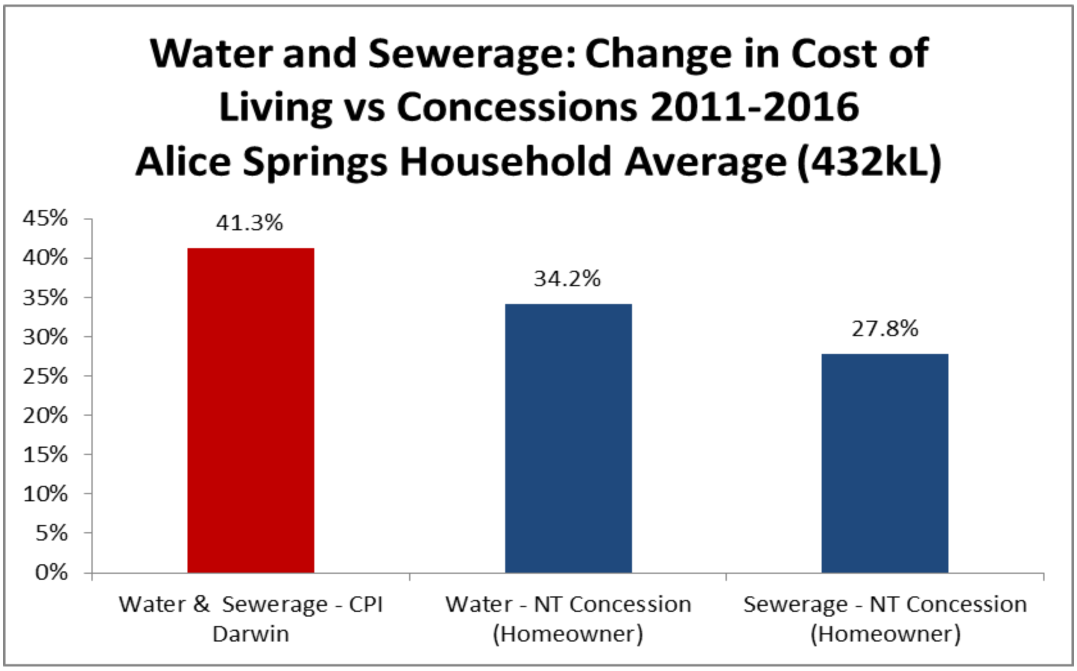
In addition, it is important to note that in January 2016 when the electricity tariff decreased by 5%, the NT Government maintained the electricity concessions at their previous rate, which is why at the moment the increase in the concessions is greater than the increase in the charges, for the last five year period. Budgetary pressures will not always allow the Northern Territory Government to offer such substantial concessions.

Figure 18a: Comparison of CPI changes and concession increases, Water & Sewerage, Sep 2011 – Sep 2016, Alice Springs Lower Income Household Consumption – 270kL



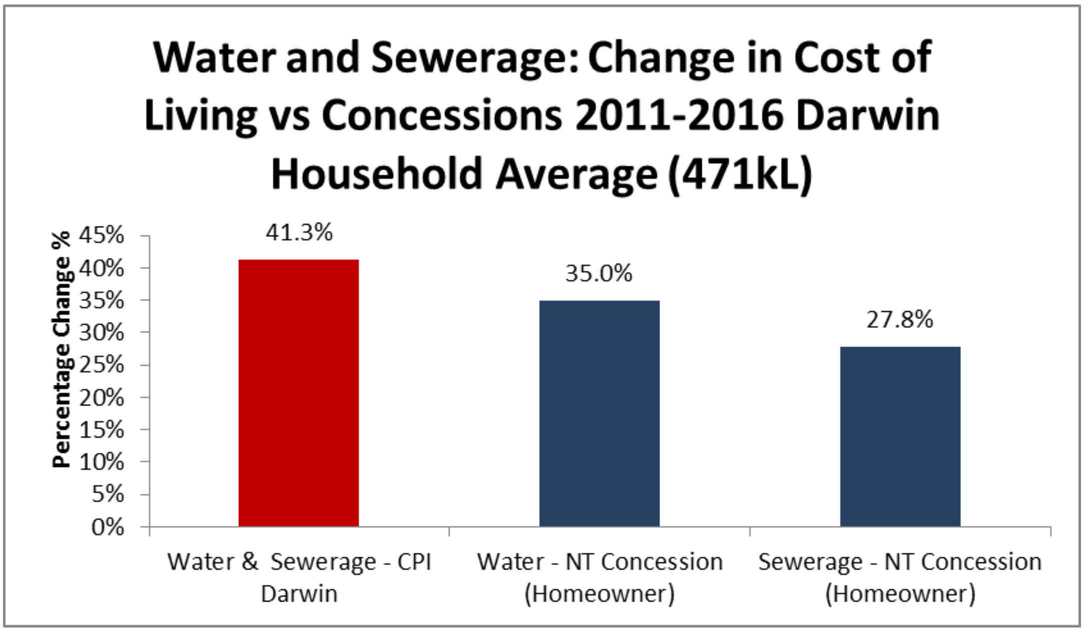
Source: ABS 2016e Data 4; Power and Water Corporation 2011 and 2016a, NT Government 2015f and 2016e, Laidlaw 2015, Centrelink 2011 and 2016a. For calculation of lower income water consumption figure see Explanatory Notes 5.8.4

Figure 18b: Comparison of CPI changes and concession increases, Water & Sewerage, Sep 2011 – Sep 2016 Alice Springs Average Annual Household Consumption - Water 432 kL



Source: ABS 2016e Data 4; Power and Water Corporation 2011 and 2016a; NT Government 2015f and 2016e; Australian Government 2016d, p.74.

Figure 18c: Comparison of CPI changes and concession increases, Water & Sewerage, Sep 2011 – Sep 2016 Darwin Average Annual Household Consumption - Water 471 kL



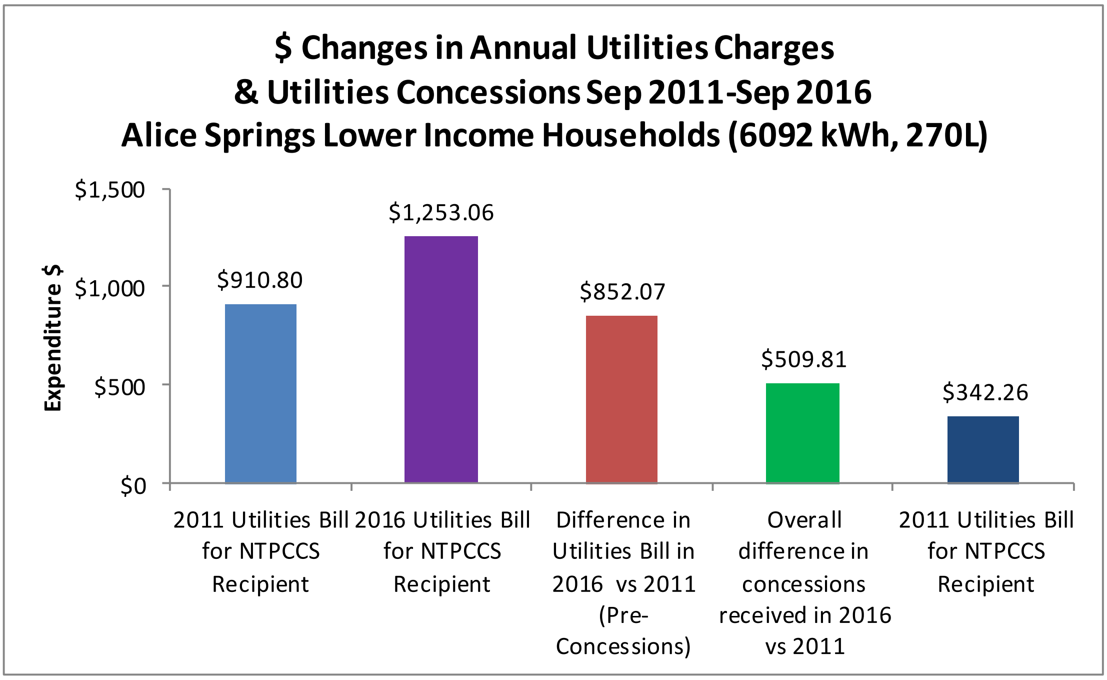
Source: ABS 2016e Data 4; Power and Water Corporation 2011 and 2016a; NT Government 2015f and 2016e; Power and Water Corporation 2016d, p.1.

Unlike with electricity, the above three figures show that the concessions for water and sewerage have not quite kept pace with the percentage increase in CPI for utilities. It must also be kept in mind that while the yearly rate of sewerage charges has risen by $195 over the last five years (see Figure 18d), it has only risen by around $5 in the past year (Power and Water Corporation 2015b and 2016b).

An examination is warranted of how much more (or less) out of pocket a NTPCCS customer is, comparing the what households are actually paying now (after concessions are deducted) in comparison with what they were paying in recent years (using the same consumption level figures). This will help to demonstrate the way the concessions system actually works in practice for Territory households – and will show to what extent they are in fact achieving the cost of living relief that they are designed to provide.

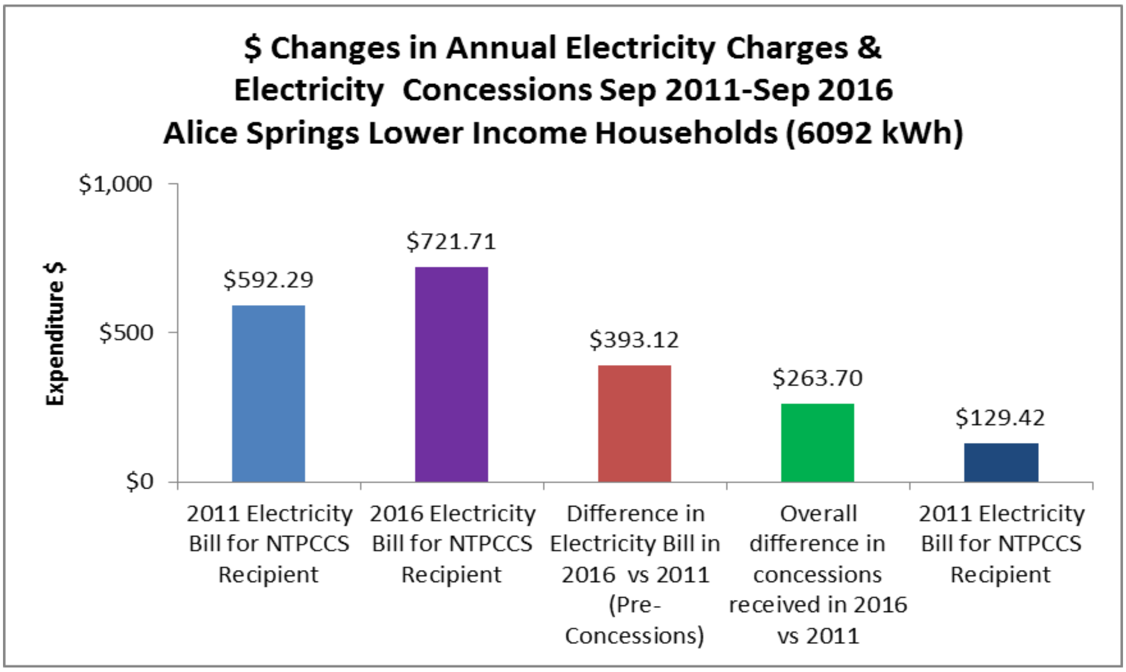
The impact of concessions on utilities bills, comparing 2011 and 2016 cost and concession rates
Figures 18a-d show the increase in what NTPCCS Card holders are paying on utilities bills in 2016 compared with 2011, based on a household with electricity usage of 6092 kW/h p/a; and water usage 270 kL p/a (same as in Figure 12a).

Figure 19: Increase ($) in Total Utilities Charges and NT Utilities Concessions Sep 2011-Sep 2016
19a:All Utilities Charges and Concessions



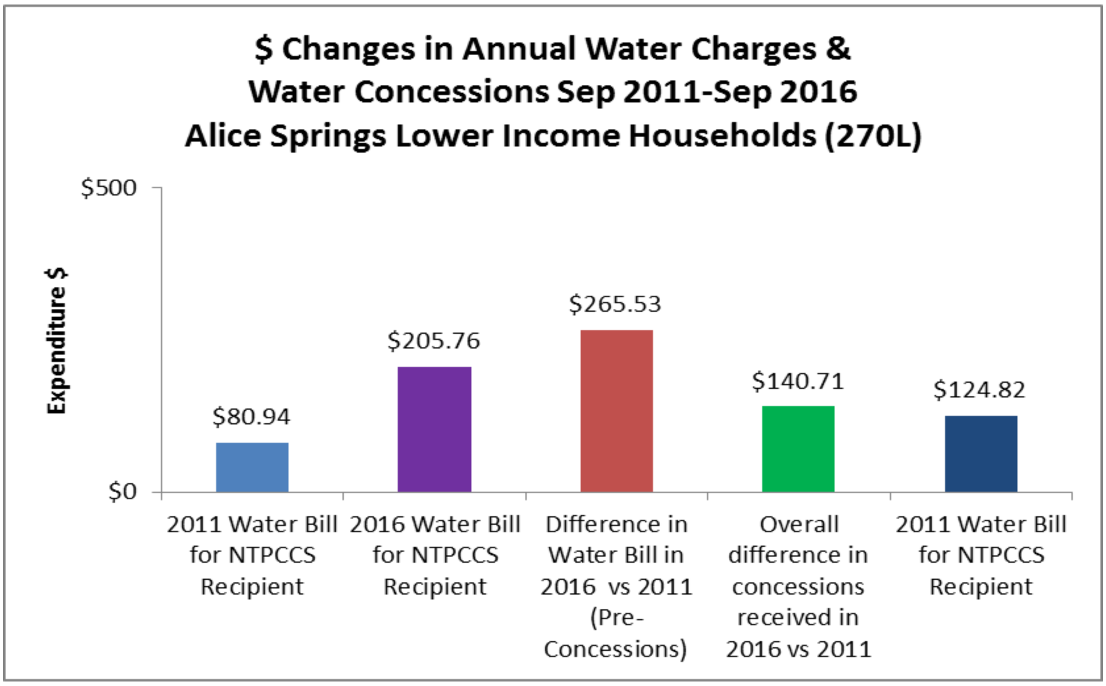
Source: ABS 2013; Power and Water Corporation 2011 and 2016a, Jacana 2016; NT Government 2015f and 2016e; Laidlaw 2015

Figure 19b: Electricity Charges and Concessions



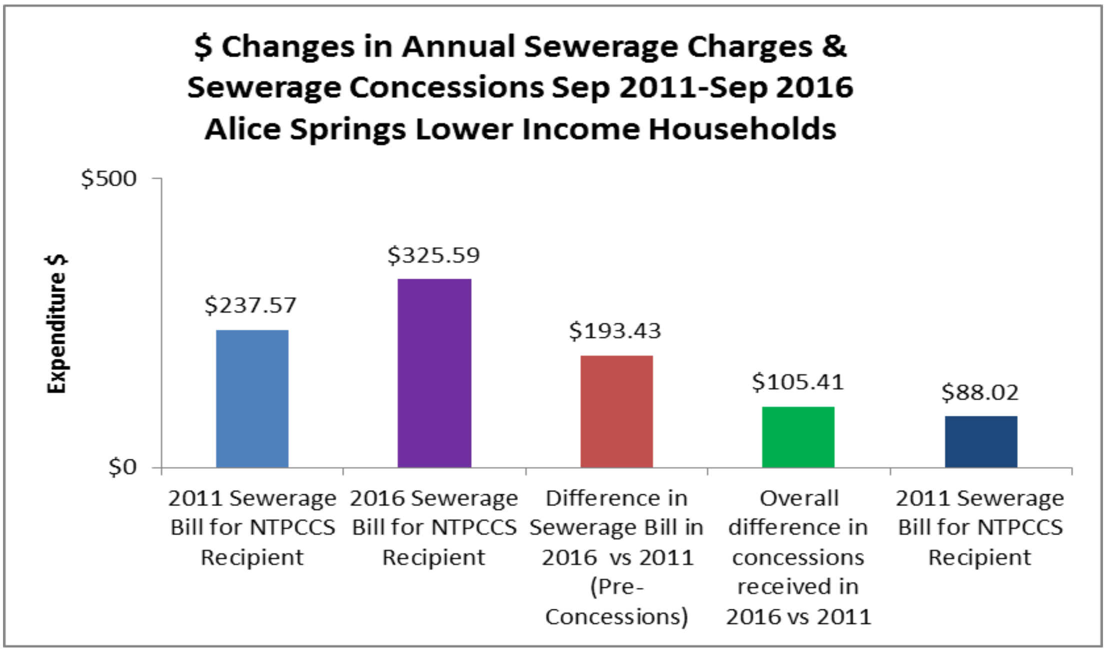
Source: ABS 2013; Power and Water Corporation 2011 and 2016a; Jacana 2016; NT Government 2015f and 2016e
For calculation of lower income electricity consumption figure see Explanatory Notes 5.8.4

Figure 19c: Water Charges and Concessions



Source: Power and Water Corporation 2011 and 2016a; NT Government 2015f and 2016e, Laidlaw 2015

19d: Sewerage Charges and Concessions[8]



Source: Power and Water Corporation 2011 and 2016a; NT Government 2015f and 2016e

[8] *Note: In graphs 18a 18b, 18c and 18d:*
The pale blue and purple bars refers to charges after concession deducted
The red bar denotes how much more the 2016 bill is compared with the 2011 bill (before concessions deducted)
The green bar denotes how much more the concession received are in 2016, compared with the concessions received in 2011
The royal blue bar refers to how much higher the 2016 bill is, compared with the 2011 bill

Under the above scenarios:

The household's Electricity charges (pre-concession) are **29.2% higher** ($393.12 per year) for the year, than what they were in 2011.
Concessions are **34.9% higher** ($263.70) for the year, than what they were in 2011.
The final bill (concessions deducted) has gone up **21.9%** ($129.42) compared with 2011.

The household's Water charges (pre-concession) are **48.5% higher** ($265.53) for the year, than what the water charges were in 2011.
Concessions are **30.3% higher** ($140.71) for the year, than what they were in 2011.
The final bill (concessions deducted) has gone up **154.2%** ($124.82) compared with 2011.

The household's Sewerage charges (pre-concession) are **31.4% higher (**$193.43) for the year, than what they were in 2011.
Concessions are **27.8% higher** ($105.41) for the year, than what they were in 2011
The final bill (concession deducted) has gone up by **37.1%** ($88.02) compared with 2011

The household's overall Utilities charges (pre-concession) are **33.9% higher** ($852.07) for the year, than what they were in 2011.
Concessions are **31.7 %** higher ($509.81) for the year, than what they were in 2011.
The final bill for a NTPCCS card holder (concessions deducted) has actually gone up by **37.6%** ($342.26) compared with 2011.

Summary of scenarios for different household types – comparing Sept 2011 with Sept 2016

Homeowner – NTPCCS recipient Responsible for electricity, water and sewerage charges	**Paying $342.26 more on total utilities (after concessions) (37.6% increase)**
Renter – NTPCCS recipient Responsible for electricity	**Paying $129.42 more on electricity (after concessions) (21.9% increase)**
Homeowner – non recipient Responsible for electricity, water and sewerage charges	**Paying $852.07 more total utilities (33.9% increase)**
Renter – non recipient Responsible for electricity	**Paying $393.12 more on total utilities (37.6% increase)**

Despite access to the concessions, both homeowners and renters are actually paying more than they were five years ago under this scenario.

While both recent governments have made a commitment (since 2009) to ensure that eligible customers are not worse off, the NTPCCS concession system alone cannot achieve this. While the concession is indexed accordingly each time there is a tariff increase, the dollar price rise in charges outstrips the monetary value of the concessions. *(See Appendix D for a more detailed discussion around the way utilities concessions are structured).*

It is important to consider that increases in wages and income support payments also need to be factored into the affordability equation as well. The single rate of age pension, for example, is now $3769.93 per year higher than it was five years ago. It is estimated that utilities expenditure comprises 7% of equalized income for a household in the lowest income quintile nationally (ACOSS 2014, p.3), which means the increase in the age pension needs to be spread across all expenditure areas. Based on these figures, 7% of the increase constitutes around $264, which will cover the $129.42 price rise in electricity for a renter. However, this amount will fall short of the $342.26 increase in electricity, water and sewerage charges for a pension recipient who owns their own home.

There are a relatively small number of households who may be eligible for the Commonwealth Utilities Allowance (UA), on top of the NTPCCS concessions (See Appendix 5.9). The $608 per year available would clearly be of help to the small number of Territorians who are eligible for this allowance, to manage price increases.

While households may be paying more than they were five years ago, there are some important issues to consider. The NTPCCS concessions for electricity, water and sewerage are high compared with other states, and the concessions system has offered a significant level of support over a long period of time. Given the current tight fiscal context in the Territory, the NT Government has to ensure that any concessions scheme is financially sustainable, and at the moment, the way the scheme is structured, concessions payable continue to rise with the consumption of both electricity and water. This is neither financially, nor environmentally, sustainable.

In this light, NTCOSS supports the introduction of a cap on electricity and water concessions, and if set at an appropriate level, it should not unduly penalise people who have low to moderate usage levels of electricity and water; but it would mean that households who may have high usage now would have to pay more for their high usage, or ideally, where possible, put in place mechanisms that bring their consumption levels down. It would be important, however, to have some provisions in place for people with special medical needs or those who have large families living under the one roof.

As the new Northern Territory government seeks to find the right balance in terms of concessions, it is critical that further initiatives that provide incentives for people to reduce their consumption are put in place. Providing mechanisms to enable low income households to improve energy and water efficiency would be a really important way to develop greater independence and self-sufficiency and assist people to reduce their utilities bills, and it would also have the effect of reducing the concessions bill for the NT Government. It is ironic that a leaking tap in the home of an NTPCCS recipient will lead to a higher concession being paid. The Living Water Smart (Darwin Region) program, for example, has identified that around one in six Darwin homes has an average leak of 500kL per year (Power and Water Corporation 2016e). It will be crucial to increase access to information, as well as provide education and workshops to enable households to take control of their energy and water usage, including increasing the ability of tenants to advocate to landlords to report damage that may contribute to higher living costs.

Who is missing out on utilities concessions?
On top of concerns for whether the current utilities concessions are keeping up with rising costs, is that situation for **low income households, who do not qualify for the electricity concession, who are far worse off now, compared with five years ago, due to the price increases. This represents a real concern for people having to manage on low allowance payments such as the Newstart, Youth Allowance or Widow's Allowance**.

It is important to note that the total yearly payments for the Newstart Allowance have increased by $1603.39 over the past five years (based on figures from Centrelink 2011 and Centrelink 2016a), which will certainly have helped in keep pace with general living costs, however it must be borne in mind that the Newstart Allowance is starting from a very low payment base, as highlighted earlier in this report.

With utilities expenditure comprising 7% of equalised income for a household in the lowest income quintile nationally (ACOSS 2014, p.3), based on this, 7% of the increase constitutes around $112, which will not cover the increase in electricity charges ($393.12) for a Newstart recipients who is a renter, and not eligible for the electricity concession – under the above scenario.

These figures also serve to reinforce the fact that electricity prices for Darwin and the NT (CPI 28.2%; and 29.2% under the above scenario) have risen well above the generic CPI (9%) over the last 5 years (ABS 2016e, Data 4) and critically, it further reinforces that the indexing of the Newstart Allowance to the CPI alone, is inadequate.

The electricity, water and sewerage concessions provided under the NTPCCS do make a difference for those who are eligible to access them – as utilities bills would be unaffordable otherwise for many of the low income households who are eligible. Without the concession system, the rate of disconnections would dramatically increase - particularly given the overall price increases in recent years. There are many low income Territorians, however, who miss out on the utilities concessions, because of the tight eligibility criteria.

The NTPCCS concession currently does not cover all Health Care Card holders, even though all other states and the ACT, bar Queensland, do (though in Queensland, parents with children who receive Newstart are eligible). NTCOSS believes that savings could be made in relation concessions for electricity usage (currently uncapped) if a cap on consumption was implemented, which could also allow more people (e.g. all health care card holders) to access concessions through the NTPCCS.

It is telling that someone on an age or disability pension (single rate) can earn up to $1911.80 per fortnight (Centrelink 2016a, p.34) and a self-funded retiree who earns up to $2030.61 per fortnight (Australian Government, 2016b), which enables eligibility for the Commonwealth Seniors Health Card, and therefore the NTPCCS, are both eligible for the NTPCCS utilities concession, **yet a single person on Newstart receiving $536.40 per fortnight ($268.20 per week) does not qualify to receive vital support with their cost of living.** This represents an inequitable approach to utilities concessions and needs to be addressed as a matter of priority.

NTCOSS therefore again calls for the NTPCSS to be extended to all health care card holders. In making this recommendation, NTCOSS acknowledges that this would be a significant change to the aims and objectives of the NTPCCS, which has been primarily designed to "encourage older people to remain in the NT and to achieve a stabilisation of the population while bringing the benefits of extended family networks to Northern Territory families" (NT Government, p.4). Other categories of eligible people have been included over time, e.g. carers, and low income health care card holders (NT Government 2016e, p.4,7).

The Scheme currently has two main objectives:
1. To provide an incentive for senior citizens of the Territory to remain in the Territory during their retirement;
2. To assist all pensioners generally, certain categories of other low-income earners and carers who are in receipt of a Commonwealth Carer Allowance from Centrelink, with the cost of living in the NT (NT Government 2016e, p.4).

NTCOSS would recommend that the second objective be broadened to include all health care card holders. Such a change, if adopted, might mean that there would need to be some consideration in relation to a name change for the scheme – to reflect a broader eligibility base.

Given the high costs of living in the NT, particularly remote NT, it is imperative that concessions reach all those who are eligible. In addition, it is a concern that utilities costs lead to further living cost pressures for people who can least afford it, and who are often receiving smaller incomes than people who are eligible for the NTPCCS scheme, with the Newstart payment approximately $168 per week lower than the pension rate.

NTCOSS is also aware that seniors groups in the NT are very concerned about the way that the Northern Territory government brought about the change to the structure of the NTPCCS concessions in 2014. In particular, concerns have been raised about many seniors feeling disenfranchised by the change process, and others feeling confused by what has happened. Eligibility criteria issues remain unclear to many people.

In addition, nearly two thirds of respondents in a COTA NT and CDU (2014) survey of 1865 people, nominated 'NT concessions for seniors' as an area for service improvement. In addition, nearly three-quarters of respondents (71.6%) "worried about their expenses" (COTA and CDU, 2014).

NTCOSS welcomes the opportunity that is presented by the Review of the NTPCCS Concessions Scheme, for the voice of seniors groups to be heard in relation to these matters (see further discussion on next page).

Another issue of importance is that there have been concerns raised of a low uptake of concessions by prepayment meter users, as reported by McKenzie (2013, p.5), in a report done in the context of prepayment meters on Town Camps in Alice Springs. It was recommended that, "Agencies administering rebate and concession programs... undertake better marketing in Indigenous communities, and offer support to eligible residents to apply for the programs".

In light of this last issue, there may be lessons that the NT can learn from other jurisdictions. In Victoria, Yarra Valley Water (2016) (Melbourne's largest retail water utility) provides an outreach to Centrelink offices once a month, and engages with customers, registers people for concessions, and talks about any other concerns they may have. While the form of an outreach service may not replicate this Victorian example, there may be mechanisms for further outreach and engagement, that could be explored for ensuring that all potentially eligible customers in remote communities and town camps are signed up for the NTPCCS and register their name and number with the relevant electricity and water and sewerage retailers.

NTPCCS Recipients who have Photovoltaic (PV) Solar systems

It is important to note that there are some NTPCCS recipients who have Photovoltaic Solar (PV) systems, and participate in the renewable energy buy back scheme (the buy-back rate is at the same rate as the electricity tariff). When the buyback amount is greater than the combined fixed daily charges and consumption charges for the quarter, no electricity concession is applied, as there are no electricity charges.

If however, the buyback amount is greater than the combined fixed daily charges and consumption charges for the quarter, the electricity concession is applied to the difference, but is effectively capped, so that the charges incurred by the household are zero for that quarter. The concession system has the flexibility to kick in and out, depending on the consumption level for households for each particular quarter.

This issue also highlights that it could be very advantageous for both the Northern Territory government and eligible NTPCCS recipients, if there were ways to encourage Solar PV installation – and it could be to the government's benefit to offer incentives for this to occur. Installation of a solar PV system would guarantee that many households would not need to pay for electricity any longer, and the government would make significant savings on its concessions budget – which could free up funding for services for seniors and low income Territorians.

Current Review of the Northern Territory Pensioner and Carer Concession Scheme
NTCOSS is pleased that a review of the NTPCCS has commenced, and also believes that it would be timely to conduct an overarching review into the whole concession system in the NT.
NTPCCS utilities concessions are a vital component of the social welfare system and are integral to the budgeting of households who are eligible for the concessions and some concessions have been quite effective over many years in reducing cost of living pressures on eligible Territory families. The quite substantial utilities concessions provided through the NTPCCS have most likely been structured the way they have, as a result of the historically high cost of living in the NT in terms of a range of expenditure items such as housing, food, transport as well as utilities.

It is crucial, however, that the system be a sustainable one – and that those who are most in need can access the concessions. The Northern Territory government currently faces enormous fiscal challenges – with a growing budget deficit, a need for savings measures and a decline in the high growth that had resulted from private investment. Therefore this current review process may present an opportunity to consider some new and creative ways to maximise the scare resources allocated to the NTPCCS – to ensure the maximum benefit to those Territorians who are most in need of financial subsidies and support.

As part of any changes, it will be crucial to ensure that all NTPCCS concessions have inbuilt and timely review processes and planned indexation, to ensure they can continue to keep up with rising costs and to provide effective support to eligible Territory households.

Summary of Recommendations re. the structure of Northern Territory Concessions

NT Pensioner and Carer Concessions Scheme

Concession Category	Type of Concession	Recommendation regarding structure of concession
1. Electricity/Alternate Energy	Flat payment & Percentage Based concession (no cap)	Retain both components, but introduce a cap - with provision for special medical needs; large families
2. Local Council Property rates	Percentage Based Concession (capped)	Introduce an indexation component to the cap; consider a variable rate of cap for high rate paying areas
3. Water Rates	Flat payment & Percentage Based Concession (no cap)	Retain both components, but introduce a cap, with provision for special medical needs; large families etc
4. Sewerage Rates	Flat payment (no cap)	No change
5. Garbage Charges	Flat payment based concession (not indexed)	Change to percentage based, to allow for regional variations
6. Motor Vehicle Registration	Flat-payment based concession (capped)	Increase concession amount and Change to Percentage-based concession
7. Drivers Licence	Total Fee waiver	No change
8. Spectacles	Total Fee waiver	No change
9. Public Transport	Fee reduction - Concession Fare	Support Government Election promise re free travel for seniors
10. Stamp Duty	Percentage –Based Concession (but capped)	No change
11. Interstate/Overseas Travel	Flat-payment based concession (capped)	Retain as Flat-payment based concession – but include indexation

Other Concessions Administered by the NT Government

NT Taxi Subsidy Scheme

1. NT Taxi Subsidy Scheme	Fee reduction - Concession Fare (capped at 50% of fare for a single trip)	No change

Patient Travel Assistance Scheme

1. Fuel Subsidy	Percentage based concession (capped)	Review yearly and adjust up if fuel CPI has increased
2. Ground Transfer Allowance	Flat-payment based concession	Review yearly and adjust in relation to any taxi fare increases
3. Accommodation Subsidy (Commercial Accommodation	Flat-payment based concession	Index along with CPI for Travel Accommodation
4. Accommodation Subsidy (Private)	Flat-payment based concession	Index at the same rate as for Commercial Accommodation

See also full list of recommendations below

Concession Principles from Other Jurisdictions

A number of other Councils of Social Service (COSSes) across the country have put forward some best practice principles when it comes to State/Territory and Commonwealth concession programs. SACOSS (2009) outlined five key principles for concession schemes, which would be very useful principles for consideration by the Northern Territory government in any alterations made to current concession regimes. They are as follows:

> ***SACOSS Principles on Concessions***
> ***"Clarity*** — There needs to be a clear and publicly stated understanding of the target group for each concession. The social objectives and desired outcomes of all concessions need to be clearly and publicly stated, and the public consulted before the adoption of any new concession.
> ***Equity*** — Both horizontal and vertical equity must be ensured by the concession: those in similar circumstances need to receive similar levels of benefit, and those in different circumstances need to receive different levels of benefit in order to reach similar outcomes.
> ***Accessibility*** — Government needs to ensure the accessibility of all concessions in two ways: through proactive advertisement to eligible recipients, and through the provision of genuinely accessible concessions and concessionary services to all eligible recipients, regardless of geographical area.
> ***Affordability*** — Concessions must make the good or service being provided genuinely affordable to recipients, and be indexed to reflect changing prices of essential goods and services.
> ***Flexibility*** — Flexibility must be built into concessions in order to keep pace with changing economic and social practices, as well as prices. Relevant review mechanisms must be put in place to ensure that concessions remain relevant in terms of clarity, equity, accessibility and affordability"
>
> *Source: SACOSS 2009, p.ii.*

The SACOSS principles echo many of the principles suggested as a result of the Federal Parliamentary Inquiry into concessions in the 1990s[9]. ACTCOSS (2002) and WACOSS (2007) have also drawn on the work of the Federal Parliamentary Inquiry to create their own 'checklist' of criteria for the concessions systems in the ACT and WA.

The argument for concessions in the NT to be extended to Health Care Card holders (particularly electricity, water and sewerage concessions) has support at a national level. SACOSS (2009, p.8) has pointed out this issue in relation to concessions generally, which they describe as "the disjoint between the benefits received by pensioners and those for which recipients of government allowances are eligible. The fact that older Australians who hold a Pensioner Concession Card have access to many concessional benefits that are not available to other people on low incomes means that horizontal equity in the systemic sense is lacking."

In addition the ACOSS (2014) has recommended that the Commonwealth Utilities Allowance "should be extended to recipients of Parenting Payment, Newstart Allowance and other allowances, who currently miss out" (cited in SACOSS 2009, p.8). SACOSS (2009, p.8) also recommend concessions for Telephone Allowance, transport concessions, and the Pharmaceutical Allowance, also be available to these allowance recipients.

SACOSS (2009, p.1) also points to the need for "flexibility in the creation and maintenance of individual concessions, as well as of making concessionary benefits fulfil the needs of the

[9] *http://www.aph.gov.au/Parliamentary_Business/Committees/House_of_representatives_Committees?url=fca/concard/concardindex.htm*

community as these needs change". It also highlights the need to understand "individual concessions as part of a system...indivisible from each other and the wider tax-transfer systems and social contexts."

VCOSS (2011, p.1) identified that an energy concession framework should work toward four specific outcomes (some of which could be applicable to other concession areas):
"Improving affordability: lower bills for eligible households;
Additional help for special needs: assistance to reduce or offset unavoidable high consumption due to (for example) medical conditions; Addressing the underlying cause of unnecessary high consumption where this exists: programs to improve energy efficiency in low income households with high energy bills; and,
A last resort safety net: a grants program for households with unaffordable high bills or significant accumulated debt."

VCOSS argues that concessions are necessary to avoid the undesirable social outcome of bill shock. They have also identified that some existing concessions are complex and give vastly different outcomes to different household, and they argue for concessions that give proportionate, consistent outcomes from an equity point of view. They also argue that concessions should be tariff-independent so that their value is not diminished by the peculiarities of any particular tariff structure (VCOSS 2011, p.1).

VCOSS (2011, p.2) also strongly argues that "Concession eligibility must be for people with low incomes," rather than what is the case in may other states/Territories including the NT, where eligibility is fractured along the old "deserving"/ "undeserving" line (pensions yes, allowances no). VCOSS makes the point that "concessions are to enable basic access to essential services for people who otherwise can't afford it. *All* low income people must be included, and they advocate for the using the Commonwealth's concession card assessments, to ensure universal criteria based on need (i.e. people with Pension, Health care and DVA cards) (VCOSS 2011, p.2).

VCOSS (2011) also suggests that "special needs households should be identified in a consistent manner based on the special need e.g. a benchmark for high usage, specific types of health conditions... though some types of needs may need more qualitative types of assessment". It also argue the need for consistency across jurisdictions (VCOSS, 2011, P.2).

ACOSS (2014, p.7) has recently highlighted the flaws in existing concessions frameworks, including inconsistencies and inequities in the targeting of assistance, which have been identified by a number of industry and community sector reports. While focused on energy concessions, some of the issues are pertinent to concessions more broadly. At the April 2013 National Energy Affordability Roundtable at NSW Parliament House, held by ACOSSS, in conjunction with the Energy Retailers Association of Australia and the Australian Energy Ombudsmen, "the lack of national consistency in the provision of energy concessions" and "the flaws in existing concessions frameworks, including inconsistencies and inequities in the targeting of assistance" were identified. A recommendation from the roundtable report was that the COAG Standing Council on Energy and Resources (SCER) should:

"…initiate a national review of energy concessions with a view to recommending a design for a nationally consistent framework and identifying an appropriate level of concessions." (ACOSS 2014, p.7)

ACOSS (2014, p. 7) has identified the need to address horizontal inequities in concessions, and have also highlight that eligibility for some concessions is based on holding a Commonwealth Pension Concession Card (PCC), but excludes holders of a Commonwealth Health Care Card (HCC), "despite the fact that the majority of HCC holders have significantly less income than PCC holders". This issue has been highlighted above in relation to concessions available under the NTPCCS Scheme (e.g. utilities concessions).

ACOSS (2014, p.9) outlined some objectives for eligibility reform, which include that "Eligibility criteria for concessions on energy consumption should be consistent across jurisdictions and should target households in most need". ACOSS has also outlined objectives for adequacy reform including that: **"**Concessions on energy consumption should be adequate to reduce hardship and should remain so through indexation to energy prices" (2014, p.10).

ACOSS (2014, p.11) has also advocated the need for a "national framework for energy concessions, which should set best practice benchmarks across jurisdictions, and allow flexibility for jurisdictions with distinct needs", and outlined several principles needed to meet these aims:

1. Concessions must be targeted to households in need of assistance.
2. Payments and rates must be adequate to address energy needs and ensure energy affordability for households living on low incomes.
3. A common list of medical equipment eligibility needs to be developed.
4. A common list of eligibility for thermoregulatory illness needs to be developed.

ACOSS (2014, p.11) also identified that further issues need to be addressed, in particular, "whether there needs to be explicit links made between the concession framework and jurisdictional energy efficiency initiatives", which NTCOSS believes would be a very worthwhile debate (see section below on Energy Efficiency in housing).

ACOSS has also urged reform in the other areas to ensure people can meet their basic needs, including paying their energy bills. In particular ACOSS recommends reforms to Income Support (including raising the rate of Newstart) and "to improve the employment outcomes for people locked out of the labour market", as well as to housing affordability (and they argue it is hard to separate out energy policy from the impact of housing costs on a household budget). (ACOSS 2014, p.12). See also Appendix C of this report for the list of ACOSS recommendations.

Gaps in Service Provision in the NT

While a number of changes are recommended (see below) to the concessions schemes currently available, some broader issues also need to be addressed for example around the availability of health accommodation; the lack of social and public housing options; thermal efficiency of housing and the lack of public transport in some regions. These issues are briefly mentioned here:

Health Accommodation

The lack of health accommodation beds impacts on the ability of people to find suitable and affordable accommodation when requiring specialist treatment. It is imperative that the Northern Territory Government work with NGOs and accommodation providers to ensure that there is an adequate supply of patient accommodation in the regional towns across the NT, where specialist services are provided for patients from their catchment area.

Social and Public Housing

The lack of public housing in the NT means that far too many low income and disadvantaged Territorians are unable to access the low cost public housing (a form of concession) in the Territory – and are forced into overcrowded or inadequate housing situations, or forced to compete in the private rental market, where prices are very high and put people at risk of experiencing housing stress. NT Shelter (2014) has highlighted that in 2013 there was an underlying demand for rental housing in the NT in the order of 39,728 additional properties required (including an additional 7305 public housing properties). The projection for 2023 is a need for 46,828 additional properties, including 9,461 public housing properties (NT Shelter, 2014). In addition, public housing waiting times across the various regions of the NT ranging between 36 months and 158 months (depending on the location and size of the unit/house), with the majority being above 72 months (6 years) (NT Shelter, 2016).

The Northern Territory is currently the second least affordable state or territory in which to rent" (REIA 2016, p.3). **The housing shortage and high rental prices must be addressed as a matter of urgency.**

Energy Efficiency in Housing

Energy efficiency of households, particularly for low income earners must be put high on the agenda for the Territory. Improving thermal efficiency of housing (particularly in relation to electricity usage) would reduce the concessions burden of the NT government. To this end, NTCOSS encourages the Northern Territory government to seriously consider the provision of additional mechanisms to enable low income households to improve energy and water efficiency. This could take a number of forms and include initiatives such as:

- Incentives for private and public housing landlords to improve energy and water efficiency; and,
- The establishment of low-interest loans and/or more rebates for solar power, solar hot water - which need to be targeted in a way to be accessible to low income households.
- Access to information, education and workshops to enable households to take control of their energy and water usage, including increasing the ability of tenants to advocate to

landlords to report damage that may contribute to higher living costs. This could also include education for landlords (NTCOSS, 2013a, p.12).

ACTCOSS (2015) has recommended to its government that it "offer incentives for property owners to increase the energy efficiency of their homes, so [there are] fewer tenants who need to rely on energy and water concessions in order to meet their energy costs", and that "Increased assistance is provided for low income home owners to retrofit their homes and encourage people to purchase efficient appliances" (ACTCOSS, 2015, p.6).

ACTCOSS (2015, p.20) also refers to its Energy Efficiency Outreach program which "has demonstrated a positive impact in reducing energy bills. Replacing old refrigerators, in particular, has helped people reduce their energy costs. There are case studies, also, where assisting families with energy efficiency has had a positive impact on health outcomes, reducing health-related costs."

Public and Community Transport

There are a lack of public and community transport options in Katherine and Nhulunbuy as well as remote communities across the NT – so concessions available in urban centres (like discounted public transport) are simply not available for vast areas and population groups in the NT. NTCOSS has previously recommended that community transport should be considered amongst a suite of approaches required to tackle transport issues in the NT, as the public bus system and commercial transport options currently available cannot address the transport needs of all Territorians. NTCOSS urges further Government support be provided for the development of self sustainable community transport options across smaller centres and remote regions – the new Tennant Creek bus service provides a very valuable model for other small towns and communities in the NT to learn from.[10]

Discussion and Conclusion

There are a wide range of concessions made available across the NT, with some more complex than others (e.g. utilities concessions with their variable components). There are different eligibility criteria for different concessions, with entitlements and eligibility not always easily understood by all, and concerns that some people are missing out on concessions for which they would be eligible. Housing, utilities, transport and health accommodation costs constitute a substantial and unavoidable weekly expenditure item for households, and the various concessions are part of a societal framework intended to address cost of living pressures for particular groups in the NT.

It seems clear (refer to Figures 7 to 19) that in several key cost of living areas, some of the concessions designed to help low income Territorians are not keeping pace with the rising prices of the goods and services they have been designed to address and are therefore no longer providing the level of assistance they once were. Some concessions appear to be more effective than others in keeping up with rising costs (e.g. Commonwealth Mobility Allowance and Pharmaceutical Allowance).

[10] *'Community Transport' initiatives are usually run by community based, locally driven, not-for profit organisations which set out to meet needs that conventional public transport does not, and which provide choice and flexibility to respond to passengers' needs.*

Other concessions, however, are not keeping up with the cost of living, whether due to starting from an inadequate base rate or because indexation is non-existent or inadequate (e.g. Motor Vehicle Registration concession). For other concessions, such as those that fall under PATS, while there have been recent generous increases to some subsidies, over time their value will diminish, because there is no regular and adequate indexation system in place, and there will inevitably be the need to play catch up with these concessions again when prices rise.

Inadequate indexation, or the lack of indexation, has the effect of diminishing the value of the concession over time, raising questions of affordability for low income households and consequently access to these very basic goods and services that are essential to health and wellbeing and participation in society. These issues need to be addressed in order to provide a more appropriate level of assistance for low income households experiencing financial hardship and the resultant emotional stress as a result of cost of living pressures.

Some other concessions are a concern, because certain low income population groups are excluded from eligibility (e.g. Health Care Card holders are excluded from the NTPCCS Utilities concessions). In addition, there are a number of concessions that can only be used in certain geographic locations, such as the concession fare on public buses, as only Darwin, Palmerston and Alice Springs have traditionally had a public bus service.

A number of different concession methods are used in the NT and nationally. Some comments follow here in relation to two particular types of concessions, and then concessions more broadly.

Flat based concessions: the need for indexation

NTCOSS believes that flat based concessions (such as the PATS fuel subsidy, and the PATS accommodation subsidies, and the NTPCCS Motor Vehicle Registration Concession) require a clear system of regular indexation, to enable to them to keep up with rising living costs, or the consideration of a percentage based concession system, which would then reduce the need for indexation (see also next paragraph). At the moment some of these concessions are subject to arbitrary increases – when periodic reviews are done, unlike the indexation in place for concessions such as the Commonwealth Rent Assistance (indexed 6 monthly).

Percentage Based Concessions: people must not be left worse off

As discussed on pages 7 and 10, while percentage based concessions do have advantages, because as prices rise so too does the concession component. In addition to this, however, the contribution required from the concession recipient also rises. It is imperative in all reviews of percentage based concessions that recipients are not left worse off as a result of price rises.

Publicly available Information on concessions

All States and Territories have a concession portal where information on concessions availability and eligibility can be found[11]. There are some shortfalls with such a system – as this information is only readily available for people with internet access, and information on rates of concessions are not always available or easily accessible. Gathering this information for the purpose of analysis is not straightforward, and not having rates of concessions readily available means that concession recipients cannot easily check to ensure that they are receiving their correct entitlements.

NTCOSS has made a number of recommendations in order to address the gaps in the concession systems identified in this report. The majority of the recommendations relate to concessions which come under the domain of the Northern Territory Government, while others relate to the Commonwealth Government. While a number of recommendations have been made about specific concessions, ultimately, **NTCOSS believes that there needs to be an overarching review of the whole concession system in the NT.**

Addressing the issues raised in this report will assist in helping low income and disadvantaged Territorians with rising costs of living, reduce the risk of people ending up in poverty, and reduce issues like the incidence of utilities disconnection, financial difficulties and rising debt. These issues are crucial to the wellbeing of low income and disadvantaged Territorians.

NTCOSS Recommendations:

See also Summary of Recommendations re. structure of Northern Territory Concessions on p. 47

That the NT Government implements the following:

1. **Transport**

1.1 Establish time frames for increasing and indexing payments under the Patient Assistance Travel Scheme – *(See also Recommendation 5.1 re Patient Travel Assistance Scheme overall)*

1.2 Increase and Index the NTPCCS Motor Vehicle Registration Concession – or move to a percentage based model

1.3 Engage with NTTSS recipients and disability advocacy and support organisations in relation to the yearly review of concession rates of the NT Taxi Subsidy Scheme

1.4 Review public bus routes and timetables to facilitate a more effective service – and reduce the significant reliance on taxis and minibuses for many low income Territorians.

1.5 Consideration of free off-peak public transport for concession and health care card holders.

1.6 Support for the development of self-sustainable community transport[12] options across smaller centres and remote regions, including

- Investigate alternative models and support the implementation of community transport systems
- Explore resourcing the development of flexible and innovative community transport options across the NT, so local transport/support services can be developed in towns and in regional and remote areas.

[11] http://www.australia.gov.au/topics/benefits-payments-and-services/government-concessions-states-and-territories

[12] *'Community Transport' initiatives are usually run by community based, locally driven, not-for profit organisations which set out to meet needs that conventional public transport does not, and which provide choice and flexibility to respond to passengers' needs.*

2. Domestic Travel Accommodation

2.1 Introduce yearly reviews and indexation for the PATS Commercial Accommodation Subsidy and the PATS Private Accommodation Subsidy.

3. Utilities

3.1. Provide mechanisms to enable low income households to improve energy and water efficiency, including:

- Incentives for private and public housing landlords to improve energy and water efficiency; and
- Establishment of low-interest loans, rebates for solar power/hot water targeted to low income households
- Access to information, education and workshops to enable households to take control of their energy and water usage, including increasing the ability of tenants to advocate to landlords to report damage that may contribute to higher living costs. This could also include education for landlords.

3.2 Make changes to the NTPCCS in relation to electricity, water and sewerage concessions – including:

- Imposing a cap on concessions based on consumption levels (electricity and water)
- Extending the electricity, water and sewerage concessions to all health care card holders

NTCOSS also urges consultation with consumer groups – e.g. low-income groups, people with disability, seniors and groups representing seniors, about any changes to the scheme

3.3 Ensure all Territorians eligible for utilities concessions can access those concessions, including:

- Better marketing of and support for customers, including prepayment (electricity) customers, to access concessions they might be eligible for - including of outreach to people in places where they regularly frequent – such as Centrelink; Health Services
- Information on concessions to be made available in Aboriginal languages – both oral and written.

4.Patient Travel Assistance Scheme (PATS)

4.1 Introduce a regular (annual) indexation system for all PATS concessions

That the Commonwealth Government implements the following:

5. Increase to Income Support Payments and Concessions

5.1 Increase Newstart and other base level allowances (e.g. Youth Allow, Widow's Pension) by $50 per week

5.2 Increase and index Commonwealth Rent Assistance payments to match rental prices – taking into account regional differences.

5.3 That the Commonwealth Utilities Allowance be extended to recipients of Parenting Payment, Newstart Allowance and other allowances, who currently miss out.

5.4 That concessions for Telephone Allowance, transport concessions, and the Pharmaceutical Allowance, also be made available to recipients of Parenting Payment, Newstart Allowance and other allowances, who currently miss out; and that the Telephone Allowance be reviewed and increased to reflect the modern needs for access to telecommunication services.

APPPENDICES

Appendix A: CPI Changes, Expenditure Type Darwin vs National - Past Quarter and Past Year

Appendix A shows the trends in the CPI for the previous quarter and for the past year, for all of the 11 CPI categories measured by the ABS quarterly – as well as some of the sub categories (e.g. rent, fruit, vegetables and dairy products) showing how specific cost of living areas have impacted on the overall 'All Groups' CPI figure for Darwin since September 2015.

	Darwin CPI		National CPI	
Cost of Living area	Last Quarter July 2016- Sep 2016 % Change	Past Year Sep 2015 – Sep 2016 % change	Last Quarter July 2016- Sep 2016 % Change	Past Year Sep 2015 – Sep 2016 % change
Food & Non-Alcoholic Beverages	1.9%	2.2%	1.7%	1.5%
Dairy & related products	-2.5%	-3.8%	-0.8%	-1.7%
Fruit	18.9%	12.5%	19.5%	4.4%
Vegetables	6.8%	11.4%	5.9%	11.9%
Alcohol & Tobacco	1.1%	6.7%	1.1%	5.7%
Alcohol	0.4%	1.7%	0.3%	0.9%
Tobacco	2.5%	15.3%	2.3%	13.1%
Clothing & Footwear	-1.9%	-2.2%	0.3%	1.2%
Housing (includes utilities)	-0.6%	-2.8%	1.0%	1.8%
Rents	-2.4%	-7.7%	0.3%	0.7%
New dwelling purchase	-0.1%	0.4%	0.4%	1.6%
Utilities	-0.1%	-4.0%	2.5%	2.6%
Water & Sewerage	0.0%	0.9%	-1.8%	-1.8%
Electricity	0.0%	-5.5%	5.4%	4.7%
Furnishings, household equipment/ services	0.5%	1.5%	1.1%	1.9%
Health	-0.4%	3.3%	-0.2%	3.9%
Transport	0.6%	-2.1%	-0.5%	-3.4%
Automotive Fuel	0.0%	-11.8%	-2.9%	-12.6%
Public Transport	0.0%	0.0%	0.3%	0.2%
Communication	-2.1%	-7.2%	-2.3%	-7.5%
Recreation & culture	2.0%	-0.1%	0.6%	0.6%
Education	0.0%	3.4%	0.2%	3.3%
Insurance & financial services	-1.7%	-0.3%	0.9%	2.9%
Insurance	0.6%	3.9%	2.5%	7.8%
CPI All Groups	0.4%	0.0%	0.7%	1.3%

Source: ABS 2016d and ABS 2016e Data 4, 5, 6

Appendix B: Summary Table of Cost of Living Changes and Selected Concession, 2011-2016

Cost of Living Expenditure Area	% Change in price (Darwin CPI unless noted)	Relevant Income Assistance/Concession	Payment % change	Indexation Method/ Frequency
Housing	**10.8%**			
• Rent	**5.4%**	Commonwealth Rent Assistance – single no children single 1-2 children	 **12%** **11.9%**	Increased in line with CPI 2x p/a
Utilities	**30.3%**	Commonwealth Utilities Allowance	**11.8%**	Increased in line with CPI 2x p/a
• Electricity – Standard Meters	**28.2%**	NT Electricity Concession (based on household electricity usage of $6092 kW/h per year)	**34.9%**	Updated yearly in line with utilities price increases (or more frequently if price increase occurs)
• Electricity - Prepayment Meters	**28.2%**	NT Electricity Concession (Prepayment Tokens)	**98.3%**	
• Water & Sewerage	**41.3%**	NT Water Concession (based on 270 kL p/a usage) NT Sewerage Concession Daily rate	 **30.2%** **27.8%**	
Transport	**2.9%**			
• Fuel • Urban Transport Fares	**-20.9%*** **21.9%**	PATS Fuel Subsidy	**33.3%**	Increased periodically when PATs is reviewed
		PATS Ground Travel	**25.0%**	Increased periodically when PATs is reviewed
		Commonwealth Mobility Allowance	**12.3%**	Indexed in line with CPI once p/a
		NT Taxi Subsidy Scheme	**8.2%**	**Reviewed yearly and adjusted up (CPI) if fares increase**
Motor Vehicle Registration	**22.3%**	Motor Vehicle Reg Concession	**0%**	No indexation. Last increase 2009
Domestic Travel Accommodation – Darwin Adelaide	 **12.5%** **7.5%**	PATS Accommodation subsidy - Commercial Accommodation - Private Accommodation	 **71.4%** **100.0%**	Increased periodically when PATs is reviewed
Pharmaceuticals	**4.8%**	Commonwealth Pharmaceutical Allowance	**3.0%**	Increased very rarely
CPI – All groups Drwn	**9%**			

For sources and details of calculations – see specific references to these concessions in the body of this report

Appendix C: ACOSS Recommendations for Broader Reforms

ACOSS (2014) has recommended the following prior to the May 2015 Federal Budget:

- Raise the level of payments for Newstart Allowance, Youth Allowance and other Allowance payments for single adults and young people living independently of their parents by $50 per week as recommended by the Henry Report.
- Index all Allowance payments to wage movements.
- Improve the targeting of the family payments system and raise payments for families at greatest risk of poverty.
- Double the number of wage subsidies available for very long term unemployed people to 20,000 places per year.
- Substantially boost the resources available to Job Services Australia (JSA) providers to work intensively with this group from present inadequate levels (which fund an interview every two months plus $100 a month for training and work experience).
- Establishing an Affordable Housing Growth Fund to expand the stock of affordable housing, with a down-payment of $750 million in the first year and increased and sustained long term ongoing funding.
- Maintaining current funding for homelessness services beyond expiry of the National Partnership Agreement on Homelessness and index to Consumer Price Index (CPI).
- Increasing the maximum rate of Commonwealth Rent Assistance (CRA) by 30% (around $19 per week) to assist people living on low incomes to meet rising rental costs. (ACOSS, 2014).

Appendix D: Structure of the NTPCCS Utilities Concessions

The following 6 figures examine the various components of the NTPCCS utilities scheme by tracking each concession as a percentage of the corresponding cost that the concession relates to.

Figure 20a: Electricity (Standard Meter) Fixed Daily Concession as a proportion of Fixed Daily Charges

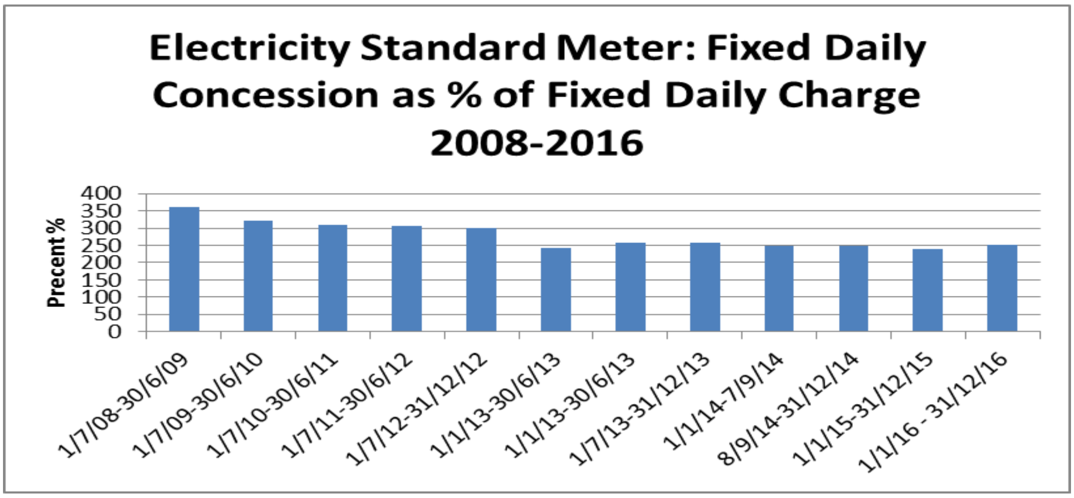


Figure 20b: Electricity (Standard Meter) Concession as a proportion of Fixed Daily Charges

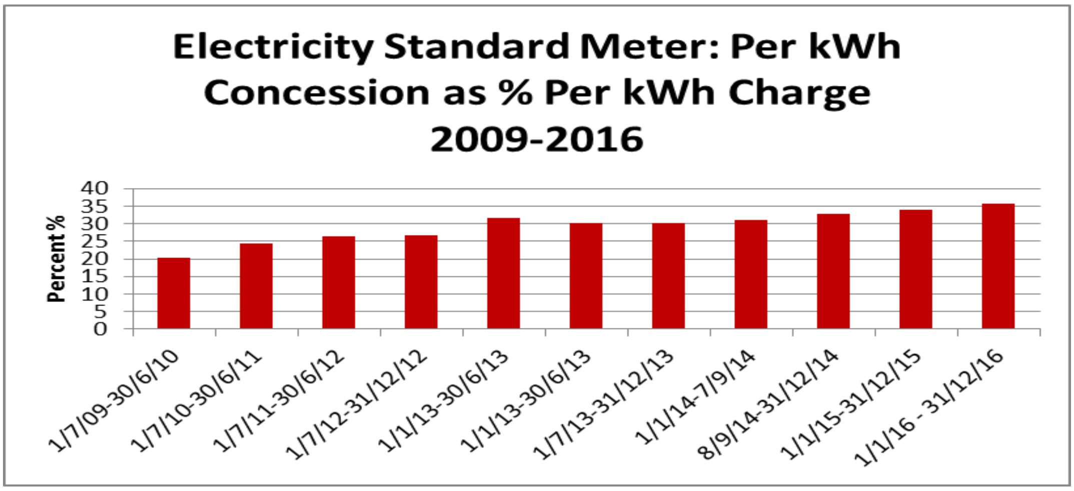


Figure 20c: Electricity (Prepayment Meter) Fixed Daily Concession as a proportion of Fixed Daily Charges

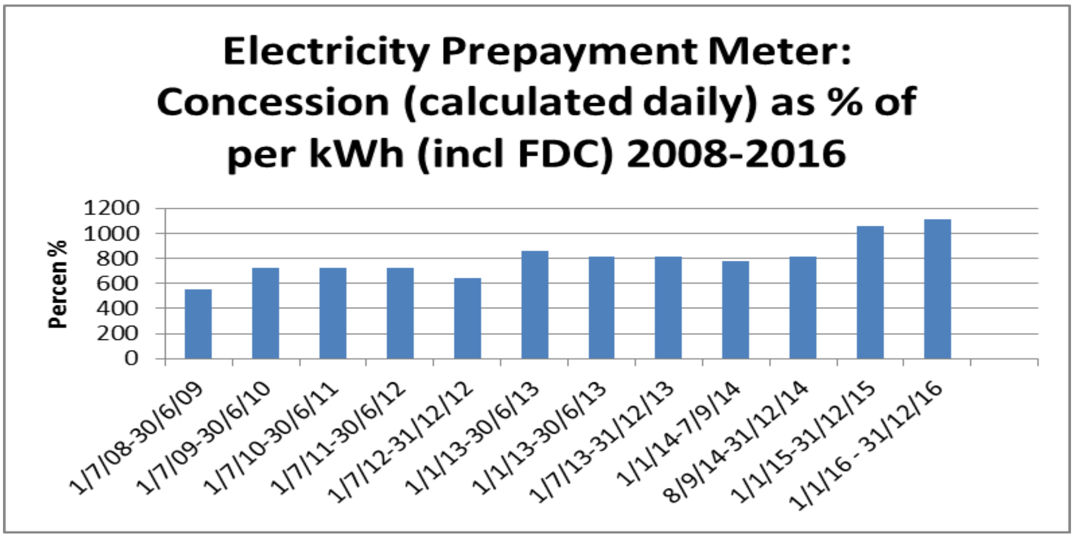


Figure 20d: Water Fixed Daily Concession as a proportion of Fixed Daily Charges

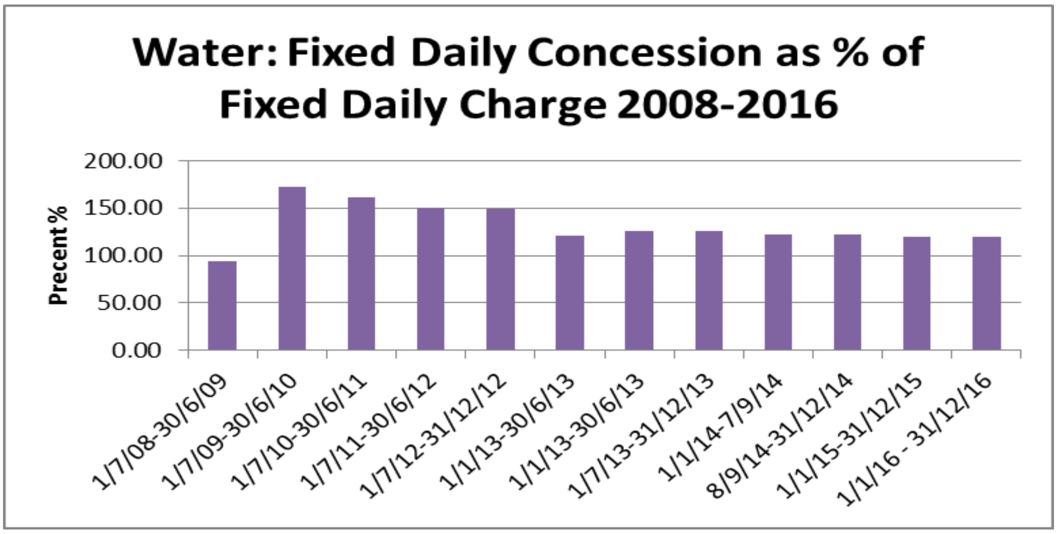


Figure 20e: Water per kL Concession as a proportion of kL charge

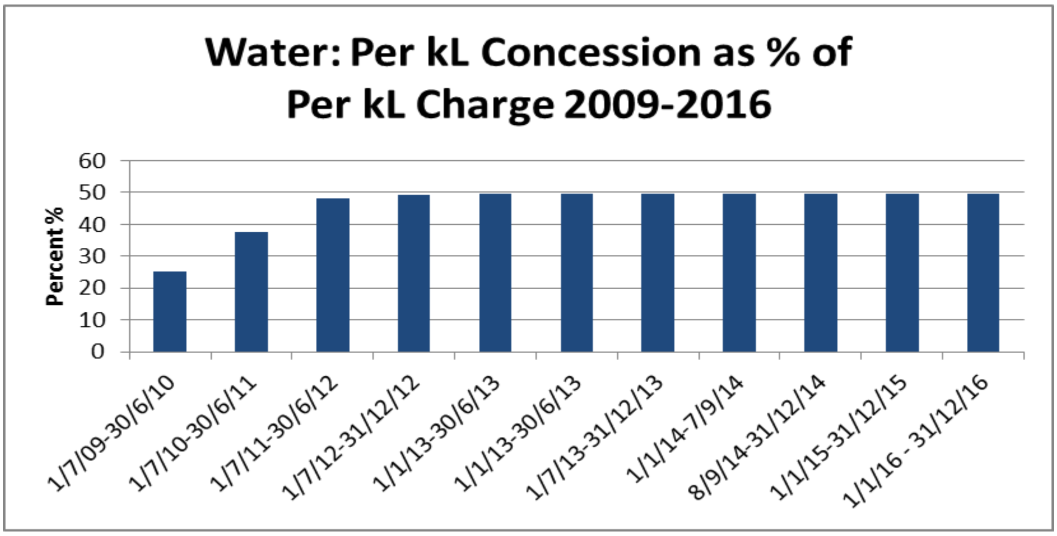
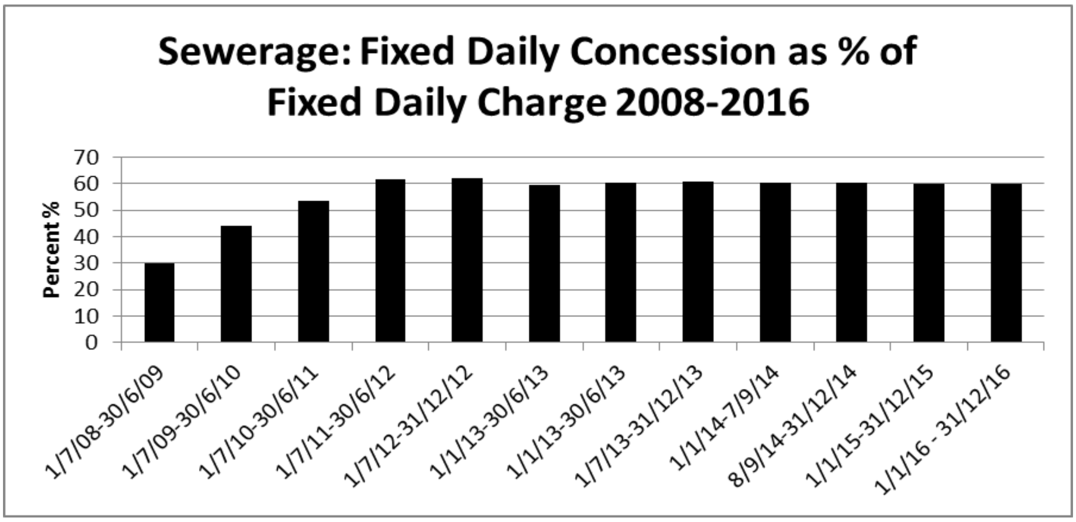


Figure 20f: Sewerage Fixed Daily Concession as a proportion of Fixed Daily Charges



Source: Electricty, Water & Sewerage rates from: Power and Water Corporation 2009, 2010, 2011, 2012, 2013a, 2013b, 2013, 2014a, 2014b, 2015a, 2015b, 2016a; Concession rates from: Internal NTCOSS document (NT Utilities Concessions – Historical rates); NT Government 2015j and 2016e

Comment regarding the structure of the NTPCCS Utilities Concessions

Figures 20a & 20b: For standard Meter Electricity, the rate of concession for the Fixed Daily Charge has decreased as a percentage of the FDC (since July 2009); while at the same time the rate of the per kWh concession has increased as a percentage of the kWh charge (since July 2010), and continues to increase.

Figure 20c: For Prepaid Electricity shows the rate of concession has increased overall as a percentage of the FDC, and particularly in the last two years.

Figures 20d & 20e: For water: The same thing has happened, that has occurred with electricity charges, with the rate of concession for the Fixed Daily Charge decreasing as a percentage of the FDC (since July 2010); while at the same time the rate of the per kWh concession has increased as a percentage of the kL charge (since July 2010) but has plateaued over the last few years

Figure 20f: With sewerage - the rate of concession for the Fixed Daily Charge has increased as a percentage of cost – but this makes sense, as it is the only component of the concession for sewerage, and helps the concession keep pace with the cost of living.

It appears that the increases in the variable component on the concession – i.e. the concession on the per kilowatt per hour for electricity and the concession on the per kilolitre consumption for water – have occurred in order to attempt to ensure the concessions keep up with the corresponding charges. Establishing the most effective and sustainable utilities concession system into the future will require very careful consideration of the structure of and interplay between the fixed and variable rates of charge's and concessions for both electricity and water.

EXPLANATORY NOTES

1. CPI and Living Cost Indexes

The ABS Selected Living Cost Indexes (SLCI) uses a different methodology to the CPI in that the CPI is based on acquisition (i.e. the price at the time of acquisition of a product) while the living cost index is based on actual expenditure. This is particularly relevant in relation to housing costs where CPI traces changes in house prices, while the SLCI traces changes in the amount expended each week on housing (e.g. mortgage repayments). Further information is available in the Explanatory Notes to the Selected Living Cost Indexes (ABS 2016c).

In that sense, the Selected Living Cost Indexes are not a simple disaggregation of CPI and the two are not strictly comparable. However, both indexes are used to measure changes in the cost of living over time (although that is not what CPI was designed for), and given the general usage of the CPI measure and its powerful political and economic status, it is useful to compare the two and highlight the differences for different household types. (Adapted from SACOSS 2014, p.9)

"The Selected Living Cost Indexes (SLCIs), Australia incorporates the Pensioner and Beneficiary Living Cost Index (PBLCI) and the Analytical Living Cost Indexes (ALCIs). The ALCIs have been compiled and published by the ABS since June 2000 and were developed in recognition of the widespread interest in the extent to which the impact of price change varies across different groups of households in the Australian population." (ABS 2016c)

"ALCIs are prepared for four types of Australian households:

- employee households (i.e. those households whose principal source of income is from wages and salaries);
- age pensioner households (i.e. those households whose principal source of income is the age pension or veterans affairs pension);
- other government transfer recipient households (i.e. those households whose principal source of income is a government pension or benefit other than the age pension or veterans affairs pension); and
- self-funded retiree households (i.e. those households whose principal source of income is superannuation or property income and where the Household Expenditure Survey (HES) defined reference person is 'retired' (not in the labour force and over 55 years of age))." (ABS 2016c)

2. Limitations of the Selected Living Cost Indexes

The Selected Living Cost Indexes are more nuanced than the generic CPI in that they measure changes for different household types, but there are still a number of problems with using those indexes to show cost of living changes faced by the most vulnerable and disadvantaged in the Northern Territory. While it is safe to assume that welfare recipients are among the most vulnerable and disadvantaged, any household-based data for multi-person households indicates nothing about distribution of power, money and expenditure within a household and may therefore hide particular (and often gendered) structures of vulnerability and disadvantage. Further, the living cost indexes are not state-based, so particular Northern Territory trends or circumstances may not show up. (Adapted from SACOSS 2014, p.9).

At the more technical level, the Selected Living Cost Indexes are for households whose predominant income is from the described source (e.g. aged pension or government transfers), though many households in these categories have other sources of income, or more than one welfare recipient in the same household. Like the CPI, the Living Cost Index figures reflect broad averages (even if more nuanced), but do not reflect the experience of the poorest in those categories (Adapted from SACOSS 2014, p.9).

Another example of this "averaging problem" is that expenditures on some items, like housing, are too low to reflect the real expenditures and changes for the most vulnerable in the housing market – again, because the worst case scenarios are "averaged out" by those in the category with other resources. For instance, if one pensioner owned their own home outright they would generally be in a better financial position than a pensioner who has to pay market rents; as an example, if the market rent were $300 per week, the average expenditure on rent between the two would be $150 per week, much less than what the renting pensioner was actually paying (Adapted from SACOSS 2014, p. 9).

The weightings in the Selected Living Cost Indexes are also based on a set point in time (from the 2009-10 ABS *Household Expenditure Survey*) and can't be changed until the next survey. In the meantime, the price of some necessities may increase rapidly, forcing people to change expenditure patterns to cover the increased cost. Alternatively or additionally, expenditure patterns may change for a variety of other reasons. However, the weighting in the indexes does not change and so does not track the expenditure substitutions and the impact that has on cost of living and lifestyle (Adapted from SACOSS 2014, p.9).

The Selected Living Cost Indexes' household income figures are based on households that are the average size for that household type: which for Aged Pensioners is 1.52 the Other Government Transfer recipients it is and 2.57 (ABS, 2016c) which makes comparison with allowances difficult. This Report primarily focuses on single person households or a single person with two children (to align to the other welfare recipient household average of 2.57 persons). However, this is a proxy rather than statistical correlation (Adapted from SACOSS 2014, p. 9-10).

While the Selected Living Cost Indexes do have some limitations in terms of tracking cost of living changes overall however, they provide a "robust statistical base, quarterly tracking of changes and a long time series, which all provide valuable data for analysis" (SACOSS 2014, p.10).

3. How Pension rates are adjusted

"Currently, pensions (including the Age Pension, Service Pension, Disability Support Pension and Carer Payment) are indexed twice each year by the greater of the movement in the Consumer Price Index (CPI) or the Pensioner and Beneficiary Living Cost Index (PBLCI). They are then 'benchmarked' against a percentage of Male Total Average Weekly Earnings (MTAWE). The combined couple rate is benchmarked to 41.76% of MTAWE; the single rate of pension is set at 66.33% of the combined couple rate (which is equal to around 27.7% of MTAWE). 'Benchmarked' means that after it has been indexed, the combined couple rate is checked to see whether it is equal to or higher than 41.76% of MTAWE. If the rate is lower than this percentage, the rates are increased to the appropriate benchmark level" (Parliamentary Library 2014).

“The CPI is a measure of changes in the prices paid by households for a fixed basket of goods and services. Indexing pension rates to CPI maintains the real value of pensions over time. The PBLCI measures the effect of changes in prices of the out-of-pocket living expenses experienced by age pensioner and other households whose main source of income is a government payment. The PBLCI is designed to check whether their disposable incomes have kept pace with price changes. The MTAWE benchmark is not intended to maintain the value of the pension relative to costs; it is seen as ensuring pensioners maintain a certain standard of living, relative to the rest of the population” (Parliamentary Library 2014). NOTE: Allowance payments, such as Newstart and Youth Allowance are indexed to the CPI only, and are adjusted 6 monthly, every March and September.

4. Pension and Newstart (and Family Tax Benefit) Calculations for Figures 1 and 2

These figures reflect payment levels for a single Aged Pensioner; a single Newstart recipient with no children; a single Newstart recipient with two children (aged 10 and 14), and a single Youth Allowance recipient, who are not in receipt of Commonwealth Rent Assistance. There are clearly going to be variations in payment rates for different recipients, which will be affected by family structure, the number and age of children etc. Payment rates for single people are used here for simplicity – as partner’s income for partnered recipients adds another layer of complexity (Adapted from SACOSS 2014, p.10).

Table 7a Weekly Payment Rates at 19 September 2015

	Base Rate	Pension Supp	Energy Supp*	FTB A Child u13	FTB A Child 13-15	FTB B	Pharma Benefit	TOTAL PAYMENT
Aged Pension (single)	$391.10	$31.95	$7.05					$430.10
Newstart (single, no children)	$259.60		$4.40					$264.00
Newstart (single, 2 children)	$280.90		$4.75	$89.88	$116.97	$53.41	$3.10	$549.01
Youth Allowance (single, no children)	$213.40		$3.50					$216.90

Table 7b: Weekly Payment Rates at 19 September 2016

	Base Rate	Pension Supp	Energy Supp*	FTB A Child u13	FTB A Child 13-15	FTB B	Pharma Benefit	TOTAL PAYMENT
Aged Pension (single)	$397.40	$32.50	$7.05					$436.95
Newstart (single, no children)	$263.80		$4.40					$268.20
Newstart (single, 2 children)	$285.40		$4.75	$91.42	$118.94	$54.32	$3.10	$557.93
Youth Allowance (single, no children)	$216.60		$3.50					$220.10

Source: Figures derived from Centrelink 2015 and Centrelink 2016a.
Note - All figures are based on maximum rates of payment where relevant (2 children for Newstart calculation based on 1 child under 13 y.o.; and one child b/w 13-15 y.o.).

5. Concessions – Further Information

5.1 Commonwealth Mobility Allowance

The Commonwealth Mobility Allowances is a flat rate payment indexed annually in line with CPI increases, either at the standard rate or the higher rate depending on the recipient's qualifying activities. It is paid (fortnightly) to a person with a disability aged 16+ who cannot use public transport without substantial assistance, and is required to travel to and from their home for work (incl. volunteer work), study, training or job seeking (Australian Government 2016a).

5.2 NT Taxi Subsidy Scheme (NTTSS) and Taxi Fares

The NT Taxi Subsidy Scheme (TSS) provides assistance to permanent residents of the Northern Territory who have been assessed as having a disability or significant mobility restriction that prevents them from being able to use public transport to access the community. The disability may be physical, sensory, psychiatric or intellectual. TSS is intended to assist with transport needs, ***not*** meet all transport costs, by subsidising half of a taxi fare.

Under the existing categories, people may be eligible to join this scheme if they are unable to safely use public transport due to:

1. Dependence on a wheelchair/scooter for all mobility outside of the home.
2. A disability with significant mobility restrictions.
3. Significant visual impairment in both eyes.
4. Severe and uncontrollable epilepsy with seizures involving loss of consciousness.
5. Significant intellectual disability, memory or communicative impairment.
6. Significant psychiatric disability (NT Government 2015g).

Category A: Applicants that are current TSS members in Category B or B-MPV with exceptional circumstances and considerable financial hardship may be considered for category A. Eligibility and the amount of financial assistance required by the applicant is assessed on a case by case basis and is by Minister's approval only. Approved category A members will be allocated an amount greater than $2009 according to their particular needs.
Category B: For applicants that use a taxi at least five days a week on a regular basis. Yearly Maximum subsidy is $2008.
Category B-MPV: Applicants assessed as requiring travel in a Multi-Purpose (wheelchair) Taxi due to dependency on a wheelchair or motorised scooter. Yearly Maximum subsidy is $2008. Members also receive 180 x $20 lift incentives.
Category C: For applicants assessed as having a long term disability, but are not eligible for category B, B-MPV or A. Yearly Maximum subsidy is $590.
Category D: For applicants who are assessed as having a long term disability which is not necessarily prevalent day to day i.e. disability is intermittent in its effects. Yearly Maximum subsidy is $237.00 (NT Government 2015i).

The Department reviews the scheme each year to establish the percentage of NTTSS members who exceed their annual allocated amounts in each category and then determines if there is a need to adjust the allocated amounts (NT Government 2015i).

Lift Incentive Scheme

The Lift Incentive Scheme (LIS) is a Government funded incentive which provides drivers of approved wheelchair accessible commercial passenger vehicles (CPVs) $20 for each journey involving a passenger travelling in a wheelchair. Lift Incentives are allocated to persons in the TSS categories A and B-MPV, who have been assessed as requiring the use of a MPT or other equipped vehicle to carry wheelchair passengers; and are allocated 180 x $20 lift incentives per year. The lift incentive is not part of the taxi fare, is not transferable or redeemable for cash.

Lift Incentives are paid in recognition that wheelchair/mobility device passengers may require more time to embark and disembark a MPT than other passengers. It also encourages MPT drivers to pick up more passengers in wheelchairs/mobility devices before seeking other hiring's. Members who are in any other category and have become reliant on a wheelchair or other mobility device may be considered for an allocation of the LIS on a case by case basis. (NT Government 2015h).

Table 8: Calculations of changes in NTTSS allocations over the past 5 years

	Sept 2011	**Sept 2016**	**Percentage Change**
NTTSS Category	Per Annum	Per Annum	In last 5 years
Category A	$1856+	$2009+	8.3%
Category B	$1856	$2008	8.2 %
Category B – MPV *(Multi Purpose Vehicle)*	$1856 Plus 180 x $20 lift incentives	$2008 plus 180 x $20 lift incentives	8.2%
Category C	$546	$590	8.1%
Category D	$219	$237	8.2%

Source: NT Government 2015c and 2016h

Table 9: Darwin Taxi Fare Rates, 2011 vs 2016

Standard Fares	Sep 2011	Sep 2016	Increase in price (%)
Flagfall	$4.10	$4.40	7.3%
Distance Rate km	$1.46	$1.54	5.5%
Booking Fee	Free	Free	N/A
Waiting Time p/h	$51.43 p/h	$55.38 p/h	7.7%
Off Peak Rates	Sep 2011	Sep 2016	Increase in price (%)
Flagfall	$4.90	$5.50	12.2%
Distance Rate km	$1.79	$1.89	5.6%
Booking Fee	Free	Free	N/A
Waiting Time p/h	$51.43	$55.38	7.7%

10c/6.5secs converted to $55.38 per hour

Source: Taxi Fare Calculator (2011) Website, http://www.taxifare.com.au/rates/australia NT Government 2016h

Comparison of current taxi are rates across the NT

Table 10: Darwin Taxi Fare Rates vs other regional NT Centres – prices as at Sep 2016

Peak Rates	Darwin	Alice Springs	Gove	Katherine	Tennant Creek
Flagfall	$4.40	$4.00	$5.70	$3.60	$9.40
Distance Rate km	$1.54	$1.94	$2.01	$1.89	-
Waiting Time p/h	$55.38	$54.55	$52.94	$45.00	-
Off Peak Rates					
Flagfall	$5.50	$5.20	$7.00	$4.50	$2.90
Distance Rate km	$1.89	$2.30	$2.46	$2.37	$1.86
Waiting Time p/h	$55.38	$54.55	$52.94	$45.00	$70.59

Source: Taxi Fare Calculator (2014) Website, http://www.taxifare.com.au/rates/australia add NT Government 2016h

Table 11: Trip Example used in calculations in Figure 10

Taxi Fare Structure	Price per unit			Trip Price		$ Difference	% Difference
	Sep 2011	Sep 2016	Unit	Sep 2011	Sep 2016	b/w 2011-2016	b/w 2011-2016
Flagfall - charged once per trip	**$4.10**	**$4.40**	**1**	**$4.10**	**$4.40**		
Rate per km	**$1.46**	**$1.54**	**10 km**	**$14.60**	**$15.40**		
Waiting Time in Minutes	**$0.69**	**$0.92**	**5 mins**	**$3.45**	**$4.60**		
			Totals	**$22.15**	**$24.40**	**$2.25**	**10.2%**

Source: Taxi Fare Calculator (2014) Website, http://www.taxifare.com.au/rates/australia add NT Government 2016h

5.3 Motor Vehicle Concessions (NTPCCS)

5.3.1 Motor Vehicle Registration

$154 Concession on the cost of 12 months vehicle registration/$77 concession on the cost of 6 months registration

The Motor Vehicle Registration Fee figures used in the report, are based on fees for cars with an engine size 1001-1500ml, for 6 months

This concession is not indexed

5.3.2 Drivers Licences:

Free drivers licence renewals.
(NT Government 2015b).

5.4 Public Transport

NTPCCS Card holders are entitled to a concession fare of $1 on the public bus system (Darwin, Palmerston and Alice Springs only) which entitles them to unlimited travel for three hours. (2015b).
A number of fare changes came into effect on 1 January 2013:

- Concession card holders fares increased from $0 to $1 per trip (trips had been free since 2009)
- Adult three-hour fare went up from $2 to $3
- Adult daily fares went up from $5 to $7

Adult weekly fares went up from $15 to $20 (NT Government, 2013a).

5.5 NT Patient Assistance Travel Scheme (PATS)

The Patient Assistance Travel Scheme (PATS) is a subsidy program funded by the Northern Territory Government to provide financial assistance to Territorians who are referred by an approved practitioner to the nearest approved specialist medical service. PATS provides transport and accommodation subsidies. It is not a full payment scheme; it is a subsidy scheme that only pays a portion of your costs, and only for a limited time. Patients are responsible for any additional costs. (NT Government, 2016b).

Eligibility for PATS requires that patients:

- are an Australian citizen or permanent resident and have lived for six months or longer in the NT
- qualify for Medicare;
- have a current referral to the nearest approved specialist medical service; and
- live more than 200km away from the nearest approved specialist medical service; or have to travel more than 400km cumulatively per week for oncology or renal treatment.
- PATS provides money to pay for some travel, escort and accommodation costs when rural and remote Territorians travel over 200 kilometres each way to see a specialist. Subsidies vary depending on the type of travel (NT Government 2016b).

5.5.1 PATS Fuel Subsidy

At 3December 2016, PATS offers a fuel subsidy of 20 cents per kilometre for car travel. When a patient uses their own car, the distance is measured by the most direct route between your place of residence and the location of the specialist service. PATS can cover a fuel subsidy for a maximum of three patients per vehicle. (NT Government 2016b and 2016i).

5.5.2 PATS Ground Travel Subsidy

At 31 March 2015, PATS reimburses a maximum of $50 per patient per trip is provided towards ground transport costs (for example taxis or buses) upon provision of receipts. This subsidy is not available for the hire of a car or for fuel for a car. (NT Government, 2016b and 2016i).

5.5.3 PATS Accommodation Subsidy - Commercial

At 31 March 2015, PATS Accommodation subsidies of up to $60 per person per night are available for commercial accommodation if you live 200kms or more away from the approved specialist service and are required to stay overnight for medical reasons or transport schedules. Commercial accommodation is accommodation that is registered as a business and may be a hotel, motel, caravan park, serviced apartment, flat or accommodation facility associated with health organisations (NT Government, 2016b and 2016i).

In certain circumstances the PATS will allow for an escort to accompany a patient where specific reasons criteria are met, i.e. if the patient requires assistance to travel or the person needs to participate in the patient's care or treatment. Children under the age of 18 are automatically entitled to an escort. Approval may also be given for two escorts to accompany a child in life threatening circumstances. If your escort for travel is approved they are eligible for subsidised travel and accommodation costs. An escort's entitlement to a travel allowance is conditional on the eligibility of the patient they are accompanying. Escorts have no entitlement in their own right (NT Government, 2015b).

5.5.4 PATS Accommodation Subsidy - Private

As at December 2016, PATS provides a subsidy of $20 per person per night, which is available if a patient stays with family or friends. (The same rules re. escorts applies). (NT Government 2016i).

5.6 Commonwealth Rent Assistance (Centrelink 2016a)

Commonwealth Rent Assistance (CRA) is paid to a wide range of income support recipients who are paying rent (other than to a government housing authority – e.g. Territory Housing). The benefit varies depending on income, tenancy arrangements (shared, single) and children, and the amount of rental paid (Centrelink 2016a).

Rent Assistance is paid at the rate of 75 cents for every dollar of rent paid above the specified rent threshold until the maximum rate is reached. Thresholds vary according to a customer's family situation and the number of children they have. For singles without children, the maximum rate also varies according to whether or not accommodation is shared with others. Rent thresholds and maximum rates are indexed in March and September each year to reflect changes in the Consumer Price Index (Australian Government 2015). The maximum payment at 19 September 2016 for a single person with no children was $127.60 per fortnight (Centrelink 2016a).

Table 12: Changes in Rent Assistance (Weekly): 2011-2016 used in Figure 14

	Sep 2011	Sept 2016	$ Increase	% Increase
Rent Assistance- No children	$116.40	$130.40	$14.00	12.%
Rent Assistance – 1-2 children	$136.78	$153.02	$16.24	11.9%

Source: Centrelink 2011 and 2016a.

5.7 Commonwealth Pharmaceutical Allowance (PhA)

This allowance is designed to assist with cost of medications for eligible people on a range of income support payments, including parenting payment and sickness allowance. Age pensioners are not eligible. Newstart recipients are eligible in certain limited circumstances, including if they are a single principal carer of a dependent child. The pharmaceutical allowance is indexed to CPI.

Rate: $6.20 per fortnight for eligible single person, and $3.10 per fortnight for each eligible member of a couple (i.e. $6.20 in total if both members of a couple are eligible). However, where a person is a member of an illness separated couple or a respite care couple or where a partner is in prison, the rate is $6.20 per fortnight (i.e. same as for a single person). For most pensioners and other income support recipients who have reached age pension age, the value of PhA has either been incorporated into the Pension Supplement or forms part of the rate paid under transitional arrangements (Centrelink, 2016a and 2016b).

5.8 Utilities Concessions under the NTPCCS Scheme

5.8.1 NT Electricity Concessions

<u>Standard Meters</u>

NT Pensioner and Carer Concession Scheme (NTPCCS) customers who have a standard electricity meter, receive a fixed daily concession of $1.268 per day as well as a $0.091 cents per kilowatt hour reduction (rate for 2015), (NT Government, 2016e). The electricity concessions are not capped as such, but can be up to 100% of the charges (but not exceed this).

<u>Pre-payment Meters</u>

In relation to households with pre-payment meters, eligible members receive an allocation of $1140 in concessions (2015 rate) every 12 months, provided in 6 monthly instalments (NT Government, 2016e).

With pre-payment meters, power is credited to the meter by a single-use token, which is a magnetic strip card that comes in denominations of $5, $10, $20, and $50. The card is fed into a slot on the front of the meter and the value of the card is credited to the meter. Prepayment meters have $8 emergency credit which can be used when a power card runs out, but if used, is subsequently deducted from the credit on the next power card to be inserted into the meter. Meters are available for people with a single phase electricity service (Power and Water Corporation, 2016c).

5.8.2 NT Water Concessions

The concession on water is $0.9130 per day on fixed daily charge and $0.8610 on consumption. The water concessions are not capped as such, but can be up to 100% of the charges (but not exceed this) (NT Government, 2015e).

5.8.3 NT Sewerage Concessions

For sewerage there is a $1.213 per day concession on fixed daily charges (NT Government, 2015e).

5.8.4 Calculations of yearly consumption figures for Electricity and Water for Figures 17, 18 & 19
NTCOSS is not aware of publicly available data that provides an average electricity and water consumption figure for NTPCCS eligible households. The following

Figure 17a calculations: Information from a range of sources was used to calculate figures that would be indicative of lower income households, to be reasonably reflective of the situation for low income NTPCCS concession recipients in Alice Springs, as follows:

The average yearly figure used for electricity for low income households for Alice Springs is based on figures from the ABS (2013) Household Energy Consumption Survey, 2012, showing that (nationally) those receiving a Government Pension or Allowance (Table 8 in ABS 2013), along with tenants in state/territory housing authority housing (Table 12 in ABS 2013), both pay 0.76% of the average amount paid by households on electricity each week. This was therefore seen as indicative of households who would be eligible for electricity concessions under the NTPCCS. The average yearly electricity consumption figure for Alice Springs (8030 kWh*) was then used to calculate a consumption figure for state/territory housing residents (NT), which was 6092 kWh (76% of 8030). **See paragraph below under Figure 16b calculations.*

Figure 17b calculations: The average yearly figure for electricity used for Alice Springs households overall is based on the average daily figure of 22 kWh (8030 kWh per year) (Jacana 2016).

Figure 17c calculations: The average yearly figure for electricity used for Darwin households overall is based on the average daily figure of 24 kWh (8760 kWh per year, Jacana 2016).

Figure 18a calculations: The average yearly figure used for water for low income households for Alice Springs is based on figures from 'Alice Water Smart Homes and Business', based on Water Audit information from Alice Water Smart Participants (for the years 2011-12 and 2012-13), for a detached (unit) household, of 277 kL per year (Laidlaw 2015). This figure was rounded down to 270 kL for the purpose of the calculations used for this report, to be indicative of the situation for low income households, who would be eligible for concessions under the NTPCCS.

Figure 18b calculations: The average yearly figure for water for Alice Springs households overall, of 432kL, is based on figures from the Australian Government (2016d) Bureau of Meterology, National Performance Report 2014-15; urban water utilities (Table A1 W12 —Average annual residential water supplied (kL/property), 2010–11 to 2014–15, by utility group, p.74)

Figure 18c calculations: The average yearly figure for water for Darwin households overall, of 471 kL, is also based on figures from Power and Water Corporation 2016d, p.1 (from the Living Water Smart Darwin Region initiative).

Table 13: Calculations used for Figure 19

Calculations to work out the difference in utilities bills for concession card holders (2011 vs 2016 price and concession rates), used in Figures 19a, 19b, 19c and 19d

	September 2011			September 2016			
	Fixed Daily Charge (366 days)	**Consumption charge kWh or kL (366 days)**	**TOTAL 2011**	**Fixed Daily Charge (366 days)**	**Consumption charge kWh or kL (366 days)**	**TOTAL 2016**	**% Change b/w 2011-2016**
Electricity Charges Standard Meter- 6092 kW p/a used	366x$0.3898 = $142.67	6092x$0.1977 = $1204.39	**$1347.06**	366x$0.5035 = $184.28	6092x$0.25539 9 = $1555.89	**$1740.17**	29.2%
Concession received based on 6092kW	366x$1.190 = $435.54	6092x$0.0524 = $319.22	**$754.76**	366x$1.268 = $464.09	6092x$0.091 =$554.37	**$1018.46**	**34.9%**
Bill Payable	(-$291.87)	$885.17	**$592.69**	(-$279.81)	$1001.52	**$721.71**	21.9%
Water Charges – 270 kL p/a used	366x$0.5407 = $197.90	270x$1.2946 = $349.54	**$547.44**	366x$0.8029 = $293.86	270x$1.9226 = $519.10	**$812.96**	48.5%
Concession received based on 270kL	366x$0.815 = $298.29	270x$0.623 = $168.21	**$466.50**	366x$0.956 = $349.90	270x$0.953 = $257.31	**$607.21**	**30.2%**
Bill Payable	(-$100.39)	$181.33	**$80.94**	(-$56.04)	$261.79	**$205.76**	154.2%
Sewerage Charges	366x$1.684098 = $616.38	N/A	**$616.38**	366x$2.218658 = $809.81	N/A	$809.81	31.4%
Concession	366x$1.035 = $378.81	N/A	**$378.81**	366x$1.323 = $484.22	N/A	$484.22	**27.8%**
Bill Payable	$237.57	N/A	**$237.57**	$325.59	N/A	**$325.59**	37.1%
Total Bill Payable		**Sept 2011**	**$910.80**		**Sept 2016**	**$1253.06**	**37.6%**

Source: ABS 2013, 2016d; Power and Water Corporation 2011 and 2016a, Jacana 2016; NT Government 2015f and 2016e; Laidlaw 2015

Electricity usage (Standard Meters) based on 6092kW per annum; Water usage based on 270 kL per annum if own and live in own home; Sewerage per annum if own and live on own homes - 366 days usage

5.9 Commonwealth Utilities Allowance

Utilities Allowance (UA) is a quarterly payment to recipients of Widow Allowance and Partner Allowance who are under age pension age, and to Disability Support Pension recipients who are aged under 21 years without children, to assist with meeting the cost of utilities bills. It is indexed to CPI. The rate at 19 September 2011 for a single person was $544 per annum, and at 19 September 2016 it was $608.00 (an 11.8% increase) (Centrelink 2016a and 2016b).

5.10 Commonwealth Telephone Allowance

The Commonwealth Telephone Allowance (TAL) is a quarterly payment which is designed "to assist with the cost of maintaining a telephone service—however, it is not paid to assist with the cost of telephone calls". "TAL is paid to telephone subscribers who receive the Disability Support Pension and who are aged under 21 years without children and to Parenting Payment (Single) recipients who are under age pension age. TAL is also paid to telephone subscribers who receive certain social security allowance payments and are in specific circumstances". (Centrelink 2016, p.32).

There is a "higher rate of TAL is payable to recipients of Disability Support Pension who are aged under 21 years without children if they or their partner also have a home internet connection". (Centrelink 2016a, p.32)

The TAL payment is provided to recipients every January, March, July and September. "For most pensioners and other income support recipients who have reached age pension age, the value of TAL has been either added into the Pension Supplement (page 31) or forms part of the rate paid under transitional arrangements" (Centrelink 2016a, p.32).

5.11 Oral Health Services

Oral Health Services in the NT

The services offered through Oral Health Services NT include "pain and trauma management, emergency care, restorative fillings and repairs, endodontics, extractions, oral hygiene, oral health promotion and denture services. Specialist services include orthodontics, oral surgery, and treatment in hospital under general anaesthetic" (NT Government, 2016k).

Medicare Child Dental Benefits Schedule

The benefits available include the following:

- examinations
- X-rays
- cleaning
- fissure sealing
- fillings
- root canals
- extractions (Australian Government 2016c).

Medicare Child Dental Benefits are not, however, available for orthodontic or cosmetic dental work. In addition Medicare Child Dental Benefits cannot be paid for any services provided in a hospital. "Child Dental Benefits Schedule services won't count towards the Medicare Safety Net or the Extended Medicare Safety Net thresholds" (Australian Government, 2016c).

5.12 Calculation of Historical Changes in Income Support Payments

The changes in income data in Figure 4 above, are derived from several sources. The Minimum Wage figures come from the Fair Work Commission (2016) and the base level Commonwealth allowances data is from Centrelink (2006) and (2016a), as follows:

Table 14: Changes in Minimum Wage, Pension & Newstart Allowance rates (Weekly): 2006-2016

	Sep 2006	Sep 2016	Difference	% Change
Employees – Minimum Wage	\$484.40	\$672.70	\$188.30	38.9%
Age Pension /DSP – Base Rate Single	\$249.85	\$436.95	\$187.10	74.9%
Newstart Allowance – Base Rate	\$205.30	\$263.80	\$58.50	28.5%

Source: Centrelink 2006 and 2016a; Fair Work Commission 2016.

5.13 The Commonwealth Seniors Health Card

The Commonwealth Seniors Health Card is subject to an income test which is indexed on 20 September each year and includes:

- adjusted taxable income, and
- a deemed amount from account based income streams

There is no assets test. To be eligible, people should have an annual income of less than:

- \$52,796 if you are single
- \$84,472 for couples combined, or
- \$105,592 for couples combined, who are separated by illness or respite care, or where one partner is in prison

The income limit is increased by \$639.60 for each dependent child being cared for (Australian Government 2016b).

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