

Tier 1. NT Concession Scheme

To help all low-income Territorians with a range of cost of living expenses

AIM

ELIGIBILITY

Explanatory Information:

- Approximately 6000 current members - pensioners, carers, Commonwealth Seniors Health Card holders, veterans would be eligible
- A number of current members of the NTPCCS as Seniors may also be eligible for this Scheme if they meet eligibility criteria of pensioner, carer, Commonwealth Seniors Health Card holders etc.
- Open this Scheme up to all Healthcare Card holders (Widow Allowance, Newstart – e.g. sole parents, people with disability, and Youth Allowance etc.) to assist more low-income Territorians, but this will increase number of people in the Scheme
- Consideration of inclusion of seniors who do not meet the above eligibility criteria – but who have been long term residents of the NT on a continuous basis (e.g. 30+ years)
- In addition consideration regarding whether the CSHC is the most appropriate benchmark for an income/assets test for self-funded retirees eligibility*

Eligibility open to:

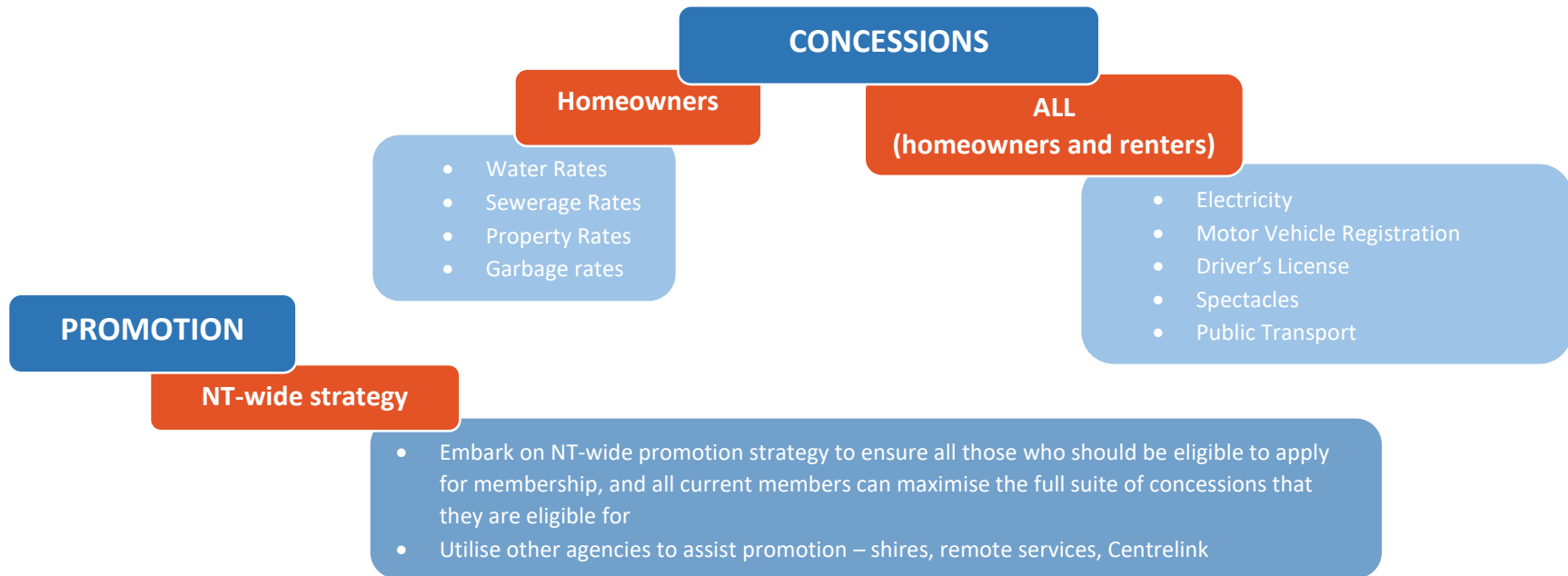
- Centrelink Pension Concession Card
 - Commonwealth Seniors Health Card*
 - Parenting Payment - Single
 - Low-income Healthcare Card
 - Centrelink Healthcare Card (incl. carer allowance, Newstart (incl. with children) and Youth Allowance)
 - Dept. of Veterans Affairs Card (4 categories)
 - Seniors with continuous long-term residency of NT (details to be determined by NTG)
- Some of these people may also be NT Seniors Card holders and therefore also eligible for Tier 2.
- Eligibility age for self-funded retirees to be same as eligibility for Aged Pension – currently 65.5, increasing gradually to 67 by July 2021.

STRUCTURE

Maintain current structure of NTPCCS (no debit card)

- Introduce a cap on electricity and water concessions
- Interstate/intrastate travel concession available for members over 65 and a half (as per NT Seniors Travel/Incentive Scheme)

Tier 1. NT Concession Scheme *continued...*



Note on Tier 1: By limiting the membership through means testing to this Tier (as proposed by the NTG in May 2017), there would be a far greater proportion of renters vs homeowners in Tier 1. This means that the only members receiving 'homeowner' concessions (water, sewerage, rates, garbage) in this Tier, would be lower income homeowners.

It is appropriate for these homeowners to receive this concession (recognising that eligible members who are renters would generally receive either rebated public housing rent or Commonwealth rent assistance – both of which are a greater 'subsidy' amount than that provided by NTPPCS for homeowners).

In addition, it is important to note that the rationale for concessions historically across the country has been as a mechanism for reducing the regressive nature of Territory-based taxes and charges for low-income households - irrespective of whether these taxes and charges relate to homeowners or renters. To ensure that concessions achieve this aim, it is imperative to correctly target concessions – which some form of means testing for eligibility would assist in doing.

Tier 2. NT Seniors Travel/Incentive Scheme

AIM

To provide an incentive, as part of a suite of incentives, for Seniors to stay in the NT during retirement

ELIGIBILITY

- All Northern Territory Seniors aged 65.5 years and over^ (to be adjusted up as Age Pension age rises)
- Seniors who meet eligibility criteria as pensioners, carers, low income self-funded retirees (in receipt of CSHC) etc. will also receive full access to Tier 1

STRUCTURE

How will this work?

- Minimum of \$700 every two years, in line with the NT Government's 2016 election commitment
- Nuances of the Scheme to be negotiated in collaboration with NTG, seniors groups etc (consider linking this Tier to the NT Seniors card – as recommended by MAC-ST in 2015)

POPULATION STRATEGY

Keeping Seniors in the NT

- Tier 2 should sit under appropriate Office/Department for population growth
- Potential consideration of a 'reward' for longevity – i.e. Seniors who've lived continuously in the NT prior to turning 30 are then also eligible for Tier 1 benefits

Note on Tier 1 and Tier 2: Overall, these two proposed Tiers would lead to a more fiscally responsible Scheme than the current NTPCCS. Prior to the 2009 NTPCCS changes, the electricity concession was based on a rebate on electricity charges (50% of the quarterly account), up to a maximum rebate of \$1.108 per day. This meant that the maximum rebate anyone could receive in one year was \$404.42.

At the time, the Treasurer decided that no pensioner would be worse off under the Labor-introduced price hikes, so the new Scheme brought in a variable concession component (based on consumption) on top of the existing fixed daily concession. At the end of 2016 the fixed daily concession was approximately 2.5 x the rate of the actual fixed daily charge = \$464 per year (if a resident doesn't turn the power on in their house for a year, they could still receive this 'gift' of \$464). Since 2009 electricity prices in the NT have gone up by 66.5% - so if the concession scheme did not change in 2009, and we index the then maximum rebate of \$404.42 at the same rate, the maximum concession available today would be \$673.50.

The way the concession on consumption was structured (at around 35%) means that the more someone uses, the more they get back. In Victoria households eligible for concessions receive a flat-rate 17.5% reduction on bills. Concession households with annual electricity bills in excess of \$2,672 (approximately double the average household amount) need to apply for the Excess Electricity Concession to continue to receive the 17.5% concession on energy consumed above this amount. Recipients of the Life Support Concession and/or the Medical Heating/Cooling Concession are exempt from the need to apply for the EEC. In Victoria, the concession that a household could get on \$1336 is \$233.80, and on the \$2672 would be \$467.60.

NB: In the Northern Territory double the average household bill would be approximately \$4650 – the concession on this amount would then be almost \$2056. Under the current concession structure, the average household (in Darwin, using around 8760 KW/h per year, could receive a concession of around \$1260 – extremely generous compared with Victoria. There is therefore an argument for a reduction in the variable concession rate to something like the Victorian level of 17.5%, and a change to the fixed rate concession to the same as the fixed rate charge – meaning average consumption of 8760 KW/h (Darwin) would lead to = a concession of \$580 (and for a household that uses double the average rate of KW/h (17520 in Darwin), the concession would be approximately \$980).