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PARLIAMENT OF TASMANIA

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## Select Committee on the Cost of Living

# Report

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*Brought up by Ms White and ordered by the  
House of Assembly to be printed*

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### MEMBERS OF THE COMMITTEE

Ms White (Chair)  
Mr Groom  
Mr Morris  
Mrs Petrusma  
Mr Sturges

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# 1 APPOINTMENT AND TERMS OF REFERENCE OF THE COMMITTEE

1.1 The Premier, the Hon Lara Giddings MP, on 25 October 2011 gave notice of a motion in the House of Assembly (the House) that she intended to move that:

(1) *A Select Committee be appointed, with power to send for persons and papers, with leave to sit during any adjournment of the House exceeding 14 days, with leave to report from time to time and with leave to adjourn from place to place, to inquire into and report upon:—*

(a) *the effectiveness of the current concessions system and related services, including social tariffs;*

(b) *alternative models of planning and service delivery of concessions including the option of ‘bundling concessions’ through a ‘smart card system’;*

(c) *the impact of legislation such as the Monetary Penalties Enforcement Act 2005;*

(d) *the impact of taxation policies on costs of living; and*

(e) *the likely impacts in increased contestability policies on reducing cost of living pressures.*

(2) *The Committee shall consist of five members, one of whom shall be the Parliamentary Secretary for Cost of Living who shall be the Chair of the Committee, one Government Member nominated by the Leader of Government Business in the House; two Members from the Opposition nominated by the Leader of Opposition Business in the House; and one member from the Tasmanian Greens nominated by the Leader of the Tasmanian Greens.*

(3) *The Committee shall report by 1 July 2012.*

1.2 On Wednesday 23 November 2011 the House debated the motion and it was resolved in the affirmative.

1.3 The House further resolved on 21 June 2012 that the reporting date be extended until 22 November 2012.

1.4 The House further resolved on 15 November 2012 that the reporting date be extended until 29 March 2013.

- 1.5 The House further resolved on 19 March 2013 that the reporting date be extended until 27 June 2013.
- 1.6 The House further resolved on 26 June 2013 that the reporting date be extended until 21 November 2013.

## **2 CONDUCT OF THE INQUIRY**

- 2.1 The Committee resolved at its first meeting in relation to this Reference, to invite by way of advertisement on the Parliament of Tasmania Internet page and in the three daily regional newspapers, interested persons and organisations to make a submission to the Committee in relation to the Terms of Reference.
- 2.2 In addition to such general invitation, the Committee directly invited a number of persons and organisations to provide the Committee with any information they deemed to be relevant to the inquiry.
- 2.3 The Committee received 17 submissions and in addition, many documents have been provided as exhibits.
- 2.4 The Committee has carefully considered the receipt of all submissions.
- 2.5 All submissions were received and taken into evidence, thus informing the Committee's deliberations.
- 2.6 The submissions received, taken into evidence and ordered by the Committee to be published and reported are listed at Appendix 'A.' Such documents have been published by order of the Committee pursuant to Standing Order 363 and are tabled herewith.
- 2.7 The Committee has, to date, met on 9 occasions in relation to this Reference.
- 2.8 The 'default' position for the Committee hearing evidence is to examine witnesses in public. The Committee has not resolved to hear any evidence *in camera*.
- 2.9 The Minutes of the meetings of the Committee held in relation to this Reference appear in Appendix 'B.'

### **3 SUMMARY OF ISSUES**

#### **Term of reference (a)**

*The effectiveness of the current concessions system and related services, including social tariffs*

- Effectiveness
- Current Electricity and Water Concessions
- Responsibility for policy and service delivery
- Raising awareness of eligibility for concessions
- Capacity building and education
- Medical cooling concession
- Guardianship Administration Board fees

#### **Term of reference (b)**

*Alternative models of planning and service delivery of concessions including the option of 'bundling concessions' through a 'smart card system'*

- Bundling of concessions
- Delivery of concessions through a smart card system
- Bill smoothing
- Improved Concessions for essential services (electricity and water)

#### **Term of reference (c)**

*The impact of legislation such as the Monetary Penalties Enforcement Act 2005*

- Monetary Penalty Enforcement Act
- Day fines
- Driver licensing requirements

#### **Term of reference (d)**

*The impact of taxation policies on costs of living*

- Impact of taxation policies

**Term of reference (e)**

*The likely impacts in increased contestability policies on reducing cost of living pressures.*

- Electricity contestability

## 4 TERM OF REFERENCE (A) – THE EFFECTIVENESS OF THE CURRENT CONCESSIONS SYSTEM AND RELATED SERVICES, INCLUDING SOCIAL TARIFFS

### Effectiveness of the Current System

- 4.1 The Committee collected a significant amount of evidence on the effectiveness of the current concessions system and related services.
- 4.2 Most respondents indicated that disadvantaged Tasmanians were not being adequately served by the current concession system and related services:

*We know that concessions really help, but they could be better designed, better delivered and better promoted, and they could be more equitable. There are gaps in the concession system that can be filled, and there are people who are eligible but who are not receiving concessions.<sup>1</sup>*

*The Tasmanian Government is already aware that the current concession system and related services are inadequate to meet the needs of increasingly disadvantaged and low income Tasmanians. This is clearly spelt out in both the Cost of Living Strategy and Social Inclusion reports and supporting research undertaken on behalf of the Tasmanian Government, together with other evidence taken from front-line service providers such as Anglicare, the Salvation Army and others.<sup>2</sup>*

*In the cost of living report we identified a range of strategies, from emergency relief through to fairly systemic structural change, and within that we identified concessions as one of the important levers of state government that perhaps could be reformed to better target, in a more efficient way, those individuals and places who are most vulnerable in Tasmania.<sup>3</sup>*

- 4.3 Anglicare indicated that rather than providing more concessions and focusing on short-term emergency relief, structural costing solutions that would make essential services more affordable for low income Tasmanians should be developed:

*We think that such high numbers of Tasmanians are in receipt of government pensions and allowances, and such high numbers are low paid or underpaid, or have insecure employment, that we have higher cost-of-living pressures than other regions. Because of this widescale pressure, we think structural solutions are needed and we prefer the idea of structural costing that makes these essentials affordable for people, not just at the pension and allowance level, but those on low incomes.*

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<sup>1</sup> McLean, TasCOSS, Hansard 26 April 2012 (morning), p2

<sup>2</sup> Salvation Army Submission, p6

<sup>3</sup> Adams, Hansard 17 July 2012, p2

*Rather than focusing on handing out more concessions, streamlining concessions, offering more emergency relief or vouchers or food parcels, we're in favour of developing sustainable, affordable cost structures for all essential services. For us this means development of social tariffs and lifeline tariffs for essentials like electricity, water, sewerage, transport and telecommunications. We're looking for whole-of-population cost structures, and basic goods and services shouldn't need to be handed out as emergency relief for such high numbers of people.<sup>4</sup>*

*What it exposed was the inadequacy of current efforts to address these pressures, that they are trying to manage it through short-term funding cycles that are largely focused on crisis help when people get desperate and on a concession system which helps with the short-term crisis but doesn't tackle the bigger problems. The key point from this research is the need for the Tasmanian Government to address the affordability of essential goods and services rather than directing its response in the crisis areas.<sup>5</sup>*

4.4 The Council on the Ageing, in its submission to the Committee commented that:

*Exacerbating the financial coping ability of older people is the fact that the cost of living in Tasmania is increasing. Essential services such as housing, electricity, health, food and education have increased significantly in recent years.*

*... .. As costs have risen, concessions for essential services often have risen at a slower rate or not at all. For many households, cost of living pressures linked to price increases for essential services are likely to continue to grow at a greater rate than incomes, concessions, wages and many pensions and benefits which are indexed to the Consumer Price Index.*

*... .. As to the effectiveness of the current concessions system in Tasmania, COTA TAS does not have comprehensive data that it can provide in relation to the same. However, given existing evidence among older Tasmanians, it would appear as though the current concessions system is inadequate for relieving cost of living pressures.<sup>6</sup>*

#### Electricity and Water Concessions

4.5 In addition to the evidence received that the concession system in general was not effective in supporting low-income and disadvantaged Tasmanians, the Committee also received evidence in relation to the current concessions available for the supply of essential services, in particular electricity and water, to residential customers.

4.6 On the issue of concessions for essential services, in particular electricity and water, TasCoss made the following comments:

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<sup>4</sup> Pryor, Anglicare, Hansard 26 April 2012 (afternoon), p11

<sup>5</sup> Ibid, p16

<sup>6</sup> COTA TAS Submission, p2-3



We think the concession system can be better and I think particularly with electricity and water. They are really the big-ticket items, and water increasingly so. Both of those concessions are offered at the moment at a flat rate so every eligible household gets the same. The single person living in a one-bedroom unit gets the same as a family of six. That we see as not exactly equitable. We do not want to see it go down for the single person, obviously, but we would like to see it better spread more equitably and we think that could probably be done by changing it from a flat rate - that is, a certain amount a year. In the case of water and sewerage, I think it is about \$150 a year now, so changing that to a percentage base so that you would get, say, 30 per cent off your total bill.<sup>7</sup>

4.7 TasCoss' view in relation to electricity concessions was that the current Aurora standard tariff flat rate concession was not adequate to meet the needs of low-income and disadvantaged customers because:

- The concession rate is comparatively arbitrary, and does not reflect research into the average energy use of a low-income household, particularly in poor housing stock.
- The flat rate of the concession also means that everyone on a pension gets the same amount of assistance – for example, a pensioner couple living in a small, well-constructed flat will get the same amount as a large family living in an old, run-down, house.
- The presence of a high standing charge makes it difficult for customers to save money by using less power.
- Eligibility does not extend to the working poor.<sup>8</sup>

4.8 Anglicare also indicated that electricity concessions were inadequate and suggested that concessions needed to be reviewed to ensure that essential services such as electricity are affordable for all, and do not result in low-income and disadvantaged Tasmanians seeking financial assistance to meet what are basic needs:

*Electricity - we think it's not okay that people are being forced into the welfare system to get assistance with electricity; there is something seriously wrong when that has to happen. We need community discussion about what is affordable and what adequate service is. We want the Tasmanian Government to support economic modelling to help develop cost structures that are affordable for all Tasmanians. We want community service obligations that oblige government business enterprises to meet affordability outcomes. We would like to see a review of community service obligations for government business enterprises, including Aurora.<sup>9</sup>*

4.9 The Aurora Pay As You Go (APAYG) system was also criticised for the hardship it caused for low income customers, particularly in light of it

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<sup>7</sup> McLean, TasCOSS, Hansard 26 April 2012 (morning), p2

<sup>8</sup> TasCOSS Submission, p6

<sup>9</sup> Pryor, Anglicare, Hansard 26 April 2012 (afternoon), p11-12

being promoted as a means for those on low incomes to better manage their electricity costs.

4.10 TasCoss noted that APAYG disadvantages many low-income customers because:

- The APAYG rate provides inconsistent advantage in reference to the standard concession... ..
- The APAYG system offers little protection against self-disconnection in the case of financial hardship, with the level of 'emergency credit' clearly aimed primarily at helping people facing logistical difficulty in recharging, rather than people in financial difficulty.
- The APAYG advantage relies heavily on customers changing their usage patterns to cheaper time slots. However, not all customers are able to change their usage at will; these include housebound people with illness or injury and their careers, families with young children and the elderly.<sup>10</sup>

4.11 Anglicare also reinforced this view:

*Like the previous witnesses, we have concerns about the popularity of pay-as-you-go meters for people on low incomes. We think the meters mask hardship and we think that concessions are embedded. We think these need to come under the Economic Regulator to ensure consumer protection.<sup>11</sup>*

4.12 Similar comments were made about the adequacy of water concessions. TasCoss provided evidence that the increase in water charges has grown at a much greater rate than the concession provided and that the concession was not applied equitably:

*Similar inadequacies are evident in the area of water and sewerage concessions. When the State Government introduced major reforms to the water and sewerage services sector in 2008, a water and sewerage concession was introduced as a community service obligation on the new water and sewerage corporations. The concession rate was initially set at \$130 per annum, which, we understand, reflected an approximate proportion of the previous Rates Remission attributable to water and sewerage services. In the 2011-12 State budget the existing government-funded 5% cap on water and sewerage price rises was increased to 10% or '\$100 per year, whichever is greater (italics ours). The concession rate was increased by 10%.*

*Now many householders, particularly those in the Hobart municipality, have found their first quarterly bill in the 2011-12 financial year increased by \$25 (equating to \$100 per year). For most, this is a much higher increase than 10%; in fact, the \$25 per quarter increase has meant that some bills increased by up to 30%. As a consequence, the 10% increase in the concession rate has not matched price rises, leaving many low-income households vulnerable to financial hardship. Furthermore, in an environment characterized by widely varying water and sewerage pricing across the State, concession customers are not receiving equitable levels of assistance. Different sized households with*

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<sup>10</sup> TasCOSS Submission, p6-7

<sup>11</sup> Pryor, Anglicare, Hansard 26 April 2012 (afternoon), p12

*different water needs also do not receive a concession commensurate with their use.<sup>12</sup>*

- 4.13 Anglicare also commented on the effectiveness of the current water concessions:

*Until affordable water cost structures are in place, water concessions are essential and need to be reviewed. We agree with the Tasmanian Council of Social Service that water concessions need to be set as a percentage of the bill rather than a standard rate until the target tariff is reached.<sup>13</sup>*

- 4.14 The Committee also noted that individuals that were renting properties were unable to access the water and sewerage concession. Dr. Kath McLean, Manager – Social Policy & Research, TasCoss was questioned by the Committee on this matter:

**Mr MORRIS** - Kath, there are a couple of points I would really like to get on the record in relation to concessions. One is around the new arrangements for water and sewerage and this relates to tenants in particular and also the council rates rebate. Tenants who are concessions holders who rent properties cannot access the rebate for water and sewerage because it is passed on from the landlord and likewise with the council rebates they cannot access it because the landlord pays it and factors it into the rent and there is land tax factor in there in rent as well in most cases. Have you any ideas as to how we might provide equity for concession cardholders to access those concessions that if they were owners of the property they would be entitled to, but because they are tenants they are not?

**Ms McLEAN** - Yes, that's one of the gaps that we talked about in our submission, that there needs to be a new concession. If the Residential Tenancy Act continues to allow landlords to pass through variable costs - that is, consumption cost of water to their tenants - tenants on low income need to receive a concession for that. I don't think there is any doubt about that. There is currently a review of the RTA - the Residential Tenancy Act - and one of the proposals was that landlords not be able to pass through those costs unless they have installed some water-saving devices in the house, like dual flush toilets, water-efficient showerheads and the like. I don't know whether that will get through or not, but that seems fair because for tenants in this situation it is a no-win situation. They get rates passed through, they get land tax passed through and they get water and sewerage passed through and the fixed rate as well, which is quite high. They pay a small bit of their consumption, and there may be a leak that they can't fix because that is down to the landlord, there's the water for the garden that increases or maintains the value of the property, there may be a gardener who uses water that the tenant pays for and so on. There are a lot of issues and we've made submissions about that in the past, but definitely I see that as a great inequity and one that really needs to be addressed.

**Mr MORRIS** - If there were no more magical money to be made available, would it be better to either leave the system as it is, or would it be better to share the existing amount of concession that is available across that class of people as

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<sup>12</sup> TasCOSS Submission, p7

<sup>13</sup> Pryor, Anglicare, Hansard 26 April 2012 (afternoon), p12

well? What I'm saying is, reduce slightly the amount of concession that is available to people who are eligible to receive it and share that across so that all people of the same class, even though they are renters, can access it?

**Ms McLEAN** - I'm not sure about that. We'd have to look at the figures on that about how much you would reduce it. We have problems with it as it is, as I mentioned, it being a flat rate.

**Mr MORRIS** - I understand that.

**Ms McLEAN** - This is additional. This is a new group of people, is tenants who are receiving new charges that have no relationship -

**Mr MORRIS** - But the water concession is also a new concession.

**Ms McLEAN** - It was taken out of the rates concession and put in.

**Mr MORRIS** - Right. But the rates thing has always been there, it's not new and tenants not accessing that is not new.

**Ms McLEAN** - That's right.

**Mr MORRIS** - So if there was more money, yes, it would be easy to add in those, but would it be fairer to leave the existing system and leave tenants out as they currently are, or would it be better to -

**Ms McLEAN** - We did argue for that in our submissions that we take that clause out of the RTA that allows landlords to pass it through and that landlords pay all of water and sewerage charges.

**Mr MORRIS** - But it would then be factored into the rent.

**Ms McLEAN** - It already is and it has been for years.

**Mr MORRIS** - Yes, sorry, I know that.

**Ms McLEAN** - Rents never go down. That's what I mean where tenants are really in a no-win situation in this.<sup>14</sup>

#### Responsibility for Policy and Service delivery

- 4.15 The Committee received evidence on the lack of clarity with respect to who in Government is or should be responsible for policy development on cost of living issues and subsequent service delivery.
- 4.16 The Social Inclusion Commissioner discussed the roles and responsibilities in dealing with cost of living issues, and noted the difficulty Governments have in allocating responsibilities with respect to addressing cost of living issues:

.....cost of living, generally, is a very complex and difficult matter for governments to deal with. It is becoming a much more important issue for Tasmanians than it has been in the past, and I think it is fair to say it is unclear precisely what the future distribution of roles and responsibilities around cost of living will be in terms of the role of individuals and families, the role of communities, the role of governments and the role of markets.

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<sup>14</sup> McLean, TasCOSS, Hansard 26 April 2012 (morning), p7-9

.....I think we are now in a position where we are trying to work through whose role it is and how we can best address the cost-of-living pressures.

.....My final comment would be that of all the matters that I noted in this report, probably the most concerning was the lack of clarity, as a state, around who ought to take responsibility within the parliament and the government for cost of living as a policy issue. I note that it doesn't quite fit in any particular department; it doesn't quite fit in terms of traditional government programs. I think it raises some important governance issues about how to best respond to it in a structural sense. I note a parallel with the Economic Regulator, who I think does an excellent job, in terms of the economic market, as it were. The question I have raised in this report is: do we, or should we as a state, have better oversight of what we might call the risks and opportunities facing the social market?<sup>15</sup>

- 4.17 The apparent lack of cohesion in governance surrounding cost of livings issues that was noted in evidence received by the Committee was confirmed by the Department of Treasury and Finance. Treasury representative, Mr Michael Reynolds, commented that:

*Perhaps in the past, concessions have been considered on too much of an individual basis and perhaps haven't had the coherent structure that they really did need, and perhaps duplication or perhaps not the efficiency from a concession system, which obviously is very important from a Treasury perspective. The state government is providing resources in this field to make sure they're getting the most benefit from the provision of those resources. In my mind there is still work to be done in this space and it should continue.*<sup>16</sup>

- 4.18 To address the apparent lack of cohesion, it was suggested that direct Ministerial responsibility linked to a central agency might be the best structure to oversight policy development, with management and delivery of actual services devolved out to other line agencies with experience in service delivery:-

**Prof. ADAMS** - Because it is a cross-cutting issue, an issue that doesn't fit into a functional area like health or education, I believe that the central agency, particularly the policy agency - that is, premier and cabinet - in principle ought to have oversight. Having said that, I think I am on safe grounds to say that central agencies are not necessarily good at service delivery and therefore the question of where the policy thinking and the accountability ought to be should be separated from who is in the position to manage and deliver services.

.....I often talk about social inclusion and cost of living more broadly being in the nursery where no-one is quite sure whether it is important or big enough to become a government department, and almost perversely create a government department to overcome problems sometimes created by governments. But you are right, in principle, in our Westminster system, having a minister responsible and the minister having access to the expertise and resources of a department of state, is the primary way of dealing with important issues. The issue of climate change sustainability is an example of a major issue over the last 20 years.

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<sup>15</sup> Adams, Hansard 17 July 2012, p1-2

<sup>16</sup> Reynolds, Hansard 16 August 2012, p4

.....It is in this space around cost of living and complex social problems that I think most jurisdictions are asking that type of question: should we try to organise it around a minister of state and a department?<sup>17</sup>

- 4.19 It was noted, however, that this structure does present some risk of inter-agency inertia around agencies working individually and collectively to address cost of living issues:

*I note, and from conversations I have had with the Premier and others, that there is the risk that as soon as you create a commissioner, a minister or a parliamentary secretary, that people think they don't need to do anything. One of the risks is that all the departments of state ought to have greater responsibility and capacity to work together to address cost of living. It is hard to identify any particular department or government business enterprise that is not somehow impacting on cost-of-living pressures. So trying to increase responsibility from the individual, the family, the community and government departments is very important. I think a minister could be one part of that mix, so long as it doesn't let others take their foot off the accelerator.*

*.....What we haven't quite worked out are things like who pays for all of this, who ought to take the primary responsibility for it, and the causal connections between investments and returns at the end of the day. We are still working that through. In Tasmania we are slightly ahead of the game in terms of at least thinking about the issues but there is no silver bullet in this space.<sup>18</sup>*

- 4.20 The Department of Treasury and Finance believes that the Social Inclusion Unit within the Department of Premier and Cabinet, is better placed to provide policy development on cost of living matters:

*I certainly would like to just clarify some of the role of Treasury and what has been going on especially in this area in the last number of years in particular. There was a response from the secretary back to the committee advising that in Treasury's view that is actually a role now taken on by the Social Inclusion Unit within DPAC. Certainly we feel they are better placed to provide a more holistic view of what goes on in the concessions field from particularly a policy perspective.<sup>19</sup>*

*..... looking at the policy objectives and the achievement of that and whether it is meeting those objectives and meeting the criteria of the guidelines when it comes to what a concession should do and what it should deliver, we think that is more the Social Inclusion Unit. We think they are better placed actually to provide input into that space than we are, from Treasury's perspective.*

*From an input point of view we think the Social Inclusion Unit, given their position in the policy space, would be better placed to be able to look at a whole-of-government basis and the overarching sort of implications of a particular concession and again whether it is meeting its objectives. We think they would be better placed than perhaps Treasury.<sup>20</sup>*

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<sup>17</sup> Adams, Hansard 17 July 2012, p2-3

<sup>18</sup> Adams, Hansard 17 July 2012, p3-4

<sup>19</sup> Reynolds, Hansard 18 August 2012, p1

<sup>20</sup> Reynolds Hansard 16 August 2012, p3

.....and I think there has been some evidence given to this committee in the past, particularly by Professor Adams, about where he thought the role would be better placed. I think he gave evidence that DPAC was in a better position; from Treasury's perspective we would wholeheartedly agree.

....Evidence I have seen given to the committee on this matter perhaps needs to be clear about who has ownership of this particular issue. Certainly Treasury has a role in the sense of gathering some data and information from a financial perspective, but DPAC also has a major role, in my view, particularly in being able to provide the policy framework and understanding within which concessions should be considered.<sup>21</sup>

- 4.21 The Department of Treasury and Finance did however advise on how it viewed its role in relation to addressing cost of living issues, which it considers to be a review and measurement role relating to concessions. It also provided the Committee with an update on progress with its current review of concessions:

*Having said that, Treasury has in the past played a role and in fact our budget management branch in 2007-08 prepared a review into the concessions, a copy of which I notice the committee has in front of them today. From our understanding that was perhaps the first major review of concessions that was done for quite some time.*

*..... we have started work on aspects of that particular review in the sense that Treasury is actually revisiting the measurement as part of the review. That is, we have actually written to all the agencies seeking their advice as to the value of the concessions that they are actually providing and ensuring that we are actually capturing all the concessions that they are providing to their particular constituents.*

*....In relation to where we are at we are asking agencies to verify the information and provide us with any updates that they feel necessary and then we will be able to provide a more accurate estimate of what the concessions level actually is. We will provide that information to the Treasurer once it is gathered. Then the Treasurer, and I can imagine in conjunction with the Social Inclusion Unit, the extent to which we then take it as far as doing a comprehensive review as we did in 2008 will ultimately be a matter for her and government.*

*... ....We have accepted our role in the sense of the measurement of the task. We feel we are best placed to actually ask the agencies on a financial sense how much the cost of a concession being provided by the agency actually is, given the financial implications to the budget and the like.<sup>22</sup>*

#### Raising Awareness of Eligibility for Concessions

- 4.22 Evidence provided to the Committee indicated that awareness of eligibility for concessions was an issue for low income and disadvantaged Tasmanians:

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<sup>21</sup> Ibid, p4

<sup>22</sup> Reynolds, Hansard 16 August 2012, p1-2

Indeed apart from the inadequacy of concessions' quantum (amount) the Cost of Living Strategy points out that not all potential and eligible recipients of concessions are either aware of their eligibility or are opting not to access them for other reasons. The report also notes that uptake and other basic consumer data on concessions uptake is not collected.<sup>23</sup>

... Information is available but it is not coordinated, it is quite disparate. People and various departments and authorities are aware of bits and pieces of that so we are suggesting there's a need to consolidate that to make it freely and easily available to people. My impression is that Government tend to require people to find out what they need to find out to gain benefits rather than government organisations taking a proactive approach to people.<sup>24</sup>

According to our research and service delivery experience, once people know what they are entitled to, they can usually gain the concession in question. Current problems lie in the accessibility and type of information available about concessions, and in the adequacy of the concessions to cover actual costs. In our view, these areas are where efforts, reforms and initiative should take place.<sup>25</sup>

**Ms HERZFELD** - When I conducted a focus group with older people - and, again, I want to reiterate that it's limited research, initially when we started talking about concessions there was confusion about what people were entitled to and who was getting what. Even though they were aware of the Government booklet that provides them with some of that information, there was still quite a lot of confusion about what you're entitled to. I don't know how widespread that is but it's certainly come up in the research that we've done.<sup>26</sup>

- 4.23 TasCoss highlighted that it was not just a lack of awareness or promotion that was resulting in eligible persons not receiving concessions; other aspects were creating barriers to access and uptake of available concessions. In Its submission, TasCoss stated:

The Cost of Living Strategy and other publications have pointed out that many Tasmanians in need are not taking up concessions for which they are eligible. For example, a survey of Anglicare emergency relief clients in 2009 found that although 90% of surveyed clients were eligible for electricity concessions, only 50.7% were receiving a concession. This situation appears to stem from at least two factors:

- A lack of awareness of concession on the part of potential eligible recipients.
- Under-acknowledged barriers faced by eligible clients in the taking up of concessions – for example lack of literacy and numeracy, social isolation, or embarrassment.<sup>27</sup>

- 4.24 A common theme was that more should be done by the Government and Government Agencies to raise awareness amongst the

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<sup>23</sup> Salvation Army Submission, p6

<sup>24</sup> McClymont, Salvation Army, Hansard 26 April 2012 (afternoon), p1

<sup>25</sup> Anglicare Submission p19

<sup>26</sup> Herzfeld, COTA TAS, Hansard 26 April 2012 (morning), p43

<sup>27</sup> TasCOSS Submission, p9



Tasmanian community of the concessions available and eligibility criteria:

*... .. I think that we would be wanting two things - for a more proactive approach to be taken to people to enable them to find the information, and for that information to be available where these people are, instead of having to stumble into a government department and find out how things are. This is, of course, both a Commonwealth and State issue and my sense of things is that it is even more difficult to find out State provisions or concessions than it is Commonwealth concessions.<sup>28</sup>*

*These problems need to be addressed both through better provision of information about concessions, and through collection of information on how better to ensure that all eligible Tasmanians receive the assistance they need.<sup>29</sup>*

- 4.25 The Council on the Ageing (COTA) made the point that an education strategy was the key to improving awareness of concessions:

**CHAIR** - *I was wondering if you have any suggestions of how we might improve the understanding of the concession system.*

**Ms HERZFELD** - *Education is obviously key and that strategy is an education strategy. We also think that all of those organisations that provide the concessions, particularly the bigger players like Aurora, have an obligation to ensure that their customers understand the information and the concessions they are entitled to. So, strengthening the education services that are already existing but adding to those.*

*Probably the other concern that we'd have is there are people in the community that aren't as literate, maybe, as the average person. So from the older person's perspective, people who are coming from culture-diverse backgrounds that may not speak English as a first language, older people who have a disability, people who are visually impaired, people who are socially isolated - all of those things - we really need to have a much more concerted effort to get this information to those people.<sup>30</sup>*

- 4.26 On this point, Anglicare stated that:

*... .. We have found that concessions need to be better advertised and help must be provided for people on low incomes to ensure they gain access to eligible concessions and maximise the use of their limited income. At the moment this seems to be no-one's responsibility. It's left to the hands of financial counsellors at crisis point rather than proactive help.<sup>31</sup>*

- 4.27 The Social Inclusion Commissioner noted that using existing and trusted peak bodies and community organisations was a valuable means of raising awareness of eligibility for concessions. Professor Adams also suggested that such a network could be successfully utilised to deliver concessions more effectively than currently occurs:

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<sup>28</sup> McClymont, Salvation Army, Hansard 26 April 2012 (afternoon), p1-2

<sup>29</sup> TasCOSS Submission, p9

<sup>30</sup> Herzfeld, COTA TAS, Hansard 26 April 2012 (morning), p43-44

<sup>31</sup> Pryor, Anglicare, Hansard 26 April 2012 (afternoon), p12

*The systems that work for the low cost tend to use intermediaries - an example is for older Tasmanians to have an entity such as the Council on the Ageing as the entity that brokers between the state government and the clients. The logic of that is that many of these community agencies or peaks know their markets, clients, client circumstances and support networks, are trusted, have good access and potentially could do a much better job of concessions than having them administered by government departments.<sup>32</sup>*

4.28 The Salvation Army recommended in its submission that:

1. *Efforts are made to ensure eligible concessions recipients are aware of their entitlements.*
2. *Barriers to uptake by eligible concessions recipients are identified and remedied.*
3. *Concessions data is collected by a central agency and made available to stakeholders.<sup>33</sup>*

Education and Capacity Building

4.29 The need to build capacity amongst disadvantaged Tasmanians with respect to literacy, numeracy and financial literacy, amongst other skills, was raised by a number of witnesses as a key mechanism to enable them to cope with hardship and other impacts of cost of living issues.

4.30 Ms Nell Kuilenberg, from the Salvation Army, stated that:

*One of the biggest issues that we have discovered in doing some research around literacy and numeracy is that a lot of the people that we are talking about find it really difficult to understand the very formal forms that they have to fill out. In fact, they do not go and fill out the forms because they do not know how to fill them out. We are running a literacy project. Sometimes when I read some of those forms, when they use language that is not your everyday language, it is quite challenging. So I think the literacy levels of the people that we are talking about is a problem.<sup>34</sup>*

*I think financial counselling is quite critical for all those groups of people I've mentioned. It can help people deal with a situational crisis more effectively. For those who are in state crisis, they really need long-term case management with some supervision, adequate assessment, integration into the community. There are quite a range of things that need to be carefully assessed and delivered intentionally. That takes a long time. It's not the kind of thing that State governments or governments of any ilk throughout the land, be they Commonwealth or State, really want to get into. I am speaking here from some years of experience, about 36 I think. Mostly governments over that*

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<sup>32</sup> Adams, Hansard 17 July 2012, p5

<sup>33</sup> Salvation Army Submission, p6

<sup>34</sup> Kuilenberg, Salvation Army, Hansard 26 April 2012 (afternoon), p2

period of time have been into fast fixes, and you're talking about a group of people for whom there is no fast fix.<sup>35</sup>

- 4.31 Rick Tipping, from NILS Tasmania, was questioned by the Committee on the value of providing financial counselling when applying for a NILS loan:

**Mr MORRIS** - Whilst you are operating through the community centres, with any of the products you are offering are you directing people, if you think it likely to be of any value to them, to financial counselling?

**Mr TIPPING** - Part of the application process for us is that they have to sit down with one of our loan officers at a community house, someone we have trained to look at their budget. So there is some very basic financial counselling but it is very limited and we could do more with it. If they clearly have problems that need more expert help - for example, if they are ringing us wanting a loan to consolidate debts to pay off other loans, or they are ringing us to pay off fines, or because they cannot pay their Aurora bill - and we can't help them with those things then what we would generally do is direct them. If it is an Aurora bill we might direct them directly to Aurora, or we might direct them to Anglicare. We might refer them to Anglicare for financial counselling because they do need help.

**Mr MORRIS** - Perhaps 'financial counselling' needs a better name. It's almost a bit of a put-down - 'counselling'.

**Mr TIPPING** - I think you're right. It often is about how you market these things and that's why Good Money is a good idea.

**Mr MORRIS** - Yes, it sounds terrific, and if financial counselling is tied in as part of the process, that's invisible in the system, it may well be a good way to go.

**Mr TIPPING** - Yes, and it has to be presented in language that people understand.<sup>36</sup>

#### Medical Cooling Concession

- 4.32 The Multiple Sclerosis Society Tasmania (MS Society) made a submission outlining their *Keeping Cool Campaign*, and advocating for the introduction of a concession for medically required cooling for Tasmanians with neuromuscular conditions.
- 4.33 The MS Society's proposal is for an annual flat rate of "between \$135 and 165 (approximately one-third of the cost of keeping cool for these households)". The concession would have the same low income criteria as the current general electricity concession, but would be applied additionally to that concession.
- 4.34 The MS Society notes that of the estimated 850 persons who may be eligible under their proposed arrangements, initial take-up would be

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<sup>35</sup> McClymont, Salvation Army, Hansard 26 April 2012 (afternoon), p3

<sup>36</sup> Tipping, NILS, Hansard 17 July 2012, p25

around 215 persons, at a cost of between approximately \$29,000-\$35,000 per annum, growing to approximately \$145,000-\$175,000 as uptake increases.

- 4.35 The MS Society noted that such a concession would provide a net benefit to the Tasmanian community through more efficient use of resources:

*The essence of our submission is the efficiency of this approach. If people in need are able to access this concession and therefore use an air conditioner to reduce the potential drain on services such as hospital and ambulance if they fail to use it, that is of benefit to the community. In addition to that there is the dignity of the sufferer of neuromuscular conditions given due consideration where they can get assistance to afford an air conditioner. Therefore what we're seeking is the granting of this concession by government....<sup>37</sup>*

*... But we do come back very much to understanding that we potentially could create an opportunity here where, if we could keep someone out of the hospital system and out of the ambulance, it then becomes very much a cost-effective solution, and that is the other basis we put forward today.<sup>38</sup>*

#### Guardianship Administration Board Fees

- 4.36 Mr David Owen, from Advocacy Tasmania, appeared before the Committee to raise the issue of fees charged by the Guardianship Administration Board (GAB). Mr Owen outlined the financial hardships being faced by those clients of the Public Trustee subject to guardianship administration orders who are also on low incomes, noting that these individuals are some of the most vulnerable and disadvantaged members of the community:

*I will try to be as brief as I can in indicating that there is really only the first term of reference that you are dealing with that I will be speaking to - on the effectiveness of the current concession system and related services. I want to specifically talk about the work of the Public Trustee in administering the financial affairs of persons who are subject to orders from the Guardianship Administration Board. It is a relatively narrow focus.*

*... The fees for guardianship administration - from here on I will say 'GAB clients' - range from a one-off establishment fee for administration of \$550, a monthly \$13.50 account fee, a set percentage fee on any assets managed, a \$60 annual report fee, \$135 three-year review and report fee plus a range of quite specific fees, such as cheque drawing, \$6, and so on.*

*Fees charged to GAB clients under administration orders are, however, essentially a one-size-fits-all approach. The fees are not - and I need to stress this - exorbitant on the face of it. Any of us confronted with those sorts of fees for those kinds of services would regard them as quite reasonable, but that does not necessarily*

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<sup>37</sup> Bowman, MS Society, Hansard 26 April 2012 (afternoon), p31

<sup>38</sup> Ibid, p33-34

mean that they are affordable for the lowest income individuals. I want to talk about very briefly about two important impacts of what we believe to be an unaffordability of those fees.

The first is that some clients face demonstrable hardship because of the fees themselves. Our advocates have examples of clients who have been essentially homeless because of the difference between their discretionary income before fees and after fees. It has been enough to make the difference as to whether they could afford private rental accommodation, a fairly bizarre, perverse outcome in terms of the role to be played by administrators in trying to make sure that people have a decent standard of living.<sup>39</sup>

- 4.37 However, financial hardship was not the only issue arising from the quantum of the GAB fees. Mr Owen outlined that the fees represent a barrier to actually accessing the services of the GAB, resulting in negative consequences for individuals that would otherwise be GAB clients:

The second impact is that in other circumstances the fees represent a barrier to access. Many of the GAB clients have not sought administration of their affairs; it has actually been, in a sense, imposed on them. Somebody else has made a case to the GAB for an order to be made and that is then imposed on the individual even if they acknowledge that they require assistance with that administration. But what has been happening, and happening at an increasing rate to our knowledge, is that individuals, family members, friends and community organisations in order to avoid the fee structure that is applied to their relatives, friends or clients, have been adopting informal administration approaches where they take on the role of administrators. Unfortunately it is without proper authority, without appropriate safeguards and often it is without skill sets involved, and for the individuals and organisations involved that represents a considerable risk. It is also fertile ground for abuse under some circumstances, things can go wrong.<sup>40</sup>

- 4.38 Mr Owen argued that the services provided by the GAB should be considered as an essential service, and concessions should be provided on a similar basis as for other essential services:

... .. My goal here today is basically to argue for recognition that the administration services provided by the Public Trustee be regarded in every sense of the word as essential services in that the clients simply cannot live reasonable lives without the form of assistance and, as I was saying before, many of the GAB clients are without choice in the matter. They are subject to GAB orders and fees are being charged for services they may need but did not request. In that sense it is a different kind of a service than most that we deal with. If these services are accepted as essential, then we would argue that they must be provided in a manner that is responsive to the different capacities to pay within the client group - that is, that there be a formal concessionary approach warranted in waiving or substantially reducing fees for very low income clients.

... .. Our request to the committee is to consider this Public Trustee issue in its own right but also as an example of the way that CSO payments to GBEs can sometimes be extraordinarily blunt instruments in our collective quest to assist

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<sup>39</sup> Owen, Advocacy Tasmania, Hansard 20 June 2012, p1-2

<sup>40</sup> Ibid, p2

*those most in need, without really clear stipulation by government about just what is meant by community service and just what the obligation is to our most vulnerable disadvantaged citizens. We are likely to see a continuation of the same hardships and barriers to access that I have described.<sup>41</sup>*

- 4.39 Mr Owen argued in general terms for a demand based funding model, similar to that which is applied for community-based care, but did note the budget uncertainty that such mechanisms can cause for Governments:

*There are other important funding programs that target similar populations that have been able to address these kinds of issues. One example that comes to mind is home and community care which, as you know has, by and large, now moved to the commonwealth, having been a commonwealth/state program for a very long time, since 1985, from memory. That program for years has applied a fee structure that is clear, transparent and responsive to clients' income levels, not without controversy and the odd bunfight about these fees but nevertheless successfully. It is a maximum fee of \$5 per service per week with a maximum per week of \$10, even if there are more than two services - that kind of system.*

*Yes, this means a demand-based funding model rather than a budget-based funding model and I appreciate that state governments for very good reasons are always wary of demand-based funding models. They give you no certainty at all about what might happen through the year. Nevertheless, an approach similar to this, it seems to us, will be required if we are to take seriously the needs of that particular high-need group. We are unable to imagine any other approach to concessions that is transparent, that will meet their needs, that will be fair in terms of that extraordinarily vulnerable group.<sup>42</sup>*

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<sup>41</sup> Owen, Advocacy Tasmania, Hansard 20 June 2012, p3-4

<sup>42</sup> Ibid, p4

## 5 TERM OF REFERENCE (B) – ALTERNATIVE MODELS OF PLANNING AND SERVICE DELIVERY OF CONCESSIONS INCLUDING THE OPTION OF ‘BUNDLING CONCESSIONS’ THROUGH A ‘SMART CARD SYSTEM’

### Bundling of Concessions

- 5.1 The Committee received a significant amount of evidence relating to streamlining the concessions system through a bundling approach to concessions.
- 5.2 There was widespread, but qualified, support for bundling of concessions. The qualifications primarily centred around improving accessibility to concessions, guaranteeing the quantum of financial assistance provided by any bundled concessions and ensuring there was some interrelationship between bundled concessions:

*There is obvious merit in allowing concession holders to use their entitlements flexibly – provided that this does not result in the reduction of any individual concession or of the total basket of concessions. For example, potential certainly would seem to exist for a ‘bundled’ approach to those concessions with a fixed value (licences concessions, for instance) that would permit, for instance, someone who does not fish or shoot to apply the value of those concessions to their (concession) driver’s license fee, or someone who does not drive to apply the value of their license concession to their rates. To ensure that individuals retain the ability to access the total basket of concessions:*

- *The value of any particular concession must not be reduced.*
- *Any concession credit must be applied to the concession price of the good, not its full price (as with the fishing-license-towards-driver’s-license example).*
- *The total dollar value of the bundle must not be less than the total dollar value of all eligible concessions.*
- *The value of the fixed-value concession should be available to be applied to concessions that represent a percentage of a bill (as in the case of driver’s-license-towards-rates), even if the reverse is probably too complicated to be realistic.*
- *Concessions must not be available to be forcibly reallocated – for instance, drawing down an individual’s license concession to meet unpaid fines or other bills.<sup>43</sup>*

*In relation to bill bundling, Anglicare sees merit in bundling certain clusters of bills, to ensure the interrelationship between the two costs are given due consideration. Examples include the bundling of housing and electricity concessions, as the latter is directly dependent on the quality and size of the*

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<sup>43</sup> TasCOSS Submission, p13

former. Another example is the potential bundling of access to public transport and access to vehicle concessions – again, a direct correlation may exist.<sup>44</sup>

COTA TAS supports the implementation of systems that will reduce the administrative and bureaucratic hurdles associated with accessing concession entitlements for older Tasmanians.<sup>45</sup>

... .. when it comes to bundling I think that there might be a set of core types of services that could be bundled but then there may be a range of others, some of which you have mentioned here, which probably should not come into that group. Transport is an obvious one. Some come in with housing and rental support, rates, electricity, water, all of that kind of stuff. They are central and basic to life and I would be happy to see that kind of thing bundled together in a simple way that particularly older people could use.<sup>46</sup>

- 5.3 Professor Adams indicated that bundling of concessions had the potential to improve the overall efficiency of delivering concessions for both agencies involved in service delivery and those accessing concessions:

*There are three observations about bundling. The first one is the comment I have just made about governments and departments being better joined up. At the moment we have around 70 or so concessions in Tasmania but they are spread across a range of government and non-government entities. As you would know from other people who have spoken at your committee, there is still the perception that it is a maze to work through and the transaction costs, both for individuals and for the agencies that work with individuals, is very high. I have heard of cases where it takes up to three hours for an agency worker to enable an individual to access one concession.*

*That is an important technical issue about the transaction cost associated with not having them bundled up. It is not the major issue but that is one example of how the bundling-up of concessions would significantly reduce the transaction costs of doing business for the client and for the agencies.<sup>47</sup>*

- 5.4 Professor Adams did, however, note that the complexity inherent in such a bundling system might lead to unintended consequences. These include: a potentially reduced capacity to influence behaviour, the increased risk of poor decision-making associated with a higher level of personal responsibility and the possibility of reduced access to services. To counter this, Professor Adams highlighted the need to provide the appropriate education and support mechanisms to encourage people to make responsible choices:

*The more important policy issue comes back to the purpose of concessions. There are generally two arguments about the purpose of concessions. One is that it bolsters an inadequate income support system and is therefore just generally a source of revenue. The more important argument is that*

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<sup>44</sup> Anglicare Submission, p20

<sup>45</sup> COTA TAS Submission, p6

<sup>46</sup> McClymont, Salvation Army, Hansard 26 April 2012 (afternoon), p6

<sup>47</sup> Adams, Hansard 17 July 2012, p4



concessions encourage particular types of behaviours and access to services. So if they are bundled up, what we wouldn't want to do is lose that second component of encouraging people to have access to services. However, if you have a good education and support system around bundled concessions and people are able to make responsible choices, then in principle it is by far the best way to operate because it shifts both responsibility and choice back to the individual, so long as they have the appropriate supports.

It is difficult to administer; it is possible to work out the average that a particular household would receive from the suite of concessions that they may be eligible for, as distinct from currently accessing, and you could, in principle, cash that out with a set of guidelines and support for people to make individual choices. That is why in the report I gave the example of a smart card simply to show how, whilst we do this in a lot of other areas of our life, we haven't quite thought out how we might do it in relation to concessions.

There are endless risks associated with bundling, particularly when you give people choice and they don't make wise choices, or they spend a capped amount and then say, 'But my children will starve if I don't get a little more'. There are all sorts of arguments, but the principle of starting off saying if people had more choice and greater responsibility and appropriate supports, is the right way to think of concessions. Possibly bundling a few might be the way of starting.<sup>48</sup>

#### Delivery of Concessions through a Smart Card System

- 5.5 While respondents indicated general support for bundling of concessions, there was a mixed response to the issue of delivering concessions through a smart card system.
- 5.6 In its submission, Anglicare argued against a smart card system for delivering concessions. Their view was that rather than establishing another layer of administration, the costs associated with developing and implementing such a system would be better directed into improving access to, and increasing the dollar amount of, the concessions that are already available:

*In essence, Anglicare believes that the suggested smart card would add another layer of costly administrative change without making much difference to the lives of people on low incomes. From observations over time, our view is that establishing a smart card system would require funds that could be better channelled into developing user-friendly information about existing concessions, including support for understanding personal entitlements – and most importantly, greater subsidies for actual services.*

*... In relation to the specific task of establishing and administering a smart card system, we see the following potential difficulties:*

- *Time-consuming and resource-rich challenges associated with the task of coordinating different government departments, GBEs and corporatised services to find agreement on adequate concession*

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<sup>48</sup> Ibid, p4-5

*packages, and relative concessional rates across wide-ranging goods and services;*

- The question of establishing a standard maximum entitlement for each concession – in our view, people will require differing maximums for different concessions, based on personal circumstances;*
- The level of personal information required to be provided for calculating entitlements across the board – in our view, wider access to personal information raises confidentiality and privacy risks;*
- Many concessions are constructed as income foregone by service providers and would not be available as transferable value to other providers; and*
- Increased stigma associated with having another ‘special card’ for people experiencing financial hardship. In our view, presentation of a smart card would soon come to have the same stigma attached to for example a Health Care Card or Centrepay arrangements in the eyes of those providing the goods and services.*

*In essence, we consider the development of a smart card system in Tasmania would require too much effort and time, and too many resources for something that is predominantly an administrative process rather than actual improvements in the delivery of essential services and support. From experience supporting people on low incomes, a smart card, which out of necessity would need to be attached to highly personal information of low income earners, would mean that this group of Tasmanians are once again opened to stigma, discrimination and lack of respect. In our view, this group of people does not need further differentiation from the wider population who are receiving adequate incomes. In essence, our response to the suggestion of a smart card is that we already have concessions in place; let us allow the government to focus on promoting and increasing them.<sup>49</sup>*

5.7 TasCoss provided qualified support, noting both the benefits of a smart card system, whilst acknowledging that the potential significant costs of any such system may outweigh these benefits:

*A ‘smart card’ would be one option – although not the only option – for delivering a concession bundle. Smart cards might in fact help to publicise the availability of less well known concessions and create a ‘boost’ to help holders become more active and engaged in a range of programs covered by the card. TasCoss notes, however, that the introduction of a smart card will be expensive, and recommends research to determine whether money spent on developing a such as system might be better directed towards raising the level of concessions themselves – as Anglicare has elegantly put it, “spending money on increasing concessions, rather than organising them”.<sup>50</sup>*

**Ms McLEAN** - *I think there are some principles that concessions shouldn't go down, all concession cardholders should remain eligible for all concessions, but it would be quite difficult. We've talked quite a lot about it and about what do you decide to spend your concession on. Because electricity is really hard for*

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<sup>49</sup> Anglicare Submission, p19-20

<sup>50</sup> TasCOSS Submission, p13-14

you to pay, do you use it all for that and then you are stuck with the full cost of car registration or your fishing license?

**Ms PETRUSMA** - Is your opinion that the cost of putting in place the smart card system could outweigh the benefits of using that money to put into concessions?

**Ms McLEAN** - It's quite possible.<sup>51</sup>

- 5.8 The Committee questioned Professor Adams on the delivery of concessions through a smart card system, with specific reference to the Metro Greencard system. Professor Adams noted that using existing systems generally proved to be a more successful and cost effective approach than developing a new system, and was an option worth exploring:

**Mr MORRIS** - ..... I would like to come back to the smart card notion. Is it worth talking the Metro around the green card and whether that is a suitable basis from where we might start? I understand they have a fairly intelligent system behind that and if hypothetically the green card were used as the concession card, we could not go too far wrong if people currently used it buy bus fares. That would be a fair and reasonable expense for a concession. Would it be worth talking to Metro? I know they intend to have green card rolled out to provide access to all bus services, but potentially that could also be a card that could be used to pay your power bill or your other essential services. Should we perhaps talk to Metro about whether that capability exists within their system because the last we need to be doing is creating a new card, I suspect, if we can use one that already exists and there is already a system there that just needs more work on it or more development?

**Prof ADAMS** - Launching off existing platforms tends to be more successful than starting from scratch, and less costly. Having said that, as we have been talking previously, it is not clear what the business case would look like. But my advice would be, yes, it is worth exploring because, again, we go back to the very basic principles of why would do this. We would do it to increase personal responsibility, to increase choice for individuals and to have a system that in the long run is more efficient and transparent and where we have good data. The ability to connect data with cards helps us resolve some of the points we have been making about our lack of consistent data across the board, collated in one place. There are a number of reasons we may wish to explore, from the platform of the existing card, the initial idea of bundling and a smart card system.

**Mr MORRIS** - Do you know whether we have anything with better potential that already exists than the green card?

**Prof ADAMS** - Not that I am aware of within the state system.<sup>52</sup>

- 5.9 COTA was broadly supportive of bundling concessions through a smart card system, however it did counter this with some concern about the cost of implementing such a system. In its submission, COTA stated that:

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<sup>51</sup> McLean, TasCOSS, Hansard 26 April 2012 (morning), p9

<sup>52</sup> Adams, Hansard 17 July 2012, p7

*Smart card technology could streamline concession management in Tasmania. It could enable eligibility for concessions to be programmed into the card and would thus provide advantages for both government and concession users in terms of administrative savings and recognition.*

*The downside to developing a smart card system is that it would be an expensive process. There are numerous examples of smart card systems that have been implemented around the world, usually with multi-million dollar price tags. However COTA TAS believes, given the rate of our ageing population, that a smart card system would be an investment in managing the concessions system into the future. A detailed cost-benefit analysis of implementing a smart card system should be conducted before a final decision is made.<sup>53</sup>*

- 5.10 Metro Tasmania, as the operator of the Greencard smart card ticketing system was asked to appear before the Committee to be questioned on how the Greencard system works and the potential for this system to be adapted to streamline the bundling and delivery of concessions.
- 5.11 Metro indicated there would be a number of technical, regulatory and other challenges that would need to be investigated in detail to ascertain whether the Greencard was an appropriate or viable option for delivering concessions.
- 5.12 The Committee questioned Ms Heather Haselgrove, Chief Executive Officer of Metro Tasmania, on how the Greencard operates, privacy issues and extension of the system further than its use on Metro buses:

**CHAIR** (Ms White) - .....We would like to examine the functions of the Greencard that Metro uses, with a view to understanding the first step in trialing a smartcard in Tasmania where we could bundle concessions and use that for people to access the appropriate concession in any of the services they use. The Greencard is the first type of smartcard we've had in Tasmania, so you are at the forefront and we want to quiz you about how it works. You have great technical expertise and we'd like to understand better the technology and how you manage your database. One of the issues we would like to understand is the privacy issue that relates to holding all that information. If we were able to put some other concessions onto the Greencard, how we would protect the privacy of those individuals? Do you think it could be rolled out further than transportation?

**Ms HASELGROVE** - .....All the data is recorded in a database and there's security around the database. Staff have to sign a code of conduct and that talks about keeping things private. We can track who has accessed any data if we've got any concerns that someone might be inappropriately looking at people's addresses or where they are travelling. The system will record a trip someone makes and you can have a look, so if it's your card or if you've got a child's card you can actually go in and have a look at where the students made

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<sup>53</sup> COTA TAS Submission, p6

their trips that day, so if the parent suspects that the child is playing truant, they can actually go in and have a look.

**CHAIR** - You allow parents to do that?

**Ms HASELGROVE** - Yes, for their child they have registered, but they can't look at anyone else's because access to the website is password protected. So privacy is not an issue

The Greencard is a purse and it will take off the value of the trip that you're currently travelling on. For concessions in the urban areas, it's \$1.90 a trip. People can top up money on the buses, on the website and we're soon to have an automatic top up so that people can register a credit card for when a card gets down to a certain balance. So if my card dropped down to \$10, I'd put \$50 on, which then goes into the credit card and takes that money off. That will be announced shortly.

... ..I do not know of any state where they actually have a transport smartcard that they use for any other purpose. In New South Wales they use it as their seniors card.

... ..The Hong Kong oyster card is also used for small purchases, like school canteens, and they have worked. But they did not do this initially; they got it working once they were happy with it. It was a commercial enterprise that then expanded their card, like the equivalent of IGA's parking meters, so there are different things you can use it for.

At this stage the difficulty for us is how would it work. We may be able to do it but can we have two purses? One might be the purse that is the concessions and one might a transport purse, I do not know. We will talk to our ticketing provider, INIT, a German company, about whether it is feasible. I am not quite sure how it would operate.<sup>54</sup>

- 5.13 The Greencard operates as a “purse” on to which a dollar amount is added (paid for by the customer, either online or in person on a bus), and each time a service is used, a dollar valued is subtracted for the relevant service.
- 5.14 The nature of the Greencard as a “purse” presented both potential possibilities and potential barriers to its use as a platform for the delivery of concessions.
- 5.15 Through questioning Metro Tasmania, it became clear that a key issue in whether concessions could be delivered through the Greencard was the distinction between concessions that involved a direct cash payment to an individual and concessions that involved no cash payment versus a discount applicable toward a service that an individual may use. The difficulties created by this distinction in relation to the Greencard’s operation as a type of “purse” is highlighted in the following exchange:

**Mr MORRIS** - I guess the obvious thing we are looking at is whether people could opt to have the concessions they are currently eligible for involve a cash

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<sup>54</sup> Haselgrove, Metro Tasmania, Hansard 16 August 2012, p22-23

payment, such as the heating allowance which is a \$28 payment twice a year. Instead of receiving that to their bank account that could be paid by the government onto their Greencard. They could then use that for transport, so clearly they are receiving a concession and they are applying it in an area where they can clearly appropriately use it and not misuse it in that sense.

I guess the next step was whether, if they were able to take more than what they could reasonably use for transport and, if they are eligible for a number of concessions, have them all put onto the Greencard but then have the Greencard usable at Service Tasmania, for example, because any of the services that you can pay for at Service Tasmania are ones that I think the community would be very happy for people to apply their concessions to.

**Ms HASSELGROVE** - Like their registration and licence.

**Mr MORRIS** - Yes, registration or licensing. I think you can even pay your rates at Service Tasmania. There are a whole number of things that you can pay at Service Tasmania. Is it a big step for something like the Greencard to be used instead of a credit card at Service Tasmania?

**Ms HASSELGROVE** - Putting the money on would be fine.

**Mr MORRIS** - Essentially anyone can do that.

**Ms HASSELGROVE** - We could facilitate a bulk payment to the cards and we have already set up a mechanism for doing that. We would never want to become a gate keeper; that is the issue for us.

... .. We could put a reader into the terminals, but the issue would be setting up the rules about that. If someone is eligible for an Aurora concession, I don't know how you would work out what they are eligible to get for transport. Are you saying to leave transport out because transport is currently covered between Metro and the -

**Mr MORRIS** - The discounts for transport are already built into the system, so they are not an issue in that regard.

**Mr MORRIS** - ... .. Is it administratively relatively easy for the card to have money withdrawn from it via Service Tasmania outlets? You'd just put another reader in Service Tasmania, like you have on a bus?

**Ms HASSELGROVE** - You put money on the cards and Service Tasmania is set up with a reader and you can take the money off. It is starting to look as though it's a credit card.

**Mr MORRIS** - It is not a credit card.

**Ms HASSELGROVE** - No, a debit card.

**Mr MORRIS** - A stored-value card.

**Ms HASSELGROVE** - Yes, and then we would have to check what the rules and regulations are around that type of card.

**Mr MORRIS** - So you're thinking regulatory rules?

**Ms HASSELGROVE** - There may be. It is not a credit card, but it is a type of debit card. At the moment one of the attractions for parents is they put \$20 on their child's Greencard and they know they can only use it on the bus. They can't call into the local IGA and buy a Coke and a bag of lollies.

**Mr MORRIS** - That's right, and I'm interested in seeing where that principle may be extended to within the concessions area. Issuing a new card is just giving people another new card.

**Ms HASELGROVE** - The card is not the issue, it is at the back end. Do we need to have a separate purse for the non-transport side of it. We'd have to explore that.

**Mr MORRIS** - I would have thought not.

**CHAIR** - Or whether it not even be a purse that's held by Metro, instead it could be held by Treasury so the money is sitting in the reservoir in Treasury, say.

**CHAIR** - ... .. Say, for instance, I am entitled to a concession on my fishing licence, but it is pretend money in a way, isn't it? It's never sitting with you, it is always sitting with Treasury and Service Tasmania is just the conduit. We are talking about a concession on government services anyway because they are the only concessions that the government provides.<sup>55</sup>

5.16 The Committee noted that with cash payments of concessions there was no guarantee that it would be used for its intended purpose, as the recipient had the ability to choose what to spend the cash payment on.

5.17 The Committee noted that the Greencard may be a useful mechanism to ensure that concessions involving a cash payment were actually used for its intended purpose, or at least, for another type of service that a concession was provided for. While there could be no guarantee that a concession payment loaded on to a Greencard would be used for the specific purpose it was provided for, it could ensure that the payment would at least be directed to one or more services of the recipient's choosing which was bundled on the Greencard:

**Mr MORRIS** - It is actually the concessions where the government makes a payment to the person; like the heating allowance - DHHS sends people two payments a year. They can do whatever they will with that; they can take it down to the pub and blow it if they feel like it. Whereas one of the things is that if it were then to be put onto a green card they cannot actually take it down the pub and blow it.

**Ms HASELGROVE** - It is an Aurora payment and that is all they can use it for.

**Ms PETRUSMA** - It can be used for wood or whatever form of heating you have.

**Mr MORRIS** - Yes, at the moment it can be used for any form of heating... ..It would not actually be used in the future for paying for wood it would just mean that it is an offset that you can apply, but at the moment you can go and spend it on beer.

**Mr MORRIS** - ... ..The reason that I am using it as an example is that we have just had that discussion. We think that the heating allowance actually costs possibly as much as twice what is given out in terms of the money that is

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<sup>55</sup> Haselgrove, Metro Tasmania, Hansard 16 August 2012, p25-27

handed out to people, so it costs twice as much, or as much again, to actually administer. It's seriously expensive to administer. What I'm looking for is: is there a more efficient way of administering this by utilising the Greencard to reduce those costs?

... ..So basically the answer is yes, you can start exploring concession by concession and if people opt to go, 'You pay my heating allowance into my Greencard and I will use it for transport'. It's no problem to you whatsoever.<sup>56</sup>

- 5.18 The Committee asked Metro Tasmania whether it would be possible to use the Greencard system to bundle up the provision of some concessions. The fact that the Greencard operates as a “purse” into which money needs to be placed was raised as a potential barrier to bundling concessions on the Greencard, given the nature of some concessions as a discount for a specific service, rather than a dollar amount concession payment that a person may be eligible for. This was highlighted in the following exchange:

**Ms HASELGROVE** - One of the issues that I have is that if you tried to quantify what the value of the transport concession is, and then people could elect to spend that transport concession on, say, their power bill. You then run the risk of increasing social exclusion, because eligible people all have this bundle of money, concession fares disappear. Either adult or student, once they have then spent it then they will not be able to afford to go to the shop or whatever. Increasing social exclusion would be the last thing that we would want to do.

**Mr MORRIS** - This is not proposing in any way to cash-out concessions. It is a trip-by-trip concession. Yes, you could average out the amount of dollars and the number of people and allocate that out, but that is not the thinking at all.

**Ms HASELGROVE** - If it was just Service Tasmania and it was like a shadow purse, the money is not really there, but the balance is still recorded on the card, we could talk to the ticketing provider about what would be needed to set this up. It would have to be a separate purse because if it were the transport purse they would start using it.

**Mr MORRIS** - You do not get value of concessions added to it now. You do not get the concession on it now? You just happen to be in the category and that means that you get a reduced amount taken from your purse.

**Ms HASELGROVE** - That is right. The transport purse is kept separate, and that will continue to operate; they put their \$20 on whenever they want. The reader shows how much you have left in your purse so it is going to have to be a separate purse on the same card. We have to explore whether we would need to reissue all the cards so that they have got the two purses or is the type of chip that we currently have of sufficient standard that you could put the two purses on.

**Ms PETRUSMA** - There are not a lot of concessions for which people get paid the cash, so I do not know if you need to have the money loaded up on the card, you just need a record of the items that they are eligible for. So if they go into Service Tasmania it is automatically taken off the bill they have to pay. As

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<sup>56</sup> Haselgrove, Metro Tasmania, Hansard 16 August 2012, p27-28



with fishing licences; if you know that a customer is entitled to the concession they just pay \$30 instead of the \$42.

**CHAIR** - I agree. Then the agency submits a form and Treasury compensates them.

**Ms PETRUSMA** - That is it. We do not actually need cash on the card.

**Mr MORRIS** - You could have other uses in that regard.

**Mr BYFIELD** - The card has to recognise that there is an amount of money.<sup>57</sup>

- 5.19 The Committee questioned Metro Tasmania on the technical aspects of the Greencard's capability to deliver bundled concessions. Metro Tasmania noted a number of technical issues that may impact on the Greencard's suitability to deliver concessions, including interactions between databases and actual transactions, the capacity to direct concessions to the service they are provided for, and the flexibility regarding the technology platform used to make transactions. The following exchange highlights some of these issues:

**CHAIR** - In terms of logistics around this, say Service Tasmania were the provider - they had a card reader at their desk - that would mean people would have to physically go in and have their card swiped. Is there any way to conduct a transaction over the internet or over the phone?

**Mr BYFIELD** - No. That card holds the identity and the details on it.

**Ms HASELGROVE** - You probably could though, couldn't you, because they all have a unique number.

**Mr BYFIELD** - No, there's no reference because the card holds the most recent transaction information. That's the idea of those smart cards.

**Ms HASELGROVE** - Without having access to the back end.

**Mr BYFIELD** - That's right, because the card always knows where it's at. That's why it's different from a credit card.

... .. A credit card has to interact with the back-end system in order to know where it's at. A credit card only keeps basic information - what is called 'track to data'. The chip, on the other hand, keeps the smart information about what transactions that card has actually taken.

**Ms HASELGROVE** - And that basic data is kept in our database.

**Mr BYFIELD** - It will once the BCU updates but until that BCU updates - the terminal unit - our back-end system doesn't know what the card has done.

... .. It's one of the ways that they've made the difference between a credit card and a smart card, and it's one of the reasons why you don't come under the payment card industry standards because you can't transact with it online or over the phone.

**Ms HASELGROVE** - You can top it up online.

**Mr BYFIELD** - That's right, but that's interacting with our system, not the card.

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<sup>57</sup> Haselgrove, Byfield, Metro Tasmania, 16 August 2012, p27-28

**Mr MORRIS** - So next time you take the card to swipe it, it loads the information on the card.

**Mr BYFIELD** - That's right, the card gets updated.

**CHAIR** - Is there any way then, in terms of interacting with that back end - because, as you said, you can go online and check your usage and top the card up - can you make decisions online about where you want your funds directed?

**Ms HASELGROVE** - No, once you put the money on the card, it stays on the card. We don't do refunds except in exceptional cases, say if someone dies or someone moves interstate.

**CHAIR** - ... .. Any type of card operating in the concession space would need to have this flexibility for people to be able to pay over the phone, online or in person. So perhaps that rules out the Greencard as an option.

**Ms HASELGROVE** - Yes, so someone couldn't ring up and say, 'I have a Greencard', and take the money off that - I don't think so.

**Mr BYFIELD** - ... .. You could have a BPAY gateway on the internet that could transact with our wallet information. You could have something like that but you can't do it via the card itself. You'd have to use our online portal and then set up a BPAY system.

**CHAIR** - How would you manage that over the phone then?

**Mr BYFIELD** - You wouldn't be able to do it over the phone.

**Mr MORRIS** - No, it would be on the internet.

**Mr BYFIELD** - Yes.<sup>58</sup>

5.20 The Committee questioned Ms Haselgrove on the cost of implementing the Greencard system. Ms Haselgrove committed to provide further information to the Committee in writing.

5.21 Metro Tasmania subsequently provided the following information on the cost of the Greencard system in a letter to the Committee dated 21 September 2012:

*The capital cost of purchasing and implementing the Greencard system was \$4.693 million.*

*Metro charges customers \$10 for a Greencard, concession holders and students are charged \$5. This charge covers the cost of purchasing the card and the administrative cost of registering the card and posting the card to the customer. It is difficult to ascertain the exact cost of administering the Greencard ticketing system as the staff involved in this also undertake other duties. The system administrator is full time on the ticketing system and there are five other staff whose roles include issuing cards (new and replacement), answering queries, checking balances on cards etc. There are also approximately 300 bus drivers who top up the cards on the buses whenever required by a passenger.<sup>59</sup>*

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<sup>58</sup> Haselgrove, Byfield, Metro Tasmania, Hansard 16 August 2012, p29-30

<sup>59</sup> Metro Tasmania, correspondence dated 21 September 2012

### Bill Smoothing

- 5.22 The introduction of a bill smoothing policy was raised as a means to allow disadvantaged Tasmanians to better manage the payment of larger bills and avoid bill shocks, especially for essential services and fees such as car registration.
- 5.23 Bill smoothing removes the peaks and troughs experienced in billing cycles due to either the seasonal characteristics of consumption in the case of essential services, or the lump sum payment requirement such as that for car registration.
- 5.24 For essential services, it does this by basing actual periodical payments on average consumption over a longer period such as a year, rather than just the previous billing cycle (of, for example, 3 months), and splits the periodical payments into equal instalments. This improves an individual's ability to budget, and pay, for their essential services as they have a high degree of certainty over what the size of their next bill will be.
- 5.25 For other payments such as car registration, the annual payment is split into equal periodical instalments, which tends to be a more manageable amount for individuals on low incomes to cope with financially and to budget for. This payment approach is often offered for insurance products, and is in fact currently offered for car registration in Tasmania, with the ability to pay registration for 6 month periods. There is generally, however, an administration fee payable for each periodical payment, increasing the total annual payment above what would have been paid if just the one annual payment was made.
- 5.26 In its submission, Anglicare made the following comments:

*Recent research undertaken by Anglicare revealed that significant problems with 'bill shocks' occur for people on low incomes, particularly in the area of electricity. In general, billing, payment and debt recovery systems utilized by government departments and GBEs have an enormous impact on the small, fixed budgets of people on low incomes, increasing pressures on low income households to manage cost of living pressures. Currently, cost of living pressures are being experienced across a range of essential services simultaneously. As mentioned above, bill shocks occur most notably in areas of housing, electricity and heating, with implications for other necessities such as nutritious food. The Social Inclusion Commissioner's interim report on the cost of living strategy recommended consideration of a range of strategies such as 'bill smoothing' to assist customers to cope with bills, particularly, large bills. Whilst noting that many people's income is too low to allow them to cover bills when they fall, Anglicare calls for bill smoothing strategies to be adopted as one way of supporting budgeting for people on inadequate incomes.<sup>60</sup>*

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<sup>60</sup> Anglicare Submission, p19

- 5.27 TasCoss also supported greater access to bill smoothing, specifically for electricity bills. In its submission TasCoss recommended:

*...that Aurora concession customers should be offered better bill smoothing options for standard tariffs, and that payment plans and bill smoothing options be well publicised and promoted.<sup>61</sup>*

- 5.28 TasCoss was further questioned by the Committee on its views on bill smoothing:

**CHAIR** - When we were talking about bill smoothing, you mentioned that for people on low incomes direct debit isn't a great option. When we're talking about bill smoothing, what suggestions do you have?

**Ms McLEAN** - About how people might pay that?

**CHAIR** - How you might achieve the bill smoothing policy if you're not suggesting that direct debit is a good way to go.

**Ms McLEAN** - Unless its through Centrepay perhaps, which is Centrelink's direct debit; it's not through bank accounts. I would say we'd try to avoid that. If there was bill smoothing for car registration, for instance, now you can pay half-yearly or yearly. If you could pay quarterly, or even monthly, you would be responsible for making the regular payment however it suited you to pay it. For some people that might be direct debit from a bank account, it might be from Centrepay or they might want to go into Service Tasmania every quarter and put some money down. It could be done in any way; people choose to pay bills in lots of different ways. A lot of people still use the post office.

**CHAIR** - I guess car registration is unique in that currently you can only pay it six monthly, but energy and water bills can be paid more regularly.

**Ms McLEAN** - Yes.

**CHAIR** - Is there an issue here in respect to communication of the ability to pay more regularly?

**Ms McLEAN** - Yes, definitely. Aurora offers quite a suite of options to pay, and they do offer bill smoothing. A lot of people go into the post office once a fortnight when their pension comes, with an Aurora card or account number, and make a payment off their account. Then, when the quarterly account comes, they are either in credit or debit and then they can make up the difference and adjust it accordingly. I don't think Aurora promotes those other methods. I think the regulator at one point agreed with that and asked Aurora to do more promotion because people were tending to look at pay as you go as the only budgeting option, whereas there were quite a few. Pay as you go is pre-payment, so you pay in advance rather than use credit where it could be quite handy to get you across a lean period.<sup>62</sup>

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<sup>61</sup> TasCOSS Submission, p11

<sup>62</sup> McLean, TasCOSS, Hansard 26 April 2012 (morning), p10

### Improved Concessions for Essential Services

5.29 Concessions for essentials services was a key issue repeatedly addressed by respondents to the Inquiry, primarily centred around how to improve the effectiveness, equity and adequacy of concessions for electricity and water.

5.30 Two potentially interlinked concession mechanisms were proposed to the Committee as a means to improve the affordability of essential services for low income and disadvantaged Tasmanians; two-step tariffs and lifeline tariffs.

5.31 The two part tariff concession was explained by TasCoss as follows:

*In response to all these concerns, TasCoss and Anglicare have recommended a two-part concession, or concession on each part of the bill, for both electricity and water.*

- *A 'flat rate' concession (a certain amount per day) would apply to fixed charges – in the case of electricity the daily standing charge, in the case of water and sewerage the annual fixed water and sewerage charge.*
- *A 'percentage rate' concession of not less than 30% would apply to usage in excess of the lifeline block (see below), up to a capped amount. This cap would be set at a fair level, to ensure people receive enough assistance while providing a degree of budgetary certainty.*

*The concession on fixed charges should be indexed to increases in the price of the utility, not to the CPI. The cap on the concession for usage would also be indexed to increases in price rises. These two measures ensure that the whole concession will maintain its value over time.<sup>63</sup>*

5.32 TasCoss provided further details under questioning, noting that a cap on the dollar amount of assistance would need to be part of any two part tariff. TasCoss also noted the equity advantages that this type of concession would have when applied across different sized households:

**Ms McLEAN** - *We think the concession system can be better and I think particularly with electricity and water. They are really the big-ticket items, and water increasingly so. Both of those concessions are offered at the moment at a flat rate so every eligible household gets the same. The single person living in a one-bedroom unit gets the same as a family of six. That we see as not exactly equitable. We do not want to see it go down for the single person, obviously, but we would like to see it better spread more equitably and we think that could probably be done by changing it from a flat rate - that is, a certain amount a year. In the case of water and sewerage, I think it is about \$150 a year now, so changing that to a percentage base so that you would get, say, 30 per cent off your total bill.*

**CHAIR** - *The consumption charge or the fixed charge?*

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<sup>63</sup> TasCOSS Submission, p7

**Ms McLEAN** - Well both.

**Mr GROOM** - You are talking about a two-part concession.

**Ms McLEAN** - You could have a two-part concession.

**Mr GROOM** - Yes, one was just a sort of a flat rate and then one was based on usage.

**Ms McLEAN** - Yes, or you could bung them all together and have a percentage off the total bill, which is what they do in Victoria.

**Mr STURGES** - Is there a cap on that?

**Ms McLEAN** - Yes, there would need to be a cap I would think.

**Mr STURGES** - Is there in Victoria, are you aware?

**Ms McLEAN** - Yes, I believe there is a cap on the electricity concession. I am not quite sure what it is.

**Mr STURGES** - No, that is fine. I was interested to hear the concept.

**Ms McLEAN** - You would have to have a cap otherwise it is a blank cheque and I do not think Treasury would like that.

**Mr GROOM** - It is a sort of incentive to inefficiency really.

**Ms McLEAN** - Exactly, and you do need to give messages about usage.

**Mr STURGES** - Dare I suggest it is hard to budget if you have not got some framework.

**Ms McLEAN** - Well I think Treasury would want that too. I think we all would actually. I do not know what level. We have not done any modelling or anything but I think Tim you were suggesting at one point the two-part concession as well.

**Mr MORRIS** - Yes, it was progressive, depending on the number of people per household.

**Ms McLEAN** - Yes, that is kind of difficult because households are shifting. Kids move in, and move out. They come home, are moving out, that kind of thing. It's very hard to keep track of but if you had a sort of percentage so that people who used more actually got a higher concession it would probably be better. Rates are done that way. Rebates on rates are provided; I think it is a 30 per cent concession.

**Mr MORRIS** - Yes, up to a cap.

**Ms McLEAN** - Yes, up to a cap, that is right, and water and sewerage of course used to be in that. When it was taken out the concession was made flat. We see that as a problem. That could be improved and I think for electricity a similar kind of concession could be offered there as well based on percentage of the bill so that people who needed to use more got a higher concession.<sup>64</sup>

- 5.33 The Committee questioned TasCoss on the difficulty of introducing a two part tariff. TasCoss indicated, in their view, that while slightly

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<sup>64</sup> McLean, TasCOSS, Hansard 26 April 2012 (morning), p2-3

more complex than current concessions, a two part tariff should not prove to be overly complex to implement:

**Mr MORRIS** - Kath, is there any way of doing this without increasing the complexity and therefore the cost of implementation of these systems?

**Ms McLEAN** - I am not sure that a percentage would be terribly complex. It would need to be factored into the suppliers or the retailers systems, which should not be too difficult. A flat rate I think is easier to administer but I think a percentage rate would not be too difficult. A two-part concession might add a note of complexity there.

**Mr STURGES** - I think from a very simplistic point of view, the trick would be establishing appropriate criteria within that model. I have been thinking through how it might work.

**Ms McLEAN** - A two-part is relatively simple. As Matthew said, you have a flat concession for the fixed charges and a percentage-based concession. That might work as well, but it is a little bit more complex than a straight percentage.

**Ms PETRUSMA** - ... ..But the percentage should be relatively easy. I'm one of those people who gets \$5 off my bill every quarter just because it's taken out of my bank account, so if they can work that out surely they can work out that this person gets a percentage if they know they're on a concession.

**Ms McLEAN** - Yes, that's right. It would be the same percentage for every concession holder, but the bills would be bigger or smaller so the concession would be greater or smaller.<sup>65</sup>

5.34 TasCoss also advocated for the introduction of “lifeline tariffs” for electricity and water, whereby a certain level of consumption of an essential service, corresponding to minimum requirement to meet basic needs, is made available at no or low cost.

5.35 The lifeline tariff could work in conjunction with the two part tariff, with a percentage discount up to a capped dollar amount, as proposed in the two part tariff, applied to consumption above the lifeline amount for those individuals eligible for a concession.

5.36 In its submission, TasCoss made the following recommendation on lifeline tariffs:

*One mechanism for extending a universal safety net is the lifeline block: the provision of a small amount of an essential utility at a very low price, with future price increases linked to the CPI, rather than increases in the price of the utility. Consumption above the lifeline amount would ideally be priced using an inclining block structure, but could also be priced at a flat fee structure. There would be no concession on the lifeline block, since it constitutes a form of concession itself.*

- *The amount of electricity included in the lifeline block would be the amount needed each day to run an average fridge, prepare a hot meal,*

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<sup>65</sup> Ibid, p3-4

heat and light a single room, and provide hot water for bathing, assuming average usage and average energy efficiency in Tasmanian conditions.

- The amount of water would be the amount needed for drinking, bathing, and kitchen hygiene again assuming average usage and average energy efficiency in Tasmanian conditions.

While Tasmanians facing financial hardship might need to restrict their usage of electricity and water to the lifeline amount, at least they would be more likely to have money left over for food and rent.

The development of a lifeline block should not be subject to blocking by government business enterprises and state owned companies. These entities, as the concept of “community service obligations” recognises, have responsibilities to the Tasmanian community as a whole that extend beyond their immediate commercial interests, and need to be held to account for delivering services and products that suit the needs of low-income and disadvantaged Tasmanians.<sup>66</sup>

5.37 At the hearing of 26 April 2012, TasCoss was questioned on this proposal:

**CHAIR** - You've talked about the lifeline blocks as well.

**Ms McLEAN** - That is sort of a concession. That was something that Anglicare and TasCOSS did a paper on in 2010, I think. It is the tariff system. In both water and electricity you've had a fairly small block of usage that everyone got it at a very low cost. It's been called a 'lifeline tariff' - in other words, because we are talking about essential services, we're not talking about things we can decide whether or not we want to use, they're things we all use every day. That would be a universal low block and everyone would get it. Then, as you use more, you would have the costs loaded on to the higher block. It would be an inclining block tariff, but with a very low-cost, small part. That would really give a signal to try to use a lot less. The danger there would be that people might self-ration, which I think is a very big issue. That came up quite strongly in Anglicare's recent cost-of-living research and that's something I think we're going to need to think about a lot in the future, the self-rationing and how we address that.

The lifeline tariff is just that, you get a certain amount of electricity or water to use, if you choose to use or need to use more than that you then pay a little bit more and a little bit more as you go up. One of the problems there is large, low-income households that need to use more and I think that can be addressed through a concession system. This wouldn't replace concessions, but you would need a concession that kicked in at a certain point.

**CHAIR** - Have you had conversations with Aurora about this?

**Ms McLEAN** - Yes, we have a bit. They did some modelling based on some assumptions that could have been different, I think, but the modelling they did demonstrated that some low-income people would be paying more. We think it could be tinkered with to be fair. The fact that we're talking here about

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<sup>66</sup> TasCOSS Submission, p8-9



essential services is an important factor because it's not discretionary, generally speaking.<sup>67</sup>

- 5.38 Anglicare also provided support for the concept of lifeline tariffs. It stated that:

*From Anglicare's perspective, the application of lifeline tariffs to essential services would help to ameliorate the cost of living pressures for high numbers of Tasmanians. It is our belief that if enacted, such tariffs will likely diminish wider social costs such as financial stress, physical and mental ill health, family breakdown, and the need for access to emergency relief, housing or hospitalisation. From our perspective, in addition to electricity, the establishment of lifeline tariffs for water use, sewerage, telecommunications (including mobile phones and internet) and transport should be given serious consideration by the Tasmanian Government. In reality, costs associated with attempting to keep Tasmanians safe, healthy and well will be recouped one way or another: our suggestion is that costs be expended via an 'upstream' or prevention approach by establishing secure access to basic levels of essential services.<sup>68</sup>*

- 5.39 It was noted by respondents that introduction of lifeline tariffs would in all likelihood require greater funding from Government through changes to current community service obligations. However, it was further noted that these funding increases could be offset by the benefits accrued from the reduction or avoidance of issues associated with the consequences of financial stress on low income and disadvantaged Tasmanians:

*Anglicare recognises that the establishment of lifeline tariffs would require renegotiation of community service obligations for Government Business Enterprises, along with higher levels of funding from the Tasmanian Government. We suggest that comprehensive economic modelling of downstream costs associated with the effects of financial crisis (such as levels of malnourishment in moderate cases, or homelessness or hospitalisation in extreme cases) may warrant such measures, and indeed may indentify lifeline tariffs as a cost effective public health measure.<sup>69</sup>*

*... ..In fact, the development of a lifeline block should be backed by a fully funded community service agreement to protect the business interests of current and future electricity and water providers. The cost of the subsidy will at least in part be paid back by savings in other areas of the Tasmanian Government's Budget, such as expenditure in health services, that will result from all Tasmanians being able to cook, bathe, and warm themselves, even if their circumstances change abruptly.<sup>70</sup>*

- 5.40 Aurora Energy was questioned by the Committee on the feasibility of introducing a lifeline tariff for electricity. Aurora noted that it would be relatively easy for its billing system to handle such a tariff.

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<sup>67</sup> McLean, TasCOSS, Hansard 26 April 2012 (morning), p4

<sup>68</sup> Anglicare Submission p14-15

<sup>69</sup> Anglicare Submission, p15

<sup>70</sup> TasCOSS Submission, p9

However, it noted that based on modelling it had conducted, a lifeline tariff may not actually help all concession customers as intended:

**CHAIR** - I wonder if you could give your opinion on whether or not that would be an appropriate model for Aurora to adopt, and is it feasible?

**Ms BADDELEY** - Sure. We worked quite closely with TasCOSS who were leading it on behalf of Anglicare on the lifeline tariff structure model in response to the final tariff strategy that was set in April last year. We sought their submission on our draft tariff strategy and they provided feedback about the lifeline tariff structure. The modelling we undertook and released in the final strategy responded in detail to that, and I beg your forgiveness, I am not our retail tariff strategy specialist, so I might have to refer to my papers.

In general we found the very point that Peter has been making, which is that low income is not always associated with low consumption, so the lifeline tariff meant that those who used little could benefit but those who used more would not benefit from this structure. We provided TasCOSS, through a number of meetings, with detailed modelling that is set out in our final tariff strategy about the tipping point for various consumption levels and the various winners and losers from the lifeline-type tariff structure.

**CHAIR** - TasCOSS raised this today and argued that you made a number of assumptions that they didn't necessarily agree with and therefore differed with your conclusions. However, putting aside whether or not low-income earners use less power, if there was a lifeline tariff, essentially they could then use essential service electricity to run the house on and for anything above that they would be still be entitled to a concession to help reduce their other consumption costs. Is it possible to implement that type of structure in your organisation? Putting aside the assumptions that were made by yourself and TasCOSS, that type of lifeline tariff would obviously be a widespread tariff across all your users, so is it viable financially, is it sustainable for you as an organisation to implement that type of tariff?

**Dr DAVIS** - As to whether it is possible, the answer would be yes, because we have a sophisticated tier-one billing system that can accommodate a multitude of different tariffs and people are on a range of tariffs already, so that is possible. As to whether financially it would work or not, we would have to model that. It is sort of like dealing with tax; you need to change the marginal tax rate at the bottom and fix everyone up the stack. It would have to be modelled to see what it would do.

## 6 TERM OF REFERENCE (C) – THE IMPACT OF LEGISLATION SUCH AS THE MONETARY PENALTIES ENFORCEMENT ACT 2005

### Monetary Penalties Enforcement Act

- 6.1 A number of respondents to the Inquiry commented on the cost of living impact of the Monetary Penalties Enforcement Act (the MPEA) on low income and disadvantaged Tasmanians.
- 6.2 The MPEA provides a range of processes to enforce payment of monetary penalties and a number of benefits to the Government and Tasmanian community in the enforcement of unpaid monetary penalties. Prior to its introduction the only options for people to deal with their unpaid monetary penalties were a maximum repayment term of 6 months, community service or imprisonment.
- 6.3 In its submission, the Monetary Penalties Enforcement Service (MPES) indicated that the MPEA and the way the MPES operates does not have a cost of living impact, but in fact makes it easier for debtors to meet their obligations. The MPES stated:

*Some of the major benefits introduced with this legislation include the following:*

- *Removal from the court system of minor infringement notice related offences;*
- *Removal of the use of warrants of apprehension for non-payment of fines;*
- *Ability to use a range of enforcement sanctions to enforce payment; and*
- *Minimisation of the use of imprisonment for fine defaulters.*

*The MPEA provides benefits to Government and the Tasmanian community with the more efficient use of resources to enforce payment of unpaid monetary penalties.*

*Other benefits to the wider community include making it easier to pay or otherwise deal with their monetary penalties including negotiating repayment plans and or community service in lieu of payment.<sup>71</sup>*

*... the MPEA does not legislate for offences or their associated penalties but provides a mechanism to collect and enforce payment of these penalties.*

*In practical terms the MPEA does not have a negative impact on the cost of living but provides achievable solutions for all clients to deal with their*

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<sup>71</sup> Monetary Penalties Enforcement Service Submission, p2

monetary penalty obligations. This includes making it easier for people to pay, or negotiate arrangements to pay over an extended period, convert unpaid monetary penalties to a period of community service or in cases of extreme hardship having their monetary penalties remitted.<sup>72</sup>)

- 6.4 While a number of respondents commented on the impact of the MPEA, these comments generally related to inequities surrounding the source of the fine or monetary penalty (i.e. the offence) and the larger relative impact such penalties have on low income or disadvantaged Tasmanians:

... ..Offences generating fines may themselves reflect inequities. For example, failure to use certain types of safety gear (riding a bicycle without a helmet, for example) or riding a bus without a ticket are likely to affect lower-income Tasmanians disproportionately because they are more likely to lack the income to purchase the safety gear or pay for the fare. Behaviour-related fines are also more likely to be imposed in areas with a higher presence.

... ..Many fines are set at a level that is an inconvenience to a middle income earner, but a heavy blow to a low income earner, both in terms of the total amount of the fine and in terms of the impact of repayment, even on a repayment plan. For example, NewStart and Youth Allowance pay \$245 a week, a typical NewStart or Youth Allowance recipient paying \$150 a week in rent has less than \$100 a week to cover all other expenses. For such an individual, the \$300 fine imposed on a driver for failing to ensure that a passenger over the age of 16 was wearing a seatbelt, paid off at \$5 a week, would take over a year to pay off, while consuming over 5% of weekly disposable income. Default penalties further add to these burdens.<sup>73</sup>

Outside this Inquiry there is little public discussion about the fairness of the current universal fines system as a response to criminality, and whether, in the context of growing wealth disparities in the community, the current system is fair and equitable.<sup>74</sup>

There is ample evidence to indicate that the impact of monetary penalties will 'punish' people who have an inability to pay disproportionately to those who have the means. Indeed, in many cases the inability to pay initial monetary penalties results in more crippling indebtedness through mounting default costs and the more serious consequences of secondary offending (in cases such as licence or registration suspensions/cancellations).<sup>75</sup>

The failure to ensure the fine has a similar punitive bite means that the principal of equal impact is not met. When two offenders pay the same fine but one has a higher income the fine cannot have the same effect. For wealthy offenders the fine may be too easily paid and hence no real punishment or even seen as payment of a 'license fee' in order to continue offending. Whilst, as Professor David Adams noted in his report, A Cost of Living Strategy for Tasmania, the imposition of a fine on financially disadvantaged offenders may mean that they 'forego essentials to make even instalment payments and many of these fines can never be repaid'. Both of these outcomes result in a number

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<sup>72</sup> Monetary Penalties Enforcement Service Submission, p1

<sup>73</sup> TasCOSS Submission, p14

<sup>74</sup> Anglicare Submission, p22

<sup>75</sup> Salvation Army Submission, p7-8

of important aims of sentencing, including retribution, deterrence and rehabilitation not being met.<sup>76</sup>

Tasmania's sentencing system and in particular, the way in which the courts impose fines, is one area in which our most vulnerable are made relatively worse off. When sanctioning an offender to a fine, the courts are often required to impose a fine that is either a fixed sum or mandates a minimum amount. A good example was the recent sentencing of Senator Stephen Parry to a minimum fine of \$520 for drink-driving. But how is it fair that someone who earns \$4 500 a week is required to pay the same amount as an individual in receipt of Newstart Allowance who takes home \$240 for the same week.

Tasmania's fining system does not deal with offenders in a satisfactory way, fining the socially and financially disadvantaged too much. This is evidenced in Professor Adams's research when he notes that almost one half of Tasmania's households are either relying on a government pension or belong to the working poor.<sup>77</sup>

6.5 TasCoss also pointed out the stark choices low income or disadvantaged Tasmanians have when dealing with a monetary penalty:

*In dealing with a fine, low income earners face an unenviable choice:*

- *Prioritising essential needs such as housing, food and health costs over less immediate priorities such as fines. This choice results in a debt burden, while also risking more severe consequences for not having paid the fine such as a court-warrant or even arrest, with attendant impact on others in their household, dependents, or persons for whom they are caring.*
- *Prioritising payment of infringement penalties at the expense of other needs, with the potential for unjust impact on dependents or children.*<sup>78</sup>

6.6 A number of respondents described the compounding and spiralling nature of offences and the subsequent monetary penalties, which imposes a disproportionate burden on low income and disadvantaged Tasmanians:

*Yes, the enforcement of monetary penalties I can quickly associate that with the provision of transport where in the past I have had to represent people in court who had been fined for not having a licence and they live on the fringe and there is no transport out of there so next time around they are looking around the corner to see if there is anybody there and they will get into their car because they have to wait two hours or there is no bus service until the next day and they get picked up for driving without a registered vehicle yet again, so the fine grows up and you represent them in court and the magistrate would say, 'This is the system,' and on and on that kind of things goes and the*

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<sup>76</sup> Mr Benedict Bartl Submission, p2

<sup>77</sup> Bartl, Hansard 26 April 2012 (morning), p33

<sup>78</sup> TasCOSS Submission, p14-15

person who is poor becomes a criminal overnight when that process proceeds.<sup>79</sup>

The use of fines as a mechanism for delivering justice carries inherent risks of injustice towards those with little money. One of the most significant of these is enforcement fees, or extra charges levied on unpaid fines.

The 'poverty penalty' or the 'poverty premium' is a phrase used in social research to describe those instances where people with little money pay relatively more for good or services or participation in certain markets. The application of financial penalties to unpaid debts – in this instance enforcement fees – is a classic example of the poverty penalty. In Tasmania, a person who is unable to pay their fine faces an escalating debt which can reach a level which is not commensurate with the gravity of the original offence, and which does not necessarily have any relationship to their actual liability for the crime (since infringement notices promote a view of strict liability with no consideration of whether someone intended to commit a crime or whether there are mitigating circumstances).<sup>80</sup>

Just a short note on penalties. We note that a lot of people on low incomes accrue fines they cannot pay which are sometimes followed by extra financial penalties they still cannot pay. This is a problem.<sup>81</sup>

- 6.7 In its submission, Anglicare noted how the use of on-the-spot fines and the number of offences for which infringements notices can be issued has grown substantially. Anglicare is of the view that one outcome of this is that such mechanisms have:

become a significant source of revenue for the Government, creating the risk that 'the system' will be driven by fiscal rather than correctional objectives.<sup>82</sup>

- 6.8 Anglicare also notes further evidence that this risk is real and not perceived:

In spite of the success of the Monetary Penalties Enforcement Service in engaging people in payment options for their unpaid fines, by 2012 the number of unpaid fines has increased by 56%.

... ..So while the Monetary Penalties Enforcement Service appears to have had some success in diverting debtors from prison, the level of unpaid debt has increased by 56% since the House of Assembly first discussed a proposal for the establishment of the Service.<sup>83</sup>

- 6.9 In its submission COTA commented on the impact of monetary penalties on older Tasmanians:

The particular concern for COTA Tas has with the power of this Act would be if an older person was not adequately supported to pay their outstanding fines or simply unable to pay their fines and as a result, an enforcement order or sanctions were imposed on the older person. COTA Tas believes the vast

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<sup>79</sup> McClymont, Salvation Army, Hansard 26 April 2012 (afternoon), p7

<sup>80</sup> Anglicare Submission, p25

<sup>81</sup> Pryor, Anglicare, Hansard 26 April 2012 (afternoon), p12

<sup>82</sup> Anglicare Submission, p21

<sup>83</sup> Ibid, p23

majority of Tasmanians would pay their fines and that those who don't probably have legitimate reasons for not doing so.

An older person may find it difficult to seek the necessary assistance to pay a fine due to lack of confidence, low literacy, social isolation, embarrassment, inability to navigate the system or lack of understanding of the system. There is unquantified evidence that numerous older Tasmanians are supporting their children or family to meet cost of living pressures (this may even manifest as a 'subtle' form of elder abuse). For those on a low income, the 'shock' of a fine may mean there is little time or economic resources for them to adjust their budget.<sup>84</sup>

### Day Fines

- 6.10 A key means of ensuring the equity and fairness of the monetary penalties system and addressing the impact of monetary penalties on low income and disadvantaged Tasmanians raised by respondents to the Inquiry was the introduction of 'day fines'.
- 6.11 A day fine is an income-based fining system where an offender is fined proportionally according to their level of income. This contrasts with the set fines that are imposed for certain offences and instances of reoffending.
- 6.12 Mr Benedict Bartl provided evidence to the Inquiry focusing on the inequity and fairness of the current system of fining offenders. Mr Bartl proposed that the introduction of a day fine system would result in a more equitable outcome, a higher likelihood of fines being paid, and potential efficiencies in recovery of fines:

*The unfairness and inequality of sanctioning an offender to a fine in Tasmania is caused because in many instances, the courts are required to impose what is either a fixed-sum or mandates a minimum amount (such as for drink-driving offences) with no discretion for the court to reduce the amount of the fine. Several years ago the Chief Justice of Tasmania concluded that in such circumstances the fine is 'draconian'. In other cases, where the court is granted discretion, the courts have adopted a 'going rate' fine for particular offences with courts able to make some adjustment downwards if the offender is unable to pay, but where no scope exists to increase a fine on the grounds of the affluence of the offender.*

*This can be contrasted with most of continental Europe, central and South America and some jurisdictions in the United States of America where an income-based fine, commonly referred to as the 'day fine' has been introduced. Day fines are a common form of sentence for indictable offences, involving a two-step process in which the court sentences the offender to a certain number of day fine units (for example 10, 50, 100) according to the gravity of the offence; then the value of each unit is determined by multiplying the value of the unit by the percentage share of the offender's daily income.*

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<sup>84</sup> COTA TAS Submission, p7-8

....The advantages of the day fine are that the principles of transparency, proportionality and equity are better served, leading to increased support in the sentencing system.<sup>85</sup>

A reform that I urge this committee to consider is the introduction of an income-based fining system, a system common to the countries of Europe and a system which better meets the important sentencing principles of transparency, proportionality and equity.

An income-based fining system has other benefits including increased community support in the sentencing system, increased revenue and the reduced use of custodial sentences.

In Germany, for example - a country from which I have just returned - the introduction of an income-based fining system in the early 1970s saw a 90 per cent drop in the use of custodial sentences of six months or less. This can be contrasted with Tasmania, where recent research by the Law Reform Institute demonstrated that 89 per cent of offenders sentenced to custodial sentences in the Magistrates Court were for six months or less.

Whilst there is a need for legislative instruments such as the Monetary Penalties Enforcement Act to ensure that fines are paid, it is suggested that offenders are more likely to repay fines if they are set at amounts able to be repaid - a relevant consideration in Tasmania, where around \$68 million in fines remain outstanding.

I urge the committee to support the introduction of an income-based fining system and to call on the Government to establish a feasibility study investigating exactly how an income-based fining system would operate in Tasmania.<sup>86</sup>

**Mr BARTL** - Yes, but there will also be increased revenue because people are more likely to repay their fine. There's around \$65 million that's outstanding. If the fine was fairer and the offender was more able to pay it, the Government would receive that revenue.

**Mr GROOM** - Presumably you would also make savings in the efficiency of recovery as well?

**Mr BARTL** - That's right.<sup>87</sup>

- 6.13 The Committee questioned Mr Bartl on issues associated with assessing an offender's income for the purposes of determining the offender's eventual penalty from a day-fine system, including legitimate changes in an offender's personal circumstances between offending and sentencing and the potential for manipulating circumstances to minimise an offender's income at the time of sentencing:

**CHAIR** - Thank you, Benedict. It's great to have someone with your expertise addressing us. I understand that you completed a master's in the topic of day-fine so you have obviously conducted an extraordinary amount of work in this

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<sup>85</sup> Mr Benedict Bartl, Submission p1-2

<sup>86</sup> Bartl, Hansard 26 April 2012 (morning), p33-34

<sup>87</sup> Ibid, p37-38



field. We have had a few discussions already this morning about the concept of the day-fine. The particular issue that we are trying to work through is how you assess a person's income in order to appropriate the fine.

So in your work in Australia, have you been able to determine how to assess a person's income and therefore determine their fine without going through a costly court process, for instance? Understandably we don't want it to cost the Government more money in recouping an \$80 fine than is necessary.

**Mr BARTL** - I will use Germany as an example - that is a system I understand best. In Germany there's a federal system, the same as Australia, which means that the states do not have access to the income records. That's a similar model to Australia where our Federal Government collects income tax but not the States.

So Germany is a good model for Tasmania. In Germany, the way in which the states get around that problem is by doing three things, potentially. First of all, the police will collect the data so when people are fined, for example, for a drink-driving offence, the offender is there and the police are able to ask the offender, 'Well, you're going to be done for drink-driving, tell us a bit about yourself', so that getting information such as your age, your income, your employment details, whether you have children, your assets, your liabilities - the police can do - which means that once it gets to court the police prosecutor is able to put that information to a court rather than the defendant having to do that. So that is one way in which it can be done.

**Mr GROOM** - Is that how it's done in Germany?

**Mr BARTL** - That's right.

**Mr GROOM** - How would the police verify that information?

**Mr BARTL** - It can't be verified but generally people do tell the truth and there are ways that that could be got around. For example, in New Zealand you are able to ask offenders how much they earn and it is made very clear that if they provide the court with false information they can be done for perjury.

The second step that is often taken is if further information is sought, either because the police haven't initially asked the offender for that information or because it simply wasn't appropriate, for example, the offender was very drunk or on drugs and not in a state to be asked those questions, the matter is then referred to police prosecution and they are able to do the investigation.

**Mr GROOM** - ... ..Can I also just ask then, in the context of indictable offences, how does it actually work in Germany because often there can be quite a significant time lapse between when someone has actually committed an offence and when they ultimately have their matter determined by a court, and in some instances it can be years and obviously there is the possibility of their financial circumstances to have shifted quite dramatically, so is it at the point of offending or is it at the point of sentencing that you would make the judgment?

**Mr BARTL** - In Germany it is usually at the time of sentencing and that is because somebody - and there was a case where somebody won Tattsлото and it changed quite considerably but also people who lose their jobs so, in reverse, people who go onto government payments are also not in a position to pay what they should have paid if they had been sentenced at the time of the offence.

**Mr GROOM** - The Tattsлото example is a pretty unusual one but one of the things that I would be interested in this is - and I am not suggesting that it would be the majority experience - but I wonder whether it is open to manipulation in some way, shape or form. If I know, for example, it is probably going to be a year before my matter is determined and I adjust my arrangements - I don't know to what extent the fine system applies in Germany and how large the fines are - but are there any issues with that?

**Mr BARTL** - There have been court cases in which that has happened and people have moved from full-time employment to part-time or even resigned from their employment. In those circumstances the court looks to a person's capacity, so if it appears that they are deliberately seeking to milk the system then they will be fined based on how much they should have paid if they had been sentenced at the time the offence had transpired.<sup>88</sup>

6.14 Mr Bartl was questioned further by the Committee on the application of the day fine model for both summary and indictable offences. The following exchange occurred:

**Ms PETRUSMA** - In Tasmania a lot of on-the-spot fines occur where you are written out an \$80 fine on-the-spot for a speeding ticket, how would that work in that situation then?

**Mr BARTL** - In Germany the day-fine is only applied to indictable offences, which means it has to go to court. On-the-spot fines remain the same.

**Mr STURGES** - I am sorry and I don't want to impede your flow of information but the traffic infringement notices also allow you to challenge that infringement in court so if I could just take this one step further. If the concept of day-fine became well-known, and I would expect that if we did move to recommend the implementation of a day-fine concept that we would put a process of communication in place so the community knew about it, therefore if that basic very minor traffic infringement - I don't think any traffic infringement, for instance, all speeding is wrong - but let us say a low level traffic infringement notice is issued and I choose to contest that, given the concept of the day-fine that you are explaining, would I then open up that option? Is that correct?

**Mr BARTL** - At least in Germany it would be, if it was able to go to court but my understanding is in Germany there is a quite clear distinction between summary and indictable offences, so whether with on-the-spot fines they can go to court, whether they would be also subject to the day-fine, I don't know.

**Mr GROOM** - Can I just understand this because obviously you have looked a lot into this and you are very familiar with the German system, are you suggesting to the committee that in fact the day-fine concept should be applied with respect to indictable offences but not with respect to summary or on-the-spot type offences? Is that what you are actually saying?

**Mr BARTL** - Yes.

**Ms PETRUSMA** - ... .. We have been told with the MPES, for example, that they usually deal with a lot more summary offences than they do indictable offences, so do you have an idea how many indictable offences you would be looking at?

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<sup>88</sup> Bartl, Hansard 26 April 2012 (morning), p34-36

*Is it a big percentage or small percentage versus summary in this State, have you done any research on that?*

**Mr BARTL** - I know that the last financial year for which figures are available, which I think was 2009-10, the Department of Justice annual report shows that around 30 000 indictable offences received fines.

**Ms PETRUSMA** - For the year?

**Mr BARTL** - Yes. I'm very sorry I don't have the figures with me, but it was something like 15 000 drink-driving offences, so 15 000 people received a fine. Then with everything else - minor stealing, assault and other offences - around 30 000.

**Ms PETRUSMA** - So it's quite a sizeable number that this system could be applying to. Do you know if there's been any breakdown as to the percentage that are low-income versus high-income offenders in this?

**Mr BARTL** - No, that information is not available.

**CHAIR** - Benedict, do you know of any jurisdictions that have a way of applying this model to summary offences?

**Mr BARTL** - No.<sup>89</sup>

- 6.15 The Committee questioned Mr Bartl on how a day-fine system may apply to summary offences where an on the spot fine is issued. It was noted that the fines for such offences could be determined on the basis of penalty units being assigned to an offence, but the Committee also noted that for smaller fines such a system may actually increase the costs associated with the collection of these fines:

**CHAIR** - I think that's also an issue we're facing, because a lot of those offences are ones that cause people great hardship, and in determining a way that we can apply them more equitably this appeared to be a model that we could use, but because it's not used anywhere else it's a little bit hard to determine whether or not that's appropriate. Do you have any other suggestions for how we could address the system to make it more equitable for those summary offences?

**Mr MORRIS** - Isn't converting those to penalty units rather than dollar amounts an achievable way of doing that?

**Mr BARTL** - It is. There will be additional cost because, for example, a parking fee is issued simply because you have parked in the wrong space so you have to pay a fine, but by introducing an income-based fining system you would then require people to find out exactly how much that person needs to pay, and it may well be that in a lot of cases it's not worth it; there's no profit or benefit for the State.

**Mr GROOM** - It may even be negative.

**Mr BARTL** - Yes, in having to chase people up about a \$100 fine.

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<sup>89</sup> Bartl, Hansard 26 April 2012 (morning), p35-38

**Mr MORRIS** - But if it's expressed in penalty units, if parking too long on a meter is 0.25 of a penalty unit, it's not difficult to work out from there -

**CHAIR** - It is if it's an on-the-spot fine because how do you determine their income?

**Mr GROOM** - When you talk about applying penalty units, the day fine concept then requires you to apply it to have a multiple of your daily income.

**Mr MORRIS** - You get the model and self-disclose it.

**Mr GROOM** - I think the point being made here is that if you then have to apply a multiple of the daily income, then you need to work out what the daily income is and that requires a significant increase to the administrative burden, and the question is whether or not it is worth it.

**Mr BARTL** - With indictable offences, the offences are quite serious.

**Mr STURGES** - I understand the delineation now. It has been worth listening to your contribution.<sup>90</sup>

- 6.16 The Committee also questioned Mr Bartl on the effectiveness and efficiency of day fine systems operating elsewhere, including the cost of administering such systems. Mr Bartl noted the difficulty in determining the cost of such a system as they tend to be embedded in the justice system:

**Ms PETRUSMA** - ... ..Do they find that the cost of administering the system in Germany is outweighed by the benefits? Have you seen any data on the costs of administering the system?

**Mr BARTL** - No, but it was about 950 million Euros in the last year of record-keeping. Germany has a much bigger system, over five million people, and there has been general acknowledgment that the income-based fining system is the way to go. In Germany, about 80 per cent of all indictable offences get a fine. In Australia and Tasmania, it is generally just for very minor indictable offences that you will be given a fine. Drink-driving is the classic one.

**Ms PETRUSMA** - So the 950 million Euros is the revenue they received?

**Mr BARTL** - That is right.

**Ms PETRUSMA** - Do you know what their administration costs were on that for administering the system?

**Mr BARTL** - No. That is difficult because it involves the courts and prosecution and police.

**Mr GROOM** - A lot of the costs are built in, presumably.<sup>91</sup>

- 6.17 In its submission, TasCoss noted its support for the introduction of day fines. TasCoss stated that:

*Setting fines at an income-adjusted level not only reduces the chances of imposing disproportionate hardship, but also increases chances a fine will be payable and therefore paid. (It is worth noting that a custodial sentence*

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<sup>90</sup> Bartl, Hansard 26 April 2012 (morning), p38-39

<sup>91</sup> Bartl, Hansard 26 April 2012 (morning), p40

*resulting from a snowball of unpaid fines costs the Tasmanian Government far more than it can hope to recover from higher fines). Equally importantly, day fines create a stronger impetus not to reoffend across all levels of society, since they have equal impact across income brackets.*

- 6.18 Anglicare noted its support for a day fines system at the hearing of 26 April 2012. Ms Anita Pryor from Anglicare stated:

*We're interested in the ideas and issues canvassed by the Law Reform Institute. We support exploration of a day-fine system as used in some European countries, where penalties and fees are rated according to the severity on a unit scale and people are fined according to their annual income. This means that people on different income levels experience comparable economic penalty for the same offence.*

- 6.19 While the evidence gathered by the Committee showed there was significant support amongst Inquiry respondents for the introduction of a day-fine system, the Minister for Justice had a contrasting opinion. The Minister indicated that, in his view, introducing a day fine system was not a suitable or practical option for Tasmania, and that the current system was fair and equitable. The Minister noted that:

*Linking the value of monetary penalties to an individual's income is not consistent with a fair and equitable justice system. Current arrangements for the imposition, collection and enforcement of monetary penalties deliver best practice.<sup>92</sup>*

- 6.20 The Minister also noted that the current system was an efficient means of enforcing the law:

*It should be noted that the majority of monetary penalties imposed in this jurisdiction result from infringement notices and not judicially imposed fines. They remain as viable enforcement options and act as significant sanction to encourage compliance and deter people from breaking the law.*

*The ability to impose monetary penalties through administrative means (infringement notices) delivers significant cost benefits to Government and the Tasmanian community by obviating the need to undertake expensive and lengthy criminal prosecutions.<sup>93</sup>*

- 6.21 The Minister also noted that a key principle of the justice system was a judicial officer's ability to use discretion in determining a penalty appropriate to the circumstances of the offence and the offender:

*A corner-stone of our system of justice is the ability of judicial officers to make determinations at the time of imposing sentence where the seriousness of the offence, the deterrent effect, both personal and general, and the capacity of the offender to pay a monetary penalty are all considered.<sup>94</sup>*

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<sup>92</sup> Minister for Justice, correspondence date 17 September 2012, p1

<sup>93</sup> Minister for Justice, correspondence date 17 September 2012, p1

<sup>94</sup> Ibid, p3

- 6.22 The Minister discussed the difficulties associated with determining an individual's income under a day fine system:

*There are inherent administrative problems associated with day fines systems that essentially relate to obtaining accurate and timely information on an offender's financial circumstances in order to impose fines based on an individual's discretionary income.*

*The concept of implementing a day fine system in this jurisdiction is problematic given that the majority of monetary penalties are imposed by way of administrative means (infringement notices). Quite simply, there is no capability for an issuing officer at the time of detecting an offence to appropriately determine or assess an offender's income.*

*Other issues associated with a day fine system include changes in circumstance. For instance, offenders who are unemployed at the time the fine is imposed and then subsequently secure employment. Alternatively, offenders who are employed at the time of imposing a fine become unemployed or their financial circumstances otherwise change.*

*... .. Moreover, our Government structures are quite different to those countries that have implemented a day fine approach who are not subject to the inherent difficulties found in accessing information across all tiers of government.<sup>95</sup>*

#### Driver Licensing Legislation

- 6.23 The legislative and regulatory requirements applied to attaining a driver's licence was raised by respondents as having a negative cost of living impact on low-income and disadvantaged Tasmanians.
- 6.24 In particular the requirement for a minimum number of hours of driving experience was seen as a barrier to low-income and disadvantaged Tasmanians actually attaining their licence. This is due to the actual time required and cost involved, coupled with the problems of actually accessing a vehicle for those on low incomes. This was then seen to impact on the ability to secure employment and increased the likelihood of committing traffic offences.
- 6.25 Evidence was provided that many low income and disadvantaged Tasmanians, faced with the barriers to attaining a driver's licence were put in the unenviable position of having to make the choice to drive whilst being unlicensed, which itself has a negative impact on road safety.
- 6.26 The Tasmanian Association of Community Houses (TACH) stated in its submission that:

*Ten Neighbourhood Houses across the State are involved in mentor driving programs. This is because many disadvantaged families do not have a car or the*

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<sup>95</sup> Ibid, p3

means to provide 100 hours of driving experience for their child. This legislation is having a cost of living impact on families and our organisations. We believe this measure, whilst populist, has not increased safety and has in fact increased the number of unlicensed drivers on our road.<sup>96</sup>

6.27 At the hearing of the 26 April 2012, the Committee questioned the TACH on the issue of driver licensing requirements:

**Ms PETRUSMA** - John, on page 6 you talk about the requirement to have 100 hours of driving experience has increased the number of unlicensed drivers on the road. Can you give us some stories about that?

**Mr HOOPER** - With NILS the rego loan is skyrocketing. I think people's inability to pay for their registration upfront is leading people to not registering their cars. The 100-hours thing - I think I've listed the 10 Neighbourhood Houses, like Clarendon Vale, have driving mentors. It's probably a great community-building thing. It gets older people mentoring younger people in driving, but I wonder whether 50 to 100, which makes it harder for people to get their licence, whether it makes a huge difference in terms of road safety or is it make a nice move, to put it bluntly, to be seen to be doing that? The idea for people having to have the hours is a sensible thing but making it that much harder when we know that, particularly in regional areas and decentralised Tasmania, access to a car and transport for work from the north-west coast et cetera is so vital that putting another hurdle in front of people is quite difficult. Unfortunately, the number of people driving unlicensed and unregistered is terrifying.

**Mr PAUL** - And all the support programs around this issue always struggle. There are constant issues - and I'm sure you guys receive letters asking for donations to keep these organisations afloat to fill these gaps. One of the big problems from our side of the fence is that we'll set these things up - the grant system and the system by which things are supported in the not-for-profit sector is such a competitive basis and it is not based necessarily on need so much but who can write the best submission and who can smooth it through. There are some struggling driver-mentoring programs around.

**Ms PETRUSMA** - And the costs of having to go for the different licence forms in each State, have you had any feedback on that?

**Mr HOOPER** - If they fail the test, people don't do it again. It is quite hard these days. We all probably got our licences when it was quite easy. There is quite a high standard these days and \$80 for the test is a fair chunk of a weekly income. I think we need to contextualise how much we are asking people to spend of their weekly income in these things. If you fail, there's no recompense, you've lost your cash until you can save up again for the next test. Sometimes your licence might lapse and you're back on the treadmill again of having to build up the hours.<sup>97</sup>

6.28 Good Beginnings Australia also raised this issue in their submission. They stated :

*Another issue for the Bridgewater/Gagebrook area and many other isolated communities is families driving without a licence. A largely suburban district*

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<sup>96</sup> Tasmanian Association of Community Houses Submission, p6

<sup>97</sup> Hooper, TACH, Hansard 26 April 2012 (morning), p16-17

*with limited transport results in community members driving without a licence. This is exacerbated by difficulties in obtaining a licence due to low literacy (and therefore not passing L1's or L2's) and the expense of paying for another test. Many mothers also find access to a vehicle and driving instructor to complete the required 50 hours, particularly when they have responsibility for small children, is almost impossible.<sup>98</sup>*

**6.29 The Committee questioned Good Beginnings further on this matter:**

**Ms PETRUSMA** - One of the other things you have written in your submission is about families having to drive without a licence. Are you seeing that as an increasing issue?

**Ms EVANS** - It is a challenge for us and I can only cite examples. If you are a single mum at the age of 19 and you have no support networks, to get a licence is virtually impossible because to do those 50 hours or whatever it is -

**Ms PETRUSMA** - It's 100 hours.

**Ms EVANS** - They just do not do it, so a lot drive without licences. If they come into our service, we are not going to go out to the car park and see if they have driven there themselves. We have the conversations and certainly we do not condone what they are doing, which is why we use a bit of outreach because we do not want them driving illegally, but we do see it a lot because there are some real barriers, especially for young parents with children. What do you do with your children when you go and do your training hours? Even if you could get someone to help you with your 100 hours, what do you do with your children? It's a challenge. More and more we are seeing Neighbourhood Houses get some of those programs up and running.<sup>99</sup>

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<sup>98</sup> Good Beginnings Submission, p3

<sup>99</sup> Evans, Good Beginnings, Hansard 26 April 2012 (morning), p57



## 7 TERM OF REFERENCE (D) – THE IMPACT OF TAXATION POLICIES ON COSTS OF LIVING

- 7.1 Respondents noted that a robust and sustainable taxation system was important to ensure that the priorities of the Government and the services and infrastructure required by the Tasmanian community can be adequately resourced.
- 7.2 Respondents also suggested that the taxation system should be based on progressive principles; that is those with the capacity to pay should do so and in proportion to their income. A common theme was that state taxes should be means tested and comprehensively reviewed. The following evidence highlights these concepts:

*TasCoss is aware of the need for the State to have stable and sustainable revenue sources in order to fund the many priorities of government. However, we believe that the Government's fiscal policy, including its revenue sources, must be based on fair and progressive principles. As a consequence, TasCoss strongly recommends that all state taxes be means-tested in order to ensure that they are progressive, and that any new or re-designed State taxes be subject to a comprehensive assessment of their likely social impact before they are introduced.*<sup>100</sup>

*As a minimum, Anglicare requests that the Tasmanian Government adhere to progressive principles (i.e. that those receiving more than adequate income pay their fair share). We request that taxation policies are clear, relative, means-tested and affordable.*<sup>101</sup>

- 7.3 A key matter raised in evidence with respect to taxation policies was the flow on effect of certain taxation policies reducing housing affordability, both for homeowners and those in the private rental market. The main example provided was the negative impact of council rates on housing affordability.
- 7.4 Council rates were seen to have a relatively larger impact on low-income and disadvantaged Tasmanians, especially those not eligible for concessions:

*...increases in council rates have had a disproportionate impact on low-income homeowners, and in particular the working poor, who may not be eligible for concessions.*<sup>102</sup>

*Concerns have been raised that high council rates also trickle down to people in the rental housing market. Again, anecdotal evidence suggests that rates may contribute to the maintenance of high rental rates. In addition, difficulties exist in ensuring people receive adequate concessions. As is often the case,*

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<sup>100</sup> TasCOSS Submission, p16-17

<sup>101</sup> Anglicare Submission, p31

<sup>102</sup> TasCOSS Submission, p17

*tenants inadvertently pay full council rates, due to the reality that rates are generally embedded within rental costs. Because property owners are usually not eligible for council rate concessions, they are charged full price, affecting the costs of low income tenants who would independently be eligible for concessions.*<sup>103</sup>

- 7.5 Another specific issue raised with respect to council rates was the methodology for determining rates for residential properties.
- 7.6 In his submission and subsequent appearance before the Committee, Mr Graeme Miller presented evidence specifically relating to his experiences with the residential rates system as applied by the Clarence City Council.
- 7.7 Mr Miller noted that Clarence City Council has chosen not to adopt new rating provisions included in the *Local Government Act* in 2011 that, according to Mr Miller, would result in a fairer and more equitable rating mechanism; specifically the adoption of the 50% fixed charge component of the general rates charge. This change was made to reduce the proportion of the rates charge subject to property value changes, with the aim of reducing the volatility of rates.
- 7.8 Mr Miller also noted that the ratings mechanism used does not account for a resident's actual capacity to pay; rather it relied on the value of land and property as a proxy for a resident's capacity to pay. Mr Miller concluded that the rating system as applied in Clarence resulted in outcomes that were not fair and equitable, especially for those homeowner/occupiers on low incomes, government support payments or pensions:

*My statements are made in reference to the local government taxation, as implemented in the Clarence City Council rating policy. The Clarence City Council complies with the Local Government Act in relation to rates taxation, however I would like to bring to this committee's attention the discriminatory effects of following the old attributes of the Local Government Act to the nth degree.*

*The Local Government Amendment Bill 24 of 2011 enabled councils to levy 50 per cent of the general rate as a fixed charge. If this change was adopted into the rating policy by Clarence City Council my gross rates would fall from \$1 872 per annum to approximately \$1 676, an amount just above the average residential rate for Clarence. Twice since the legislative change, Clarence City Council has decided not to adopt the fixed-charge component for the general rate. The council's rating policy for 2011-12 remained unchanged and 2012-13 is to remain unchanged. Both decisions were mainly based on a council report that indicated a potential shift of the rating burden would occur, transferring from high-value properties to low-value properties. The council's report regarding that potential shift in the rating burden was not supported by the*

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<sup>103</sup> Anglicare Submission, p30

sample data provided for the analysis. The sample data indicated that for low-value housing, where the largest rates increases were to occur, the gross annual rates bill, after implementation of the 50 per cent general rate fixed charge, was between \$1 039 and \$1 100 per annum. Seeing that the average annual residential rates bill for Clarence is approximately \$1 650, the rates bills for the low-value properties that would incur the largest rates increase would still enjoy preferential discounts of between 37-31 per cent below the municipal average. If these ratepayers were receiving the State Government rates rebate, their effective annual rates, after implementation of the 50 per cent fixed charge, would be \$708 and \$750 respectively. In making these decisions, council does not adequately take into consideration the ratepayers' capacity to pay. The Local Government Act includes a key principle statement that the value of ratepayers' land is an appropriate indicator of the ratepayers' capacity to pay. However, it is not the only indicator available and, if council is serious about social justice in our community, it would use the other indicators at its disposal to ensure that only those ratepayers who are in need were targeted under the capacity-to-pay principles. For instance, council does not produce analysis of the main types of beneficiaries who receive substantial discounts for low-value properties. Proper analysis would clearly show to council the main beneficiaries under the current rates tax regime. The analysis would show the quantum of the discounts to the main beneficiary ratepayers who can be categorised as State Government, which is the owner of public housing; private investors in rental property; and homeowner occupiers. Of these beneficiaries, the only ratepayers who may have a legitimate claim for consideration under the capacity-to-pay principles would be the ratepayer who is the homeowner/occupier. However, the financial profiles of these ratepayers will be similar to some other ratepayers who are living in differing classes of properties elsewhere in the community and are not getting the same preferential rates discounting.

In respect to the State Government, surely it should properly fund its community service obligations and not spread the cost of public housing on ratepayers. On 21 December 2011 the Mercury reported that the rental yields for Risdon Vale were 8 per cent. Surely this is an indicator that private investors in rental property are not doing any favours for tenants and should not be subsidised by the rest of the Clarence ratepayers? Another example of an available capacity-to-pay indicator that is ignored by Clarence City Council is the consideration of the impacts of its rating policy on pensioner and Commonwealth Healthcare Card holders, ratepayers who live in their own family homes not classed as low-value housing. Currently, some of these ratepayers are charged at a premium rate where the rates tax charge is significantly greater than the average value for residential rates in the municipality. Surely these ratepayers could be considered for a fairer rates tax levy.<sup>104</sup>

- 7.9 A specific issue raised by Mr Miller concerned the application of the “4% rule” for determining a property’s annual assessed value. Mr Miller noted the detrimental impact this would have on the rates assessment of his property:

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<sup>104</sup> Miller, Hansard 26 April 2012 (morning), p27-28

In my submission to this committee I referred to an Access Economics report that stated that only 25 per cent of residential properties within Clarence that are subject to the Valuation of Land Act 2001, section 11(3)(e), where the AAV - that is the assessed annual value - is calculated as 4 per cent of the property value. The other 75 per cent of properties within Clarence have an AAV, which is the estimated annual rental value, a value which is greater than 4 per cent of each property's capital value. If the capital value is introduced as the new rates base then the rates base associated with the 75 per cent of Clarence properties will fall when compared to the effect of the rates base for the 25 per cent of properties currently based on the 4 per cent rule. In effect, 75 per cent of residential properties within Clarence will receive a rates tax cut which will be levied against the ratepayers of those 25 per cent of properties currently subject to the 4 per cent rule. My property is one of those 25 per cent that would be devastatingly impacted.

... .. I urge you to fully understand this change and the detrimental effects that it will have on ratepayers currently subject to the 4 per cent rule if such legislation changes are proposed.

**Ms PETRUSMA** - Graeme, can you explain to us more about the 4 per cent rule - are you saying you are better off under it or worse off under it?

**Mr MILLER** - I'm currently worse off, and I will be even more so should it be mandated that the capital value is the new rates base.<sup>105</sup>

7.10 Mr Miller proposed a mechanism that would factor in a ratepayers capacity to pay as a means of making the rating system more equitable:

In the last couple of months I submitted a proposal to the Clarence City Council mayor and aldermen that should they not implement the 50 per cent fixed charge component for the general rate in 2012-13 then a safety mechanism should be adopted to accommodate a ratepayer's capacity to pay. The safety net proposal achieves what the current rating policy doesn't do, it targets low-income ratepayers and ensures that their contribution to running local government services and infrastructure does not exceed the average value for residential rates tax in Clarence, a very fair and equitable achievement whichever way you look at it.

It would work this way. Where a ratepayer is a recipient of the State Government's rates rebate, in other words the ratepayer is a pensioner or a health care card holder, the total charges for the annual rates tax would be capped at the maximum value equal to the average residential rates tax in Clarence. The ratepayer would then be entitled to the State Government rates rebate but would not receive the additional local government Clarence council rebate. Perhaps this safety net could be factored in to the next round of legislation.<sup>106</sup>

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<sup>105</sup> Ibid, p29

<sup>106</sup> Miller, Hansard 26 April 2012 (morning), p29

## 8 TERM OF REFERENCE (E) – THE LIKELY IMPACTS IN INCREASED CONTESTABILITY POLICIES ON REDUCING COST OF LIVING PRESSURES

### Electricity Contestability

- 8.1 The key issue raised with the Committee with respect to contestability was the introduction of electricity contestability. Electricity contestability enables a person to select which retailer supplies them with electricity.
- 8.2 Currently in Tasmania, only medium to large customers can choose their electricity retailer. Residential customers are supplied by Aurora Energy, and have no choice of being supplied by another retailer. It is the Tasmanian Government's intention to introduce electricity contestability for all customers, including residential customers.
- 8.3 It has been argued that the competition provided by a customer being able to choose their electricity supplier will lead to lower electricity prices.
- 8.4 Despite the prospect of increased competition, the Committee received evidence that electricity contestability may not provide benefits to low income households. It was a common view that the benefits would be more likely to flow to those lower risk customers that have a greater capacity to pay (that is higher income households), as a consequence of retailers trying to maximise their returns.
- 8.5 TasCoss noted in its submission that:

*While many make reference to the provision of choice 'and other benefits of competition', there is little evidence of these benefits provided. In fact, competitive markets tend to lead to higher choice for moderate and high income earners while leaving lower income earners with fewer, if any benefits. Even where government subsidies are provided to help defray lower tariffs for customers in need, the impetus is still on the provider to rein in social support in order to ensure profitability.<sup>107</sup>*

- 8.6 TasCoss reinforced this view when questioned by the Committee:

**Ms McLean:** - We remain sceptical about its potential value to particularly low-income householders. I have been involved in energy policy for quite a few years. I am a member of a national consumers' roundtable on energy, which is consumer advocates. Many of the other members come from States such as Victoria, New South Wales, Queensland, South Australia, where contestability

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<sup>107</sup> TasCOSS Submission, p17

is in place. Prices are about the same and they have found, generally, that it's higher-income households that benefit from contestability, what they call the 'second tier' retailers - in other words, not the Auroras, the incumbents, but the ones who come in - come in and cherry-pick the good customers, in their view - that is, the customers who use a lot and who are very sensitive to price and they can cut some deals with them. They tend not to bother with low-income, concession customers in general, so the people who get the price benefit may be the big users who have enough money to pay in certain ways - direct debit, for instance. A lot of low-income people don't touch direct debit because you are charged penalties if your bank account isn't up to it. That direct debit benefit that we get now is really only a benefit to people on a higher income or who know they can maintain a certain balance in their bank account and aren't constantly looking at it to make sure that the direct debits are covered.

**CHAIR** - Are you saying that if we had more retailers they would approach customers who have the capacity to pay?

**Ms McLEAN** - Yes. For instance, here in Tasmania it would be Aurora left to deal with people who had less capacity to pay and therefore you would assume their costs would increase because their market share is less.

*I think in all the research that I have seen about contestability, none of it has really nailed a conclusion that low-income customers are better off. If I see that I would be happy.<sup>108</sup>*

- 8.7 Anglicare's comments on electricity contestability reiterated the likelihood that low-income customers would not see the benefits arising from competition:

*Contestability - from our research, increased contestability improves options and choices for people on moderate and high incomes but doesn't help people on low incomes. People on low incomes need clear, accountable community service obligations to improve their choices and options and of course these community service obligations need to be backed up by adequate funding of government business enterprises.<sup>109</sup>*

- 8.8 Aurora Energy provided conditional support for electricity contestability. However, the point was made that that the retail component of tariffs was only a small portion of the overall price paid by consumers, and as such other issues such as the fixed costs of electricity supply and wholesale energy prices will have a greater impact on influencing the final prices paid by customers. Aurora Energy representative, Dr Peter Davis, stated (at the hearing of 26 April p37) that:

*There is a lot of discussion about full retail competition as potentially a solution, and there is another series of inquiries that have engaged in this, and Mr Groom and I have exchanged correspondence on this one. To the extent that full retail competition provides benefits to customers, then Aurora is supportive of it, but there is a range of significant issues that need to be*

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<sup>108</sup> McLean, TasCOSS, Hansard 26 April 2012 (morning), p4-5

<sup>109</sup> Pryor, Anglicare, Hansard 26 April 2012 (afternoon), p15

*addressed and full retail competition is dealing with the 8 per cent of the cost stack, so it is not the main game, and as we have said to expert panel and others, the wholesale market issues need to be addressed as well.*<sup>110</sup>

**Parliament House  
HOBART  
20 November 2013**

**Rebecca White MP  
CHAIR**

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<sup>110</sup> Davis, Aurora Energy, Hansard 26 April 2012 (afternoon), p37

## **9 DISSENTING STATEMENT BY THE HONOURABLE MEMBER FOR LYONS, MR MORRIS**

9.1 The Honourable Member for Lyons, Mr *Morris*, moved for the inclusion of two recommendations to the Report, which, on a division being taken were not agreed to by the Committee.

9.2 Mr *Morris* consequently provided the following Dissenting Statement:-

The Committee received significant evidence to support the following Recommendations:-

- (1) That the Treasurer establishes a review to provide a report that:-
  - a. Establishes the administrative cost of the delivery of each concession; and
  - b. Across the class of persons eligible for each concession offered, the percentage of those persons, who can and do use each concession; and
  - c. The actions that would be necessary to facilitate the operation of the Metro Greencard system to receive and disburse payments for selected basic services, as a possible alternative to the existing delivery systems for concessions.
- (2) That the report be tabled in the Parliament within a reasonable period.

**Parliament House  
HOBART  
20 November 2013**

**Tim Morris M.P.**



## APPENDICES

## **APPENDIX 'A' – Submissions**

<b>No.</b>	<b>Name</b>
1.	Mr James Graham
2.	Mr Miles Hampton, Chair, Tasmanian Water and Sewerage Corporations
3.	Mr Tony Reidy, Chief Executive, TasCOSS
4.	Mr Graeme F Miller
5.	Mr Michael Bowman, Keeling Cool Campaign Officer, MS Society Tasmania
6.	Ms Maxine Griffiths AM MAICD, Chief Executive Officer, COTA TAS
7.	Mr Mark Cocker, A/Director, Monetary Penalties Enforcement Service
8.	Mr Benedict Bartl
9.	Mr Paul Smith, executive Manager Corporate Governance, Waratah-Wynyard Council
10.	Mr Martin Wallace, Secretary, Department of Treasury and Finance
11.	Mr John Hooper, Executive Officer, Tasmanian Association of Community Houses Inc
12.	Mr Stuart Foster MPP, BA, Divisional Social Program Secretary, The Salvation Army (Tasmania)
13.	Dr Chris Jones, Chief Executive Officer, Anglicare Tasmania
14.	Mr Pat Burton, Food Program Manager Tasmania, Second Bite
15.	Ms Donna Evans, State Manager, Good Beginnings Australia
16.	Phil Hoffen, Acting Coordinator and Benedict Bartl, Solicitor and Liaison Officer, Tenants Union of Tasmania
17.	Dr. Peter Davis, Chief Executive Officer, Aurora Energy

## APPENDIX 'B' - Minutes

### WEDNESDAY, 8 FEBRUARY 2012

The Committee met in Committee Room 2, Parliament House, Hobart at 10:00 a.m.

Members Present:

Ms White (Chair)  
Mr Groom  
Mr Morris  
Mrs Petrusma  
Mr Sturges

#### ORDER OF THE HOUSE

The Secretary read the Order of the House of Assembly dated 23 November last appointing the Committee.

#### ELECTION OF DEPUTY CHAIR

The Chair called for nominations for the position of Deputy Chair of the Committee, Mrs *Petrusma* nominated Mr *Morris*, who consented to the nomination.

There being no other candidates nominated, the Chair declared Mr *Morris* elected as Deputy Chair of the Committee.

#### PARLIAMENTARY RESEARCH OFFICER

Resolved, That unless otherwise ordered Officers of the Parliamentary Research Service be admitted to the proceedings of the Committee whether in public or private session. (Mr *Sturges*)

#### NOMENCLATURE

The Committee discussed the nomenclature of the Committee.

Resolved, That the Committee be known as the "Select Committee on the Cost of Living". (Mr *Groom*)

#### ADVERTISEMENT OF INQUIRY

The draft advertisement having been previously circulated by the Secretary was taken into consideration by the Committee.

The Committee deliberated.

Resolved, That:-

1. the closing date for submissions be Friday, 16 March next; and

2. the advertisement be agreed to with such advertisement to be placed in the three daily newspapers on Saturday, 11 February next. (Ms White)

**RESEARCH  
SUPPORT**

The Committee discussed the need for additional research support.

*Resolved*, That Premier and the Treasurer be requested to provide research support to the Committee from the Social Inclusion Commission and the Department of Treasury and Finance. (Ms White)

**INVITATIONS TO  
PROVIDE  
SUBMISSIONS**

The Committee considered the question of whether organisations and individuals should be directly invited to provide submissions to the Committee.

*Resolved*, That the following organisations be directly invited to address the Terms of Reference:-

- NILS Network of Tasmania Inc;
- Bethlehem House;
- Hobart City Mission;
- Housing Tasmania;
- Department of Justice – MPES;
- Hobart Community Legal Centre;
- Good Beginnings;
- Energy Users Association Australia;
- Unions Tasmania;
- Centrelink (Minister responsible);
- Tasmanian Pensioners Union;
- Foodbank of Tasmania;
- Produce to the People Tasmania;
- Uniting Care;
- Social Inclusion Unit;
- Treasury;
- Centacare;
- Aurora Energy Pty Ltd;
- Southern Water;
- TasCOSS;

- LGAT;
- COTA Tasmania;
- Second Bite;
- Tasmanian Association of Community Houses;
- Anglicare;
- Salvation Army (Tasmania);
- Advocacy Tas;
- BaptCare;
- Colony 47;
- Mission Australia;
- Tenants Union;
- Tasmanian Chamber of Commerce and Industry;
- Branching Out; and
- Tasmania University Union. (*Mrs Petrusma*)

#### **RESEARCH**

*Ordered*, That the Parliamentary Research Service provide a comparative analysis of other jurisdictions' utilisation of smart cards as a medium to administer public concessions. (*Mr Morris*)

#### **COMMITTEE SPOKESPERSON**

*Resolved*, That the Chair be the spokesperson in relation to the operations of the Committee. (*Mr Sturges*)

#### **FUTURE MEETINGS**

The Committee deliberated upon dates for future meetings.

*Resolved*, That the Committee meet from:-

- 9:30 a.m. until 5:00 p.m., 20 March next; and
- 9:30 a.m. until 5:00 p.m., 21 March next. (*Ms White*)

At 10:52 a.m. the Committee adjourned until 9:30 a.m., Tuesday, 20 March next.

## THURSDAY, 29 MARCH 2012

The Committee met in Committee Room 2, Parliament House, Hobart at 2:06 p.m.

Members Present:

*Ms White (Chair)*  
*Mr Morris*  
*Mrs Petrusma*  
*Mr Sturges*

### APOLOGY

An apology was received from Mr Groom.

### RECEIPT OF SUBMISSIONS

*Ordered*, That submissions 1 to 16 be received and taken into evidence.  
(*Mr Morris*)

### FUTURE MEETINGS

The Committee discussed future meetings of the Committee.

*Resolved*, That the Committee meet on 26 April next from 9:00 a.m. until 5:00 p.m. and on 27 April next from 9:00 a.m. until Noon and that persons and organisations that have made a submission be invited to appear on such days. (*Ms White*)

At 2:23 p.m. the Committee adjourned until 9:00 a.m., Thursday, 26 April next.

## THURSDAY, 26 April 2012

The Committee met in Committee Room 2, Parliament House, Hobart at 9:00 a.m.

Members Present:

*Ms White (Chair)*  
*Mr Morris*  
*Mrs Petrusma*  
*Mr Sturges*  
*Mr Groom*

### WITNESS

The following witness was called, made the Statutory Declaration and was examined by the Committee in public:-

Kath McLean, Senior Analyst, Tasmanian Council of Social Service

The witness withdrew.

**WITNESSES**

The following witnesses were called, made the Statutory Declaration and were examined by the Committee in public:-

Simon Paul, President, Tasmanian Association of Community Houses; and  
John Hooper, Executive Officer, Tasmanian Association of Community Houses

The witnesses withdrew.

**WITNESS**

The following witness was called, made the Statutory Declaration and was examined by the Committee in public:-

Mark Cocker, Assistant Director, Monetary Penalties Enforcement Service

The witness withdrew.

**WITNESS**

The following witness was called, made the Statutory Declaration and was examined by the Committee in public:-

Graeme Miller

**PAPERS**

The witness tabled the following papers:-

- (1) Witness Statement of Graeme F Miller to the House of Assembly Select Committee on the Cost of Living; and
- (2) Submission to the Select Committee on the Cost of Living by Graeme F Miller

The witness withdrew.

**SUSPENSION OF SITTING**

At 10:47 a.m. the meeting was suspended until 11:03 a.m.

**WITNESS**

The following witness was called, made the Statutory Declaration and was examined by the Committee in public:-

Benedict Bartl

The witness withdrew.

**WITNESS**

The following witness was called, made the Statutory Declaration and was examined by the Committee in public:-

Miriam Herzfeld, Consultant, Council on the Ageing Tasmania (COTA Tas)

The witness withdrew.

**WITNESS**

The following witness was recalled and was examined by the Committee in public:-

Benedict Bartl, Solicitor and Liaison Officer, Tenants Union

**PAPERS**

The witness tabled the following papers:-

- (1) Rental Increases December 2001-December 2011; and
- (2) Tasmanian Rent v CPI 2001-2011

The witness withdrew.

**WITNESS**

The following witness was called, made the Statutory Declaration and was examined by the Committee in public:-

Donna Evans, Tasmanian State Manager, Good Beginnings

The witness withdrew.

At 12:45 p.m. Mrs *Petrusma* withdrew.

**WITNESS**

The following witness was called, made the Statutory Declaration and was examined by the Committee in public:-

Paul Smith, Executive Manager Corporate Governance, Waratah Wynyard Council

The witness withdrew.

**SUSPENSION OF SITTING**

At 1:06 p.m. the meeting was suspended until 2:02 p.m.



Members Present:

*Ms White (Chair)*  
*Mr Morris*  
*Mrs Petrusma*  
*Mr Sturges*

**WITNESSES**

The following witnesses were called, made the Statutory Declaration and were examined by the Committee in public:-

Major Graeme McClymont, Divisional Commander, Salvation Army Tasmania Division; and  
Nell Kuilenberg, Development and Research Manager, Salvation Army Tasmania Division

The witnesses withdrew.

**WITNESSES**

The following witnesses were called, made the Statutory Declaration and were examined by the Committee in public:-

Jo Flanagan, Manager, Social Action and Research Centre, Anglicare; and  
Anita Pryor, Research and Policy Officer, Social Action and Research Centre, Anglicare

**PAPERS**

The witnesses tabled the following papers:-

- (1) The Cost of Essentials in Tasmania;
- (2) Rental Affordability Snapshot: Anglicare Tasmania;
- (3) SARC Briefs – The Price of Poverty: the cost of living for low income earners;
- (4) The Price of Poverty: the cost of living for low income earners; and
- (5) Submission to Tasmanian Government State Budget Community Consultation Process 2012-13.

The witnesses withdrew.

**WITNESS**

The following witness was called, made the Statutory Declaration and was examined by the Committee in public:-

James Graham

The witness withdrew.

**WITNESS**

The following witness was called, made the Statutory Declaration and was examined by the Committee in public:-

Miles Hampton, Chair, Tasmanian Water and Sewerage Corporations

At 3:36 p.m. Mr *Groom* resumed his seat.

The witness withdrew.

**WITNESSES**

The following witnesses were called, made the Statutory Declaration and were examined by the Committee in public:-

Michael Bowman, Keeping Cool Campaign Officer, MS Society Tasmania; and  
Dale Eastley, CEO, MS Society Tasmania

**PAPERS**

The witnesses tabled the following papers:-

- (1) Email from Allan Woods to Michael Bowman, an MS sufferer, regarding the Keeping Cool Campaign;
- (2) Mercury Article entitled “Summer of Extremes”, published Monday, 6<sup>th</sup> February 2012; and
- (3) Mercury Article entitled “Records feel the Heat”, published Tuesday, 28<sup>th</sup> February 2012.

The witnesses withdrew.

**WITNESSES**

The following witnesses were called, made the Statutory Declaration and were examined by the Committee in public:-

Dr Peter Davis, Chief Executive Officer, Aurora Energy; and  
Sarah Baddeley, Group Manager Corporate Affairs and Community Partnerships

At 4:33 p.m. Mr *Morris* withdrew.

At 4:45 p.m. Mrs *Petrusma* withdrew.

The witnesses withdrew.

<b>CONFIRMATION OF MINUTES</b>	The Minutes of the meetings held on 8 February 2012 and 29 March 2012 were read and confirmed as an accurate record. (Mr <i>Sturges</i> )
<b>PUBLICATION OF SUBMISSIONS</b>	<i>Ordered</i> , That the written submissions made by the witnesses appearing at this hearing and previously submitted to the Committee be published on the Committee's web page. (Mr <i>Groom</i> )
<b>RECEIPT OF SUBMISSION</b>	<i>Resolved</i> , That the letter from Professor David Adams, Social Inclusion Commissioner for Tasmania, be received and taken into evidence. (Mr <i>Groom</i> )
<b>EVIDENCE</b>	<i>Resolved</i> , That all papers tabled this day be taken into evidence. (Mr <i>Sturges</i> )
<b>ADJOURNMENT</b>	At 4:54 p.m. the Committee adjourned until a time and date to be fixed.

#### **THURSDAY, 24 MAY 2012**

The Committee met in Committee Room 2, Parliament House, Hobart at 1:25 p.m.

Members Present:

Ms *White* (Chair)  
Mr *Morris*  
Mrs *Petrusma*

An apology was received from Mr *Groom*.

<b>WITNESS</b>	The following witness was called, made the Statutory Declaration and was examined by the Committee in public:-
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Patrick Burton, Second Bite

At 1:35 p.m. Mr *Sturges* took his seat and Mr *Morris* withdrew.

At 1:55 p.m. Mr *Morris* resumed his seat.

The witness withdrew.

**PUBLICATION OF SUBMISSION**      *Ordered*, That the Submission 14 be published on the Committee’s web page. (Mrs Petrusma)

**ADJOURNMENT**      At 2:00 p.m. the Committee adjourned until a date to be fixed.

**WEDNESDAY, 20 JUNE 2012**

The Committee met in Committee Room 3, Parliament House, Hobart at 1:15 p.m.

Members Present:

Ms White (Chair)  
Mr Groom  
Mr Morris  
Mrs Petrusma  
Mr Sturges

**WITNESS**      The following witness was called, made the Statutory Declaration and was examined by the Committee in public:-

David Owen, Policy Officer, Advocacy Tasmania

Mr Owen tabled a document entitled “Briefing to House of Assembly Select Committee – Costs of Living”.

The witness withdrew.

**PAPER**      *Ordered*, That the document tabled this day be received and taken into evidence. (Mrs Petrusma)

**REPORTING DATE**      *Ordered*, That the Chair move in the House for an extension until Thursday, 22 November next. (Mr Morris)

**ADJOURNMENT**      At 1:47 p.m. the Committee adjourned until a date to be fixed.

**Tuesday, 17 July 2012**

The Committee met in Committee Room 2, Parliament House, Hobart at 9:35 a.m.

Members Present:

Ms White (Chair)  
Mr Groom  
Mr Morris  
Mr Sturges

An apology was received from Mrs Petrusma

**CONFIRMATION  
OF MINUTES**

The minutes of the meetings held on 8 February 2012, 29 March 2012, 26 April 2012, 24 May 2012 and 20 June 2012 were read and adopted as an accurate record (Mr Morris)

**CONSIDERATION OF  
CORRESPONDENCE**

The Committee considered the following correspondence:

- Letter from Benedict Bartl, dated 19 June 2012;
- Letter from Benedict Bartl, dated 23 May 2012; and
- Letter from Martin Wallace, Secretary, Department of Treasury and Finance, dated 3 July 2012.

*Resolved*, That the Committee write to the Attorney-General seeking written advice on the feasibility of introducing a day fine system in Tasmania. (Mr Morris)

*Ordered*, That relevant representatives of the Department of Treasury and Finance appear as witnesses before the Committee to provide information on the delivery of concessions in Tasmania. (Mr Groom)

*Ordered*, That the correspondence received be taken into evidence. (Mr Morris)

**WITNESS**

The following witness was called, made the Statutory Declaration and was examined by the Committee in public:-

Professor David Adams, Social inclusion Commissioner

The witness withdrew.

**WITNESS**

The following witness was called, made the Statutory Declaration and was examined by the Committee in public:-

Rick Tipping, Coordinator, NILS Tasmania

Mr Tipping tabled the following documents:

- Opening Statement to the Select Committee on the Cost of Living; and
- A NILS Tasmania brochure entitled “Energy Efficient Appliances Program”.

The witness withdrew.

**PAPERS**

*Ordered*, That the documents tabled this day be received and taken into evidence. (Mr Sturges)

**FUTURE  
DIRECTION OF  
INQUIRY**

The Committee discussed the future direction of the inquiry.

*Resolved*, that the Committee write to Shelter Tasmania seeking written advice on the incidence of sub-standard accommodation being offered for rent in Tasmania. (Mr Morris)

*Resolved*, That the Committee write to Metro Tasmania requesting that a representative from Metro Tasmania appear before the Committee to provide evidence on the potential expansion of the Green Card to include its use for the delivery of concessions. (Mr Morris)

**ADJOURNMENT**

At 12:20 p.m. the Committee adjourned until a date and time to be fixed.

**Thursday, 16 August 2012**

The Committee met in Committee Room 2, Parliament House, Hobart at 10:12 a.m.

Members Present:

Ms White (Chair)  
Mrs Petrusma  
Mr Morris

Apologies were received from Mr Groom and Mr Sturges.

**WITNESS**

The following witness was called, made the Statutory Declaration and was examined by the Committee in public:-

Michael Reynolds, Director, Budget Management, Department of Treasury and Finance

The witness withdrew.

**WITNESS**

The following witnesses were called, made the Statutory Declaration and were examined by the Committee in public:-

Heather Haselgrove, Chief Executive Officer, Metro Tasmania;  
Anthony James, General Manager Business Development and Planning, Metro Tasmania; and  
Rodney Byfield, Chief Information Officer, Metro Tasmania.

The witnesses withdrew.

**CONFIRMATION  
OF MINUTES**

The minutes of the meeting held on 17 July 2012 were read and adopted as an accurate record (*Mr Morris*).

**CORRESPONDENCE**

*Ordered*, that the correspondence dated 25 July 2012 from Jenny Gee, Manager, and Rebecca Hope, Secretary, of the Ravenswood Neighbourhood House be received and taken into evidence (*Ms White*).

The Committee noted the email communication dated 16 August 2012 from Shelter Tasmania in which the Executive Officer, Ms Pattie Chugg, makes a commitment to provide, by October 2012, the information requested by the Committee.

**FUTURE  
MEETINGS**

The Chair undertook to provide the Committee with tentative dates for future meetings.

**ADJOURNMENT**

At 12:10 p.m. the Committee adjourned until a date and time to be fixed.

**Wednesday, 14 November 2012**

The Committee met in Committee Room 1, Parliament House, Hobart at 1:05 p.m.

Members Present:

*Ms White (Chair)*  
*Mrs Petrusma*

Mr Morris  
Mr Sturges.

An apology was received from Mr Groom.

**CONFIRMATION OF MINUTES** The minutes of the meeting held on 16 August 2012 were read and adopted as an accurate record (Mr Morris).

**REPORTING DATE** Ordered, That the Chair move in the House for an extension until Friday, 29 March next (Mr Sturges).

**INTERIM REPORT** The Committee discussed the need for an Interim Report. The Committee agreed to the drafting of an Interim Report which would be tabled with the Speaker prior to the end of the calendar year, and would include those matters that would have budgetary implications for the following State Budget. Members undertook to provide the Secretary with a list of recommendations to be included in the Interim Report.

**CORRESPONDENCE** Ordered, that the following correspondence be received and taken into evidence:

- a. Department of Treasury and Finance, dated 27 August 2012;
- b. Attorney-General, dated 17 September 2012;
- c. Metro Tasmania, dated 21 September 2012; and
- d. Shelter Tasmania, dated 14 November 2012 (Mr Morris).

**PUBLICATION OF SUBMISSIONS** Ordered, that Submissions 10 and 14 be published on the Committee's webpage (Mrs Petrusma).

**ADJOURNMENT** At 1:25 p.m. the Committee adjourned until a date and time to be fixed.

### **Wednesday, 20 November 2013**

The Committee met in the Secretary's office, Parliament House, Hobart at 1:05 p.m.

Members Present:

Ms White (Chair)  
Mrs Petrusma



Mr Groom  
Mr Morris

An apology was received from Mr Sturges.

**DRAFT REPORT**

That the Chair brought up a draft Report which was immediately taken into consideration by the Committee.

Paragraphs 1.1 to 8.8 read and agreed to with minor amendments.

Amendment proposed (Mr Morris) by inserting the following Recommendations:-

- (1) “That the Treasurer establishes a review to provide a report that:-
  - a. Establishes the administrative cost of the delivery of each concession; and
  - b. Across the class of persons eligible for each concession offered, the percentage of those persons, who can and do use each concession; and
  - c. The actions that would be necessary to facilitate the operation of the Metro Greencard system to receive and disburse payments for selected basic services, as a possible alternative to the existing delivery systems for concessions.
- (2) That the report be tabled in the Parliament within a reasonable period.”

Question put – That the words proposed to be added, be so added;

The Committee divided.

AYES

Mr Morris

NOES

Mr Groom  
Mrs Petrusma  
Ms White

So it passed in the Negative.

Mr Morris indicated his intention to submit a Dissenting Statement in respect of his proposed amendment.

Report agreed to.

At 1:25 p.m. the Committee adjourned *sine die*.