



**Review of Pensioner and Carer
Concession Scheme**
Territory Families

September 2017

24 September 2017

Kim Charles
Chief Financial Officer
Territory Families
Northern Territory Government

Dear Kim,

RE: Review of the Northern Territory Pensioner and Carer Concession Scheme

We are pleased to provide our Review of the Northern Territory Pensioner and Carer Scheme.

The report details our findings against the criteria of the review being to:

- provide an overview of the current Scheme, including administration and management systems, identifying areas of inequity, inefficiency, complexity and weakness;
- provide a high-level analysis of similar schemes in other jurisdictions;
- identify efficient, robust and customer-friendly options of delivering concessions to seniors and eligible concession holders to meet the Scheme's objectives and related election commitments, including but not limited to administrative processes that may be of interest to the Northern Territory such as the use of cards;
- consider the merits of means testing criteria and systems, including from an administrative efficiency perspective, and identify alternative suitable options if appropriate; and
- provide advice about the current information systems used to administer the Scheme and the extent to which they might require reform to efficiently administer a new scheme

Thank you for providing our team with the opportunity to undertake this work.

Please feel free to contact me on (08) 8980 3028 if you would like to discuss anything further.

Yours sincerely,



Karen Green
Partner
Deloitte Touche Tohmatsu

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Executive Summary

Introduction

Deloitte was engaged by Territory Families (the Department) to provide an independent assessment of the Northern Territory Pensioner and Carer Concession Scheme (the Scheme).

The overall aim of the independent assessment is to determine whether the Scheme meets its objectives and determine if it is fair, efficient, robust and directing the maximum amount of money into concessions rather than administration and management.

This review was to:

- provide an overview of the current Scheme, including administration and management systems, identifying areas of inequity, inefficiency, complexity and weakness;
- provide a high-level analysis of similar schemes in other jurisdictions;
- identify efficient, robust and customer-friendly options of delivering concessions to seniors and eligible concession holders to meet the Scheme's objectives and related election commitments, including but not limited to administrative processes that may be of interest to the Northern Territory such as the use of cards;
- consider the merits of means testing criteria and systems, including from an administrative efficiency perspective, and identify alternative suitable options if appropriate; and
- provide advice about the current information systems used to administer the Scheme and the extent to which they might require reform to efficiently administer a new scheme.

The current Scheme has two separate but quite broad objectives. The first objective targets seniors to incentivise them to continue living in the Northern Territory (NT). This objective appears to have had less focus in May 2014 when senior citizens who were not eligible concession card holders were excluded from entering the Scheme. Government documentation indicates that currently there around 3,000 senior citizens excluded. A number of non-concession card holders who were already members of the Scheme were permitted to remain in the Scheme and access concessions. This action created inequity for senior Territorians who are not entitled to an eligible concession card.

The second objective is to support some pensioners, carers and low income earners with a range of concessions designed to assist with the cost of living. The Scheme appears to have been meeting this objective, albeit to varying degrees given the various methodologies used to pay concessions and given that several concessions were based on a flat rate that had not been updated for many years.

The Scheme has been running since 1978 and over the years has been subject to a number of changes. The changes to the Scheme have resulted in many of the concessions within the Scheme being administered and delivered in different ways. These differences and the resulting complexity

across the Scheme significantly increases the administrative load and impacts upon the efficiency of the overall Scheme.

Findings and Recommendations

Findings:

To gain an understanding of the government's intentions it is useful to consider the following definitions:

- Fair: treating people equally without favouritism or discrimination
- Efficient: (of a system or machine) achieving maximum productivity with minimum wasted effort or expense
- Robust: (of a system, organisation, etc.) able to withstand or overcome adverse conditions.

This report has outlined some areas where lack of fairness, efficiency and robustness (of the Scheme) have been identified including:

- some non-concession card holders are members of the Scheme and some are excluded
- in some parts of the Scheme (electricity and water) those most able to pay receive the highest benefits; there is also a potential opportunity in some cases for a member to profit from the Scheme (if absent from a property for a period)
- different methodologies are used to provide different concessions e.g. a fixed sum or a percentage
- a number of different agencies and organisations may be involved in processing claims
- some claims are part of an automated system but the majority involve some level of manual processing
- some eligible members may not be aware of an entitlement or have trouble accessing the Scheme, particularly in remote areas
- some members are not able to access an entitlement because of the local government area they reside in
- some parts of the Scheme are open to fraud or profiteering.

In many aspects, the Scheme can no longer be considered fair, efficient or robust and is not directing the maximum amount of funds to members most in need. Instead, funds are diverted to administration and management costs. Modernising the administration of the Scheme could improve service quality and reach to members. These issues and remedial actions are discussed throughout this report.

As of May 2014, the Scheme is not fully meeting its objective in relation to providing an incentive for senior citizens to remain in the Territory during retirement. The design of the Scheme is also inhibiting the delivery of the objective relating to cost of living support for all eligible pensioners.

Due to changes made to the Scheme policy over the years there are fairness and equity issues in relation to who can access the Scheme and in relation to membership entitlements.

Membership of the Scheme by 'grandfathered' members who are not holding eligible Commonwealth concession cards has created inequity in the Scheme. There are at least 3,000 senior citizens currently excluded from the Scheme as they do not qualify for a Commonwealth concession card and are not grandfathered in. It is expected that this cohort is going to increase in the coming years at around 1,000 people per annum. This

expected growth is going to impact upon the sustainability of the Scheme if all senior Territorians were included in the Scheme.

The value of concessions varies widely as a % of the cost of the service or goods provided. Some are indexed to an underlying tariff or charge, while others are a flat rate and have not been updated for many years. Even with any technological system improvements that may be made, the complexity of these current arrangements ensure the Scheme remains inefficient and open to fraud.

To ensure equity and fairness and make the Scheme more efficient, there is a strong case to harmonise the methodology where possible. Any revised concession methodology should regularly be reviewed and appropriately indexed.

Various systems and processes are used to administer the Scheme and some of these are open to fraud and profiteering.

Recommendations:

Aims and objectives of the Scheme

- We recommend two separate Schemes be established to ensure each outcome be achieved. There are two clear aims and objectives of the Scheme; being to incentivise seniors to remain in the Territory during their retirement and to assist certain pensioners with the cost of living in the NT. The outcomes outlined are quite separate in intent. Scheme 1 will accept a large number of members who are no longer grandfathered in Scheme 2.

Concessions	Scheme 1	Scheme 2
Objective	To provide an incentive for senior citizens of the Territory to remain in the Territory during their retirement	To assist eligible pensioners ¹ with the cost of living in the NT
Eligibility	Only criteria is being over 65	Determined by Commonwealth pensions that require long term need of support with cost of living in the NT
Means tested	No	Yes
Interstate and overseas travel	Yes* (pending further research done on what would incentivise seniors to stay in the NT) *Administered through a voucher or other payment method	No
Prescription spectacles	No	Yes
Utilities	No	Yes

¹ For the full list of those classified as eligible pensioners please refer to the eligibility of the Scheme (i.e. not just those over 65).

Property rates	No	Yes
Drivers licences	No	Yes
Motor vehicle registration	No	Yes

Note. Only Members of the means tested Scheme who are 65+ would get entitlements under both Schemes.

Operation of the Scheme

- Retain Commonwealth Government means testing arrangements as the benchmark for entry into the Scheme
- Amend the Scheme to exclude current members, who are not eligible under terms of the new proposed Schemes
- The new Scheme (Scheme 1) to be a set capped concession that is paid through a voucher or alternative payment method
- Appropriate advertising and communication plans need to be developed to ensure all members are aware of the concessions available to them

Administration of the Scheme

- Ensure the Scheme concession categories and entitlements are regularly reviewed and appropriately indexed
- In the design of any improvements to the Scheme ensure there are appropriate fraud prevention mechanisms
- Whilst ensuring a shop front approach where possible, investigate the establishment of a web-based portal to:
 - allow applications for membership to be lodged and processed online
 - allow members to lodge claims for concessions online
 - allow members to update their personal details online
 - allow members to elect to receive correspondence via email rather than post
 - allow members to submit queries or feedback to the Department
- Investigate the possibility of affordable alternative service providers to administer the Scheme via their existing networks. This could be more cost effective and provide access to members in more remote locations
- Explore options for establishing an agreement with the Commonwealth Government to enable the Commonwealth to confirm eligibility for the NT Scheme, removing the need for the applicant to provide personal information
- Develop and implement an ongoing appropriate engagement and communication plan to ensure all Territorians are aware of the concessions available to members and of any changes made to the current Scheme
- Simplify and streamline the methodology used to calculate concessions using a common assessment tool, for example a fixed amount or capped percentage which is regularly reviewed and updated to ensure they are appropriately indexed
- Allow members who join the Scheme to be eligible for all concessions immediately

- Link the reset of concessions to 1 July or some other fixed date, irrespective of the date the concession is accessed within an eligibility period
- Explore options for improved automation of checks with the Commonwealth Government to enable the Commonwealth to confirm eligibility for the NT Scheme, this would improve fraud prevention through additional data checks

Electricity

On grid electricity:

- Cap electricity concession to an agreed level based upon the average consumption usage in the Northern Territory
- Regularly review and, where required appropriately index the rate
- Reduce the fixed rate concession per day to be less than the current fixed charge to members per day
- If a cap is introduced, additional measures should be introduced to cater for the minority group of members that require significant additional electricity use due to medical equipment/needs.

Non-standard electricity:

- Adopt the same concession payment scale and review methodology for pre-paid and E-Tokens as that adopted for on- and off-grid concessions
- Consider the implementation of a pre-loaded card specifically linked to the off-grid electricity supplier
- Allow those with non-standard utilities to elect an alternative payment arrangement to allow for flexibility and consistent application of the Scheme.

Administration:

- Abolish the current manual processing of electricity tokens
- Consider introducing an alternative system, with safeguards, which permits the member to purchase tokens or obtain e-credit for their electricity needs

Interstate and overseas travel*

- Increase flexibility in the Scheme for the travel concession to:
 - provide for intrastate travel
 - be spread across more than one travel episode over the two-year period
 - continue to provide the concession for family members to travel to visit the member (inter and intrastate)
- Introduce a fixed anniversary date for the two-year concession period to commence e.g. 1 July or 1 January every two years
- Allow members to accrue up to two entitlements i.e. 4 years of entitlements and consider the introduction of a voucher or alternative payment system to allow members to undertake travel within the policy guidelines
- Through further research determine what concession(s) would be appropriate to incentivise senior Territorians to stay in the NT
- Identify incentives for travel agents and members to utilise the lowest fare for travel. This could be sought out through the provision of a voucher card system which would allow members to choose the travel agent with which they travel

Administration:

- Consider the introduction of a voucher or alternative payment system to allow members to undertake travel within the policy guidelines i.e.
 - providing members with a voucher or pre-loaded card which enables them to claim through approved providers
 - or, only reimbursing members following the submission of a tax invoice/receipt and directly debiting the concession into a member nominated bank account

*please note this concession is limited to those members over the age of 65 depending

Prescription Spectacles

- Consider outsourcing the administration of this concession to an NGO or other provider
- Provide a lump sum capped amount that can be claimed to create more competition amongst optometrists and to provide value for money

Administration:

- Consider the introduction of a voucher or alternative payment system to allow members to undertake travel within the policy guidelines i.e.
 - providing members with a voucher or pre-loaded card which enables them to claim through approved providers
 - or, only reimbursing members following the submission of a tax invoice/receipt and directly debiting the concession into a member nominated bank account

Property rates and utility charges (water, sewerage and garbage)

- Introduce consistency in the administration of the concession, where appropriate, across all local councils
- Regularly review and where required appropriately index
- Reassess the fixed charge concessions for water and sewerage so they are not greater than the consumption charge
- Allow those with non-standard utilities to opt for an alternative payment arrangement to allow for flexibility

Motor vehicle registry and licences

- Retain the motor vehicle registry concessions
- Regularly review and where required appropriately index

Overview of recommended changes to the Scheme

Concession	Current Scheme	Recommended change
Electricity and or gas	\$1,073 (56% of av. cost), electricity only	Cap on the concession and the introduction of medical energy concessions Also provide flexibility for non-standard electricity
Property rates	62.5% up to \$200	Include all council rates, with regular review and appropriate indexation
Water and sewerage	Water 60% sewerage 85%	Introduce caps with regular review and appropriate indexation
Motor vehicle registration	\$154 (20%)	Increase, and then regularly review and appropriately index
Driver licences	100%	Regularly review and appropriately index
Spectacles	100%	Cap on the concession and provide a lump sum by a more flexible payment arrangement, also consider outsourcing the administration of this concession
Travel*seniors only	\$500 every 2 years	Be considered as part of a separate scheme to incentivise seniors to stay in the NT

IT System

- Review systems' ability to deliver current and future business requirements
- Perform a detailed review of concession process from a 'client perspective' to identify opportunities to streamline systems and processes
- Confirm business needs (both mandatory and desirable) and future possibilities, identify key gaps and required remediation (upgrade and/or replacement). Based on this high level review, some options may include:
 - Replace Excel spreadsheets with an enterprise application and database (e.g. CRM system)
 - Develop enhanced interfaces between systems
 - Potential use of robotic process automation to streamline manual processes and deliver routine activities
 - Establish enhanced controls to validate source data against a third party source (e.g. to confirm client entitlements prior to

- paying a utility provider) which could reduce opportunities for fraud
- Create a portal with clients and vendors to enable information sharing in relation to eligibility and reimbursements
- There is opportunity to develop enhanced data analytics to assist with the identification of risk and proactive detection of unusual payments. Contemporary data analysis techniques and visualisation tools can be used to deliver results that dynamically reduce risk and provide deep business insights with respect to concession payments
- Investigate a solution upgrade or replacement that has strategic alignment with the NT Government priorities

Review of the current Scheme

Background

The Northern Territory Government introduced the Northern Territory Pensioner Concession Scheme (NTPCS) in 1979. The Scheme is based upon a series of Government decisions and is not embodied in legislation.

The Scheme originally provided small concessions to pensioners on some essential services. In 1980, there was a policy change to change the eligibility of the Scheme from those being in need to specific categories of people. This significant change brought in the non-pensioner category of older people (income/asset level precludes them from a Commonwealth pension concession card).

Over the years some concessions were enhanced or included, with some caps introduced to slow the growth in annual expenditure.

The Scheme came to be known as the Northern Territory Pensioner & Carer Concession Scheme (NTPCCS) in 2006 with the inclusion of Commonwealth Carers into the Scheme.

In May 2014, a NT Government policy change confirmed that new Members to the Scheme were to be limited to those persons who meet the Commonwealth eligibility criteria. This change was made to protect future members most in need, but did not affect existing members of the Scheme. This was covered through a 'grandfather' clause. The grandfather clause means that members who were eligible prior to May 2014 are still eligible for applicable benefits if they do not meet the Commonwealth eligibility criteria.

Prior to the NT General Election in August 2016, Labor released a pre-election plan, *Respecting Seniors, Labor's Plan to Support Older Territorians*, and committed to reform the seniors' concession scheme to provide more benefits to more senior Territorians.

The Labor Party committed to working with seniors and with organisations representing seniors to completely review and revamp seniors' concessions and provide a modern pensioner concession scheme that reflects the needs of senior Territorians. As part of the commitment the Labor Party committed to provide an additional \$2.1m every two years in seniors' concessions.

The commitment also included 'the 3,000 seniors removed from the seniors concession scheme' and those seniors in the future, unable to access the concession scheme, who will be provided with a card every two years providing them with \$700 per person to be spent, determined by them, across areas including (but not limited to) travel, motor vehicle registration, and healthcare. Labor also committed to making electricity and water concessions available to seniors living in retirement villages. This was previously unavailable as part of the Scheme due to the way that utilities are charged through retirement villages. This since has been rectified and is now available through reimbursement.

As part of a promised review Labor also committed to work with seniors already eligible for seniors' concessions to determine whether a voucher or alternative payment may also be appropriate for them.

In the new Labor Government's first budget, in the Treasurer's speech to the Parliament under a broader sub-heading of 'population' (Budget Paper No. 3), the Treasurer stated, "the Government believes we need to keep more people here and attract more people to the Territory. Part of our plan to keep more seniors in the Territory is investing \$33.9 million into a fairer Pensioner, Carer and Concession Scheme. The government will undertake comprehensive consultation with stakeholders before the launch of the new system on 1 January 2018."

Scheme aim

The current Scheme policy aims are to encourage older people to remain in the NT and to achieve a stabilisation of the population while bringing the benefits of extended family networks to Northern Territory families. It also provides financial assistance to Northern Territory residents who are classified as eligible persons under the Scheme i.e. they belong to the specified categories of people who, because of pensioner/allowance status, are entitled to claim Northern Territory concessions.

Scheme objectives

The policy document states the Scheme has two main objectives:

1. To provide an incentive for senior citizens of the Territory to remain in the Territory during their retirement
2. To assist all pensioners generally and certain categories of other low-income earners and carers who are in receipt of a Commonwealth Carer Allowance from Centrelink, with the cost of living in the NT.

The first Scheme objective appears designed to (financially) incentivise senior citizens to remain in the Territory during retirement and to contribute to population stabilisation. The first objective has been unable to be met since the introduction of means testing in May 2014. There is currently limited capacity to provide incentives to self-funded retirees outside the Scheme. There is only free public transport and the seniors card business discounts. This objective now only applies to self-funded retirees who were grandfathered in the Scheme and can access all concessions.

The Government should consider clearly defining what is meant by the term 'senior citizen' in the objective. Senior citizens could be classified by the Commonwealth's age criteria for the aged pension (see the table below).

If you were born:	you qualify for the Age Pension at:
before 1 July 1952	65 years
1 July 1952 to 31 December 1953	65 years and 6 months
1 January 1954 to 30 June 1955	66 years
1 July 1955 to 31 December 1956	66 years and 6 months
from 1 January 1957	67 years

The second objective is specifically aimed at assisting pensioners (and other eligible persons) with the cost of living in the NT. There is a reference to assisting 'all pensioners generally', however membership is

restricted to certain categories of people in receipt of Commonwealth support.

Overview of current Scheme

The Northern Territory Pensioner and Carer Concession Scheme (the Scheme) provides members with financial subsidies through concessions on a range of services provided by the Northern Territory Government.

The Northern Territory Government has committed to reviewing the Scheme to make sure that the Scheme is fair, efficient, robust and directs the maximum amount of money into concessions.

In 2016, the Scheme provided concessions to 19,676 active members, with 24,837 members registered. The register may include members who have moved away or are deceased. Members in the Scheme currently receive concessions on the following goods and services:

- Interstate and overseas travel (only eligible seniors)
- Prescription spectacles
- Electricity (on-grid, off-grid, e-tokens, and pre-paid tokens)
- Property rates
- Water rates
- Sewerage rates
- Garbage collection charges
- Drivers licences
- Motor vehicle registration.

All concessions are provided for the benefit of members with only two exceptions:

1. Spectacle concessions can be accessed by dependent children (under 16) who reside with them
2. Travel can be used to bring a friend or family member to visit them in the Northern Territory, and is only available to seniors.

Current concession rates

There is a wide variation in the concession claimable across the categories due to historical decisions. Some concessions have been a fixed amount for a number of years, i.e. property rates/motor vehicle registrations, and have not kept pace with inflation, while others are expressed as percentages or are indexed to the Consumer Price Index (CPI).

Concession Category	Concession	Average Household Cost	Average Concession Paid	Concession as a Percentage
		(\$/yr.)	(\$/yr.)	(%)
Electricity (on-grid)	\$1.275 per day \$0.091 per Kilowatt used	1,900	1,073.45	56
Electricity Tokens	\$1140.00 for 12 months			
Alternate energy	\$1.275 per day			
Property rates in Darwin	62.5% up to \$200 (capped)	1,042	200.00	19.2

Property rates in Alice Springs	62.5% up to \$200 (capped)	1,205	200.00	16.6
Water rates (\$347/yr fixed + 1.9226c/kL) ²	\$0.960 per day \$0.955 per kilolitre used	1,019	608.44	59.7
Sewerage rates	Sewerage 85% \$1.332 per day	809	688.79	85.0
Garbage collection in Darwin	\$46.25	235	46.25	19.7
Garbage collection Alice Springs	\$52.00	330	52.00	15.8
Motor vehicle registration	\$154 (20%)	730	135.00	18.5
Driver licences	100%	90.71	90.71	100
Prescription spectacles	100%	263.62	263.62	100
Travel (Darwin to Adelaide return full economy fare estimate)	Up to \$500 every 2 years	1,000	500	50.0
Travel (Alice Springs to Adelaide return full economy fare estimate)	Up to \$500 every 2 years	800	500	62.5

Schemes in other states

The current Scheme appears to be one of the most generous schemes in the country. The state and territory comparison of concessions outlined below demonstrates that on average the Scheme provides significantly higher concessions for electricity compared to other states and territories. This is due to the electricity concession not being capped. All other states and territories have a cap on the level of concession relating to electricity or gas. As with electricity, water and sewerage concessions appear generous compared to other states and are not currently capped. Most other states and territories cap their benefits at between \$120 - \$300 per year.

Property rate concessions in the NT are capped at \$200 and are one of the lowest in the country. This is because the concession has not increased with CPI and is not based on a percentage of the cost as it is in other states. Other state and territory schemes offer a percentage refund or a higher capped amount.

² Based on an average member-household water consumption of 350 kL per year (average of 410 kL per year for all Darwin households). Living Water Smart www.livingwatersmart.com.au/ accessed on 24 April 2016.

A 100% concession is available to Scheme members in the NT for a driver's licence. Some states and territories offer a concession of 45% and others 100%. This means that the Northern Territory Scheme is very generous in relation to this concession. The motor vehicle registration concession, however, is capped at about \$154, a discount of 20%. This is much lower than other states and territories where the discount is between 50% - 100%.

Spectacles under the Scheme are 100% covered in the NT. In other states and territories there are different approaches. This includes some states and territories covering 100% and others offering a capped amount of \$100 per year or \$200 every 2 years.

Travel concessions are not provided in any other state or territory. This concession is a very generous item within the Scheme due to the remote nature of the NT. The \$500 concession offered every two years towards interstate or overseas travel highlights the generous terms of the NT Scheme. From 1st July 2017 Seniors Card holders have access to free public transport and other members of the Scheme receive subsidised travel.

Overall, the state and territory comparison of the concessions highlights that the NT is more generous with regards to concessions for: electricity, water and sewerage, driver's licence, spectacles, public transport and travel. It is however less generous than other states and territories for property rates and motor vehicle registration as CPI and market movement have not been factored in.

Concession	NT	NSW	Vic	Qld	WA	SA	Tas	ACT
Electricity and or gas	\$827 (43% of av. cost), electricity only annually	Up to \$120 electricity and \$90 for gas	\$171 for electricity and \$62.40 for gas in winter	\$0.84 per day and \$69 for gas	\$100	Up to \$120	Up to \$300 gas plus electricity	Up to \$420 for electricity, gas and water (more in winter)
Property rates	62.5% up to \$200	50% up to \$250	50% up to \$213	20% up to \$200	Up to 50%	\$200	Up to 30%	50% up to \$700 cap
Water and sewerage	Water 60% sewerage 85%	Variable	50% up to \$299	Up to \$120	Up to 50%	30% up to \$295	Up to \$183	50%
Motor vehicle registration	\$154 (20%)	100%	50% insurance 100% registration	50%	50%	50%	45%	100% of registration but not third party
Driver's licences	100%	100%	50%	50%	100%	50%	50%	100%
Spectacles	100%	Up to 100%	Eye test 100%, spectacles around 80%	Up to 100% for basic pair	\$50	Up to \$100	Up to 70%	\$200 every two years
Public transport	Free	Disabled 100%, others \$2.50	Small concession free on weekends	50%	60%	50%	50%	Over 70 and gold card free
Travel	Up to \$500 every 2 years	Nil	Intrastate train	Nil	Nil	Nil	Nil	Nil

Eligibility for entry into the Scheme

Current eligibility for entry into the Scheme is based on Commonwealth Government criteria. Members of the Scheme must have a current concession card issued by the:

Department of Human Services

- Pensioner Concession Card
- Health Care Card Low Income
- Commonwealth Seniors Health Card
- Carers Allowance

Department of Veterans' Affairs

- GOLD Repatriation Health Card – This card needs to have TPI or War Widow/Widower imprinted within the card to be eligible
- Repatriation Pharmaceutical Benefits Card (Orange Card)
- DVA Pensioner Concession Card (Blue Card)
- DVA Commonwealth Seniors Health Card

Existing Members (Pre-14 May 2014)

The above eligibility criteria for membership of the NTPCCS do not apply to members who entered the Scheme before 14 May 2014. Where an existing member becomes ineligible and then decides to re-apply, they are subject to the new eligibility rules introduced from 14 May 2014.

Australian Citizenship or Permanent Residency:

Members must also be an Australian Citizen evidenced by either a birth certificate or naturalisation papers, or have Permanent Residency evidenced by a 'Permanent Resident Visa' in their passport.

Proof of NT Residency:

Members must provide two forms of documentary evidence that they are permanent residents of the NT. It is mandatory to provide a valid Commonwealth Reference Number (CRN). Carers are required to provide a letter from Centrelink confirming that they are in receipt of a Carer Allowance. The other documentation required can include the following:

- NT Driver's Licence (issued by MVR)
- Bank or Credit Union statement with current address
- Power and Water Corporation account
- Electoral role details (showing an NT address)
- Telephone account
- Council rate notices
- Advice from Centrelink (with current NT residential address).

Does the current Scheme meet its objectives?

Defining the objectives

The current Scheme appears to be one of the most generous in Australia. Since May 2014 only those on a Commonwealth pension are eligible to join the Scheme. In most cases the Commonwealth pensions are means tested which means that the Scheme is means tested and is specifically targeting those on specific pensions/allowances and low-income earners. Those who were members of the Scheme prior to May 2014 have been grandfathered in and receive the same benefits.

It is important that any changes to eligibility apply to everyone for the Scheme to be fair and equitable. Grandfathering, or allowing those who are already on the Scheme to continue automatically, creates inequality within the Scheme. For the Scheme to be equitable for all Territorians, everyone should be subjected to the same means testing, irrespective of their previous membership in the Scheme.

For the purposes of this report the discussion of means testing focuses upon whether it assists in the Scheme meeting its objectives. Means testing is the process of determining whether a person are entitled to receive the concession. There is significant debate around the area of means testing within social policy, but this report will not address this.

The objectives of the Scheme are:

- To provide an incentive for senior citizens of the Territory to remain in the Territory during their retirement
- To assist all pensioners generally, certain categories of other low-income earners and carers who are in receipt of a Commonwealth Carer Allowance from Centrelink, with the cost of living in the NT.

The Aims and the two Objectives are written as standalone sentences. That is, there is no explicit evidence to suggest that they should be read as connected sentences, for example with an 'and' or an 'or' to join the sentences.

The objectives in themselves are broad, potentially confusing and unclearly defined.

As standalone Objectives, the first Objective could be understood to financially incentivise **all** senior citizens to remain in the Territory during retirement. However, under the post-May 2014 arrangements of means testing new Members, this objective does not apply to all senior citizens and specifically excludes persons not eligible to receive one of the required Commonwealth concession cards.

The second Objective appears to be specifically aimed at assisting pensioners (and other eligible persons), who may not necessarily be senior citizens, with the cost of living in the NT.

Therefore, whichever direction the NT Government chooses to take, the NTPCCS needs to meet the aims and objectives of the Scheme. As the two objectives are quite separate, and one of the objectives is being met by the current scheme, an option would be to separate the objectives into two different schemes, thus allowing both objectives to be met with appropriately targeted schemes.

The Northern Territory concessions review, Discussion Paper July 2017 (web publication) makes no direct reference to the Aims or Objectives.

Recommendation:

- **We recommend two separate Schemes be established to ensure each outcome be achieved. There are two clear aims and objectives of the Scheme; being to incentivise seniors to remain in the Territory during their retirement and to assist certain pensioners with the cost of living in the NT. The outcomes outlined are quite separate in intent. Scheme 1 will accept a large number of members who are no longer grandfathered in Scheme 2.**

Scheme Equity

Means testing of the Scheme

The current Scheme appears to be one of the most generous Schemes in Australia.

Post May 2014 only Territorians who hold a current Commonwealth concession card, as outlined earlier, are eligible for the Scheme. In most cases Commonwealth pensions are means tested; therefore membership of the NT Scheme is also based upon means testing, specifically targeting those holding eligible Commonwealth concession cards.

For the purposes of this report the discussion of means testing focuses upon whether it assists in meeting the Scheme objectives, albeit the objectives may require updating.

Means testing is the process of determining whether a person qualifies for financial assistance based on their income or assets. It is often used to target concessions and payments at those who are determined to have the most need. Means testing is an effective way for governments to ensure that those who have the greatest need receive appropriate support. There is significant debate around means testing within social policy circles, however this report does not address this perspective.

Means testing, via Commonwealth arrangements, is used to determine whether a person qualifies for the NT Scheme based upon income or in some cases assets. Currently, the eligibility criteria are solely focused on those with a pensioner/allowance and low income status. This clearly meets the second objectives of the Scheme to support eligible persons with the cost of living in the NT.

There is evidence that a number of the current concessions, within this overall Scheme, could provide more support for Members who are eligible through

holding a Commonwealth concession card. Some of the concessions have failed to keep pace with increased costs over time and the various methods of applying concessions across the Scheme makes the Scheme administration unwieldy and inefficient.

Recommendation:

- **Ensure the Scheme concession categories and entitlements are regularly reviewed and appropriately indexed**

Even with recent reductions in housing costs, the Territory does have higher associated living costs compared to most other jurisdictions in Australia. The Territory's relatively small population and large distances mean there are higher costs for many goods and services. Utilities is also arguably one of the more expensive living costs in the NT. The Scheme therefore directly supports the higher costs of living. To maintain relevancy, the Scheme could be regularly reviewed and appropriately indexed. Regular updates on the Territory's economic status, including prices, wages and CPI, are available via the NT Department of Treasury and Finance website at:

<http://www.treasury.nt.gov.au/Economy/TerritoryEconomicReviews/Pages/TerritoryEconomicReview.aspx>

In terms of equity, one key question is 'does the Scheme meet its first objective of providing an incentive for senior citizens of the Territory to remain in the Territory during their retirement?' Under the current arrangements, the Scheme is not equitable for all senior citizens; some were excluded from the Scheme post the May 2014 policy change. Government information indicates 3,000 senior citizens were excluded from joining the Scheme, and as the senior cohort increases in size, even more people will be excluded from the benefits currently received by those grandfathered within the Scheme.

A further question is 'what would actually encourage senior citizens to remain in the Territory?' Would having access to the Scheme incentivise self-funded retirees to stay?

It is essential to note that the means testing only excludes Territorians who have the means to retire themselves as per Commonwealth means testing. Pensioners already have access to the concessions so the potential incentive to stay is already being provided. But would having access to the Scheme incentivise those seniors not on the aged pension to stay in the NT?

While anecdotal information might indicate otherwise, the review did not identify any evidence to confirm that if the Scheme was extended to all Territorian senior citizens this would incentivise senior Territorians to stay in the Territory. Although no recent specific research into why senior Territorians choose to stay in the Territory was identified, some related research has been undertaken to explore why people left the Territory, and anticipated reasons for leaving the Territory in the future.

The 2016 Deloitte report (Drive of interstate migration of the Northern Territory) focused on a cohort of the general population that had already left the Territory and the 2015 CDU /COTA report 'Now You See Us! A report on the Policy and Economic Impacts from Rapid Growth in the Number of Senior Territorians' surveyed members of COTA (aged over 55 years).

Of the respondents, 38% indicated that work-related reasons were the most important reason they left the NT. Overall, "to be closer to family and social networks" was most often cited as the most important reason for moving and "obtained work" was ranked second. Lower cost of living was selected by 9% of

respondents as compared with 24% of people citing “to be closer to family and social networks”.

The CDU/COTA report specifically surveyed senior Territorians still resident in the Territory. The CDU research undertaken in 2013 and 2014, and reported in 2015, concluded that ‘Cost of living’ was the most significant reason for anticipated moves out of the NT (31%), with ‘To be closer to family or friends’ accounting for around a quarter of those who said they would leave. No follow-up research has been undertaken to ascertain if the anticipated moves eventuated.

As mentioned earlier in this report, cost of living is a factor that impacts on all Territorians and particularly on those that rely on some form of Commonwealth support. Under the current arrangements the Scheme addresses supporting those who are eligible with the cost of living in the NT. The Scheme also supports those seniors who are eligible to travel to see their family and social networks, which was the second highest reason for leaving the Territory.

If the Scheme were to be split into two, the means tested Scheme is already supporting those who are struggling with the cost of living in the NT with most concessions, thus allowing them to remain in the NT.

Travel is the only concession that does not directly support cost of living, but it does support the connection to family and social networks. As identified in both surveys, being close to family and social networks was a key factor in people’s decisions to leave the NT. Therefore, the second scheme could focus on enabling senior Territorians to connect with their family and social networks, in order to incentivise them to remain in the Territory.

As there is only anecdotal evidence for a travel concession incentivising seniors to remain in the Territory it is up to the Government to do further research into what kind of concession would be appropriate.

The Northern Territory Government announced funding for the Scheme in the 2016 Budget. This funding is \$33.9 million, with indexation for future years, going forward no additional funding has been promised so this budget needs to be sufficient to provide a fair and equitable scheme.

According to Labor’s pre-election plan, the May 2014 policy decision excluded 3,000 people from entering the Scheme. A number of self-funded retirees who were already members of the Scheme were able to retain membership within the Scheme.

In terms of providing sufficient support to those most in need, a fixed funding envelope would preclude reopening the Scheme to all senior citizens in the Northern Territory. Another option is that existing members who are self-funded retirees should no longer be entitled to receive concessions, thereby focusing available funding on those most in need of support.

Under the current arrangements opening up the current Scheme with no changes to concession levels to all Territorians over 65 could increase the inequalities within the Scheme i.e. those who can afford to pay more would get a higher concession in some categories, for example electricity.

While opening up the Scheme to allow access to all Territorians who have reached the retirement age would be seen as equitable by some and might encourage some retirees to remain in the Territory, it would also significantly increase the number of people in the Scheme and significantly reduce or limit the level of concession funding available across the categories, thereby not achieving the purpose of the objectives.

Another key consideration for opening up the Scheme is the number of seniors in the future. At the moment Australia has an aging population and in the NT the number of people in the seniors age bracket is predicted to grow by 1,000 people per annum. This relates to the decision made about the sustainability of the Scheme and the ability of the NT Government to adequately support all those eligible for the Scheme. For the Scheme to be equitable and to survive within the funding envelope, the current means testing arrangements would need to prevail, irrespective of any previous membership in the Scheme.

Administrative efficiency of means testing

There is minimal impact on the NT Government to continue relying on Commonwealth Concession Card Holder eligibility arrangements as the Commonwealth Government undertakes the assessment of eligibility. There is also a reciprocal arrangement with Centrelink to enable the Department to regularly check eligibility.

It is neither efficient nor effective for the NT Government to consider its own means testing methodology as the administrative burden and cost would not be economically viable and in many cases would be double-handling information already provided to the Commonwealth.

The Labor Government's pre-election plan *Respecting Seniors* commits to providing \$700 every two years to the 3,000 seniors disenfranchised from the Scheme. This could be achieved by establishing a new Scheme, in addition to the current Scheme, that would include all seniors not included in the current Scheme.

The new Scheme could help address the first objective of the *Respecting Seniors* plan. However, if the scheme is designed to only apply to those who have been disenfranchised and hence are not covered by the current scheme, some administrative burden would result from the need to differentiate between individuals who are and are not included in the current scheme.

In order to reduce administration, the payment could be made every two years via a loaded card or alternative payment form on a set date, rather than on an anniversary date. The main benefits of a loaded card system are that the loaded cards can be easily tracked, linked to suppliers, and balances can be checked.

Recommendations:

- **Retain Commonwealth Government means testing arrangements as the benchmark for entry into the Scheme**
- **Amend the Scheme to exclude current members, who are not eligible under terms of the new proposed Schemes**
- **The new Scheme (Scheme 1) to be a set capped concession that is paid through a voucher or alternative payment method**
- **Appropriate advertising and communication plans need to be developed to ensure all members are aware of the concessions available to them**

Concession equitability

Electricity

Current System

Electricity concessions are provided to members in three different ways:

1. On-grid electricity
2. Off-grid electricity
3. Tokens or e-credits.

On-grid electricity

This is by far the most generous concession of all states and territories. This concession makes up over 40% of the total Scheme cost. There are currently 12,850 members accessing grid-connected electricity concessions and the average concession paid to members is \$852.

Electricity concessions are currently paid to members using a two tiered system. A concession is received of 150% on the current fixed charge and 35% on the consumption charge. There is currently no cap on the amount of electricity that can be claimed.

The table below summarises the current charge and the concession for the two categories:

Current fixed charge	Current Fixed concession	Current consumption charge	Current consumption concession
(\$/day)	(\$/day)	(cents/kWh)	(cents/kWh)
\$0.5035	\$1.268	25.54 cents	9.1 cents

The fixed component charge is currently \$0.5035 per day or \$184 per year, which results in members making a profit of 50% on this component of the concession. The consumption component is 9.1 cents per kWh.

By way of a scenario, if a member of the Scheme did not use any electricity their bill would be in credit by the value of the current fixed concession multiplied by the number of days in the quarter. The Scheme was not designed to provide for a member to profit from a concession. In these terms the current arrangements for the fixed component are not appropriate.

The current consumption concession provides a 35% discount to members. This is calculated based on the current consumption charge of 25.54 (cents/kWh) and a current consumption concession of 9.1 (cents /kWh). Therefore, the member is required to pay 16.44 (cents/kWh).

This rate is not capped and has resulted in large concessions being paid to some members. It also provides the opportunity for some members to abuse this concession which is intended to apply to reasonable home electricity consumption. Of note is that the highest concession paid to one member was \$7,337 – a significant amount for what is supposed to be a household account. Without a cap on the consumption concession those who can afford to pay higher electricity bills receive a higher concession. This is not considered fair or equitable; and it is also not aligned with the Scheme's Objectives.

The NTCOSS, Cost of Living Report, June 2016, recommended 'a cap on the level of concessions available would be appropriate as it would provide an incentive for higher usage households to decrease their electricity usage, and savings in this area could be used to widen the net.' (NTCOSS, Cost of Living Report, June 2016).

Jacana Energy flags concession eligibility on an individual account for eligible members claiming the electricity concession. This is set up automatically and a service fee of \$5 per invoice is charged to the Department. This administrative charge can total around \$400,000 per year.

Some members require access to life support equipment or need to maintain continuous air conditioning for other medical reasons. In terms of equity and fairness, these members should not be materially disadvantaged by any cap that might be considered, and it is recommended that special measures be introduced to the concession for this minority group of members where the need for significant additional electricity use due to medical equipment/needs can be demonstrated.

Off-grid electricity

Off-grid members can apply for an off-grid electricity concession. The current concession is a daily rate of \$1.268. Members must produce invoices to demonstrate the purchase of diesel for generators but not proof that the diesel was used in a generator. Invoices must be submitted every 3 months and are processed by the Department. This is a burdensome requirement for the member and an administrative cost to Government, as well as be subject to fraudulent activities.

Pre-paid and E-Tokens

The concession provides \$1,140 of tokens each year that are posted to members living in remote communities.

Tokens are inserted into a pre-payment meter when electricity is required in homes in many remote communities. Tokens are essentially cash and this leaves them at risk of being used in or for fraudulent activities.

E-Token meters are replacing pre-paid token meters in those communities that have access to the 3G network. For e-credit the general provider provides the electricity and measures the consumer's electricity consumption via a credit meter.

Where members use pre-paid electricity tokens they receive the \$1,140 of tokens each year in two batches; in January and in July. This is a manual process of collating tokens and sending them out to the 1,374 members by registered mail.

Recommendations

On grid electricity:

- **Cap electricity concession to an agreed level based upon the average consumption usage in the Northern Territory**
- **Regularly review and, where required appropriately index the rate**
- **Reduce the fixed rate concession per day to be less than the current fixed charge to members per day**
- **If a cap is introduced, additional measures should be introduced to cater for the minority group of members that require**

significant additional electricity use due to medical equipment/needs.

Non-standard electricity:

- **Adopt the same concession payment scale and review methodology for pre-paid and E-Tokens as that adopted for on- and off-grid concessions**
- **Consider the implementation of a pre-loaded card specifically linked to the off-grid electricity supplier**
- **Allow those with non-standard utilities to elect an alternative payment arrangement to allow for flexibility and consistent application of the Scheme.**

Interstate and Overseas Travel (seniors only)

Current System

The Government policy states that travel concessions were introduced in 1982 with the stated purpose of enabling senior citizens of the Territory to maintain contact with their relatives and friends in other States. In May 2014 changes to the Policy restricted this concession to allow only seniors under Commonwealth means testing on the Scheme. This has now excluded approximately 3,000 senior Territorians from the Scheme who might previously have been able access the Scheme.

There is a key eligibility criterion attached to this concession. It is only available to members who are over 65 years. This is the only concession that has this condition, creating an additional administrative process.

The concession includes travel by air, coach, rail, ship, or any combination of these to an interstate or overseas destination. Members are currently not able to accrue entitlements.

The concession was later enhanced to include Totally & Permanently Incapacitated (TPI) Veterans and Aged War Service Veterans.

A Private Vehicle concession was introduced from 1 July 1990 and allows eligible NTPCCS members to claim for travel by a private vehicle in lieu of an airfare (or other commercial fare) to an **interstate** destination. The concession does not include:

- Travel to destinations within the NT
- One way journeys
- Accommodation costs
- Meals
- Insurance costs
- Motor vehicle hire
- GST or VAT for overseas travel

A travel concession of \$500 every two years is currently provided to members of the Scheme to go towards the cost of interstate or overseas travel. Evidence of residency for at least two years is required.

In 2015-16, 3,018 members accessed the concession at an average cost of \$476.61.

The current system reduces competition within the travel sector and potentially does not allow members to claim the full \$500 entitlement across the two years. Payment of the \$500 concession is paid by the Department and is only

for one trip. If the trip cost is less than \$500 the member only receives an amount up to the cost of that episode of travel. In an environment where low cost fares are regularly available, there is no incentive for travel agents or members to utilise a 'most economical fare' approach.

Currently the two-year period commences from the date the last travel occurred. The anniversary date for accruing a travel concession could be standardised to a fixed date every two years. **This would significantly reduce the administrative burden on the Department and prevent members arranging with travel agents to 'bank' future travel.** This is done by the agent invoicing the Department for travel but then agreeing to book the travel for a time outside the entitlement period. It could be assumed that 'banking' is used because currently entitlements cannot be accrued and must be used within the designated two-year entitlement period.

The travel concession allows people in their retirement to remain in the Northern Territory and to visit family interstate or overseas. This entitlement may incentivise seniors to stay in the NT, and assists with the associated high cost of travel expenses. The concession is focused on incentivising members to stay in the NT by connecting them with family and social networks, it could form part of the separate Scheme which focuses on incentivising people to stay in the NT for retirement.

As there is only anecdotal evidence for a travel concession incentivising seniors to remain in the Territory, it is up to the Government to determine what kind of concession(s) would be appropriate.

The Scheme as it currently stands allows for potential profiteering and fraud by travel agents through 'banking' for future travel by members. For example, travel agents would book the flights, and claim the travel concession. They would then cancel the flights and hold the credit in the store against the traveller's name. Additionally, the current process does not incentivise members or travel agents to utilise best-priced fares.

Administration

Members may book their own travel via the internet and receive their concession directly from the Department on the completion of their travel and on providing proof of travel.

Alternatively, members may use a travel agent. The agent makes a booking and processes the travel concession claim for the member. Travel agents must confirm the member is entitled to the concession through a phone call to the Department, creating additional layers of administration.

Once the travel is booked by the travel agent, the agent submits an application and a tax invoice to the Department for payment of the concession. Evidence of payment of the non-concessional part of the travel is then submitted to the Department. The claim is processed and a credit of \$500 is provided to the travel agent via a credit card transaction. All credit card transactions must then be directly reconciled to a member's travel by the Department. This process is completed manually by printing out the invoices and reconciling them to individual credit card payments made to travel agents' credit cards.

There may be more efficient means of administering travel concessions including introducing travel vouchers or alternative payment system that can be issued to members for specific use with travel agents or airlines, or for fuel where the member provides proof that they used a private motor vehicle for travel. Currently, members are entitled to a flight every 2 years on the anniversary of the previously taken entitled flight.

Recommendations:

- **Increase flexibility in the Scheme for the travel concession to:**
 - **provide for intrastate travel**
 - **be spread across more than one travel episode over the two-year period**
 - **continue to provide the concession for family members to travel to visit the member (inter and intrastate)**
- **Introduce a fixed anniversary date for the two-year concession period to commence e.g. 1 July or 1 January every two years**
- **Allow members to accrue up to two entitlements i.e. 4 years of entitlements and consider the introduction of a voucher or alternative payment system to allow members to undertake travel within the policy guidelines**
- **Through further research determine what concession(s) would be appropriate to incentivise senior Territorians to stay in the NT**
- **Identify incentives for travel agents and members to utilise the lowest fare for travel. This could be sought out through the provision of a voucher card system which would allow members to choose the travel agent with which they travel**

Prescription spectacles

Current System

Members can currently claim 100% of the cost of spectacles every two years. On average the concession of \$263.62 is provided to members every two years. Members can attend optometrists from a list of providers and payment of the spectacles is claimed directly from the Department by the optometrist.

This concession meets the objectives of the Scheme as it assists members with cost of living pressures, as spectacles are essential for many members.

There would be some members who do not require spectacles, and therefore do not claim this concession.

Administration

Administration of the spectacles concession is manually based and onerous. Concession claims are submitted by optometrists and manually processed by the Department. Optometrists must double check with the Department for eligibility which creates additional work, outside of the normal laborious process.

The Scheme as it currently stands allows for potential profiteering and fraud, in a similar way to the travel concession.

There is no concession cap and optometrists can potentially claim an inflated price for the cost of spectacle frames and/or lenses.

Outsourcing administration of this concession to an external provider is one option to reduce the administrative cost to Government. In NSW for example, the Government outsources the administration of the spectacle concession to Vision Australia.

Recommendations:

- **Consider outsourcing the administration of this concession to an NGO or other provider**
- **Provide a lump sum capped amount that can be claimed to create more competition amongst optometrists and to provide value for money**

Property rates and utility charges (water, sewerage and garbage)

Current System

Members are currently entitled to a range of different concessions relating to property rates and water, sewerage and garbage collection charges. The current property rate and garbage collection charges collected by local government bodies are not available to all members who are ratepayers. There are numerous arrangements with the different local bodies in providing this concession. This requires the Government to have multiple different administrative processes within one area of the Scheme. Where possible the Department should look to standardise the administrative process.

Property Rates

The current property rate concession is 62.5% of the annual property rate, up to a maximum of \$200.

The cap of \$200 has not been reviewed or increased for a number of years and most, if not all, concessions are paid at the maximum \$200.

Garbage

Members can access a garbage concession, which on average is a concession payment of \$43.37. This equates to 18% of the cost in Darwin and 13% of the cost in Alice Springs. The current concessions paid in 2015/16 are in the table below. Again, some members cannot access this concession because of the local Government area they live in.

Alice Springs	\$52.00
Darwin	\$46.25
Tennant Creek	\$45.00
Elliott	\$105.00
Palmerston	\$47.50
Central Desert	\$75.00
Coomalie	\$40.00
Katherine	\$45.00
Litchfield	\$25.00
Borroloola	\$61.96
Mataranka	\$10.37
Naiyu	\$75.00
Pine Creek	\$67.00
Timber Creek	\$85.68

Nhulunbuy	\$100.80
West Arnhem	\$120.00
Wagait	\$150.00

Water

The average water concession paid in 2015-16 was \$608. As with electricity charges, the current Scheme is divided into two components: a fixed charge component and consumption charge component.

Water concessions amount to 76% of total water charges, which is the most generous of any concession category except for driver's licences and spectacles, which sit at 100% concession but are of a much lower value.

The fixed concession component provides members with a profit of \$57 annually. The consumption concession is 49.3% of the consumption tariff.

A reduction in the fixed concession and introducing a cap on the concession, as proposed for electricity concessions, would support water conservation initiatives and bring consistency across the Scheme.

Current fixed charge	Current fixed concession	Current consumption charge	Current consumption concession
(\$/day)	(\$/day)	(\$/kL)	(\$/kL)
\$0.8029	\$0.956	\$1.9226	\$0.9538

Sewerage

The current value of the sewerage concession is 60% of the charge. The daily sewerage charge capped at \$2.21 per day or \$809.81 per year and is available on only one property per billing period.

Administration

Property rates and garbage charges are calculated by individual local Government bodies. Some councils automatically calculate and deduct the concession. Other councils require members to manually submit a claim for the concession to be reimbursed. Other local Government bodies are not in the Scheme, thereby disadvantaging members who reside in those areas.

Water and sewerage charges are calculated by the provider. The application of a concession is dependent on whether this is the resident property of the member.

In circumstances where the owner's property is part of a body corporate the Scheme member must manually apply for the water and sewerage concession to be paid, e.g. retirement villages.

There are members who have non-standard sewerage and water. These members may live out on rural properties, remote communities or in retirement villages. It is essential that these members are considered when reforming the policies and payment delivery options. These members should be allowed to opt for an alternate payment method which ensures fairness of coverage.

Recommendations:

- Introduce consistency in the administration of the concession, where appropriate, across all local councils
- Regularly review and where required appropriately index
- Reassess the fixed charge concessions for water and sewerage so they are not greater than the consumption charge
- Allow those with non-standard utilities to opt for an alternative payment arrangement to allow for flexibility

Motor Vehicle Registration (drivers' licences and motor vehicle registry)

Current System

Members currently receive free driver's licences and a concession on their motor vehicle registration.

The current concession is \$154 which equates to a 20% concession. In addition to the motor vehicle concession, Seniors Card holders are also eligible for a further \$50 per year concession on their registration fee bringing the total concession to \$204 per year for those card holders.

This concession has not been revised or indexed for a number of years.

Administration

Both concessions for driver's licences and motor vehicle registration are processed automatically by the Motor Vehicle Registry via a computer interface.

Recommendations:

- **Retain the motor vehicle registry concessions**
- **Regularly review and where required appropriately index**

Efficient delivery of the Scheme

Efficient delivery of the Scheme

There are significant inefficiencies in the current management and administration of the Scheme. The current cost of administering the Scheme is \$1.4 million dollars per annum (including \$300,000 for the Seniors Card).

Some of the areas identified for improvement are:

- Memberships
- Eligibility of concessions
- Delivery of concessions

While the current administrative system has recently undergone significant improvements, limited further efficiencies will be found unless there is further investment in changing the way that the Scheme is managed and administered.

The focus of the Scheme should be firstly on whether it is achieving its objectives in the most efficient and cost effective manner. A recommendation has been made to review the aims and objectives of the current policy to better reflect the reality of the Scheme, including its membership and parameters of concessions. This review should occur whether or not changes are made to the current scheme.

There are also recommendations that deal with streamlining the methodologies used to assess concessions and to arrive at one fixed formula across most, if not all, concession categories.

In consideration of any technological solution, consideration of the potential performance improvements, cost-benefits and the risks associated with introducing a new systems-based solution should be considered. That is outside the scope of this review and would normally form part of the Government's internal processes.

Another key consideration is the impact that any change may have on those who the Scheme is designed to support. It would be against the objectives of the Scheme to transfer an unnecessary burden to members. Specifically, consideration of the varied capabilities, and in some cases, the disadvantages faced by some members, particularly in remote areas should be a key consideration. For example, some members may be physically or mentally disabled, others may live in a remote community and may have limited capacity or access to the Scheme's concessions or be able to comply with the sometimes significant paperwork or evidence of expenditure requirements.

Further in the report comment has been made about ways there may be efficiencies introduced in the Scheme and there are overarching technological improvements that could be introduced to create efficiencies.

Special focus and consideration needs to be taken to assist Aboriginal people who are members of the Scheme and who reside in remote areas. Many may

not have direct or easy access to the Department. They may not be aware of the concessions available to them or how to apply for concessions. This is not surprising given the complexity of the current system and that it is very manually based and time consuming for members to access some concessions. Also, as leasehold changes in remote communities are implemented there may be a need to provide further education and communication to members who may subsequently become rate payers.

The Scheme should also consider focusing, where possible, on utilising the current connectivity of Government systems to its advantage. For example, the Motor Vehicle Registry automatically processes driver's licence and registration concessions. Power Water and Jacana Energy are also able to automatically process most concessions. There may be opportunities for consideration from examining those systems.

Membership

The process of applying for membership is solely paper-based.

A large amount of efficiency would be gained through developing and operating a member's web portal. This would allow flexibility for members of the Scheme who wish to transact online, check eligibility or engage with the Department. This would not entirely negate the need for access to a shopfront service but would enable those who have access to technology or who cannot leave home or get access to a shopfront to still access the Scheme via web-based technology. Part of this process could also allow members to elect to receive emails instead of physical mail, saving the Department some administration and postage costs.

Applying for a membership is just one part of the process; another component is the process of maintaining a membership. To simplify this process any system developed should include an automatic notification of inactivity flag after a certain period of inactivity. Once flagged in the system, i.e. after five years of inactivity, a letter or email is sent to the member to notify them that because of inactivity the membership will be ceased.

While there is a central Unit in the Department with responsibility for the Scheme, Government offices in the regions also provide some services and advice to members. Some processes are actioned in the regions and some more detailed requirements are forwarded to Darwin for actioning.

To potentially increase efficiencies within the Department, an alternate provider could be engaged to facilitate memberships (joining or confirming ongoing eligibility). Engaging an alternate provider could potentially provide better access for members in regional and remote areas to some services related to the Scheme. Apart from handling membership, the alternative provider could also assist to raise awareness of the Scheme and entitlements in regional and remote areas. People in remote areas are already familiar with utilising services at post office shopfronts or other agencies in remote locations. It would be important to consider an alternate provider who are also a trusted service provider whose staff are used to processing a range of documentation, and are already competent in confirming identity and personal details.

Recommendations:

- **Whilst ensuring a shop front approach where possible, investigate the establishment of a web-based portal to:**
 - **allow applications for membership to be lodged and processed online**
 - **allow members to lodge claims for concessions online**

- **allow members to update their personal details online**
- **allow members to elect to receive correspondence via email rather than post**
- **allow members to submit queries or feedback to the Department**
- **Investigate the possibility of affordable alternative service providers to administer the Scheme via their existing networks. This could be more cost effective and provide access to members in more remote locations**
- **Explore options for establishing an agreement with the Commonwealth Government to enable the Commonwealth to confirm eligibility for the NT Scheme, removing the need for the applicant to provide personal information**
- **Develop and implement an ongoing appropriate engagement and communication plan to ensure all Territorians are aware of the concessions available to members and of any changes made to the current Scheme**

Concession methodologies

There are complexities in the administration of the Scheme due to different concession assessment methodologies.

As discussed above, the payment of some concessions involves an automated assessment and subsequent payment while others require a direct interface with a vendor or the Department. Some parts of the Scheme involve a manual process and require paper-based applications to be made with the submission of tax compliant invoices/receipts. Automating concessions wherever possible would assist to streamline administrative processes.

Some concession claims are processed quarterly or twice a year, others annually or every two years.

Some concession payments are based on a percentage of the total cost while others are based on a fixed amount.

A number of the concession types are assessed differently, as are the methods of processing a concession. This increases the administrative burden and cost to Government and erodes the fixed funding envelope available for concessions.

Streamlining the calculation of concessions, the frequency and way concessions are paid provides an opportunity to reduce administrative costs. For example, all concessions could be set on a fixed amount that is regularly reviewed and appropriately indexed.

The administration of the Scheme could be simplified in the first instance by making changes to eligibility criteria. For example, currently people are eligible for the travel allowance two years after being resident in the Territory and subsequently every two years from the commencement date of the last travel. This is a significant administrative burden for the Department who must confirm eligibility when a claim is made or when members wish to check eligibility dates.

It would be simpler to allow members who join the Scheme to be eligible for all concessions from the start of their membership. Then have the payment of concessions matched to an anniversary date. For example, all concessions would reset on July 1 or December 1 every year or every two years. This would provide consistency for members and the administrators of the Scheme.

If no changes are made to the timing methodology, the introduction of a web-based portal would allow members to access information about eligibility dates and administrators to quickly confirm when concessions are due.

Recommendations:

- **Simplify and streamline the methodology used to calculate concessions using a common assessment tool, for example a fixed amount or capped percentage which is regularly reviewed and updated to ensure they are appropriately indexed**
- **Allow members who join the Scheme to be eligible for all concessions immediately**
- **Link the reset of concessions to 1 July or some other fixed date, irrespective of the date the concession is accessed within an eligibility period**
- **Explore options for improved automation of checks with the Commonwealth Government to enable the Commonwealth to confirm eligibility for the NT Scheme, this would improve fraud prevention through additional data checks**

Delivery of concessions

There are several ways that the delivery of concessions could be simplified to create a more efficient Scheme. As much as possible the delivery of concessions should be standardised, although it is recognised with such a broad Scheme that there may be some exceptions.

Fraud Prevention

Some components of the Scheme are automatically administered through Government agencies including the Motor Vehicle Registry, and other entities including the Power and Water Corporation and Jacana Energy. This part of the Scheme appears to work quite efficiently with the concession automatically applied to the member's tax invoice.

This process of automation enables fraud prevention, as there are appropriate checks and balances in place before a concession is paid. As the Scheme has already been open to fraudulent activities, it is essential that any considerations to change in the delivery and administration of the Scheme must consider appropriate fraud controls.

Simplification of the administrative processes allows for fraud prevention as it is easy for those administering the system to spot an anomaly. Another way of achieving this is through a pre-loaded card system, it enables the concessions to only be accessed at approved providers and has all the securities of a bank card.

Recommendations:

- **In the design of any improvements to the Scheme ensure there are appropriate fraud prevention mechanisms**

Electricity Tokens

One of the reportedly most burdensome components of the Scheme is the use of pre-paid electricity tokens. It can take one FTE government employee 3 weeks to confirm which members require tokens and the type of token used. All tokens then need to be ordered (approximately 16,000 tokens) and then each token is individually accounted for through recording the token serial number against the member's name. The process is laborious, inefficient and time consuming.

While pre-paid tokens are being replaced by e-token meters, pre-paid tokens will remain in small communities and urban residential care facilities.

It is recommended that the current method of manually processing tokens is abolished to significantly increase efficiencies within the administration of the Scheme.

Tokens for electricity could be replaced by providing members with vouchers or cards with a set amount that can be used to purchase tokens from a local supplier. Alternatively, members could receive a bank transfer for a set amount to use at their discretion to put towards cost of living pressures. The cards or vouchers could be collected from another provider to further reduce the administrative burden.

This method could potentially work for those with e-credit meters as well. Currently once an e-credit meter is topped up with credit it cannot be reversed. This can sometimes be an issue for Aboriginal people who are absent from their homes for long periods of time for cultural reasons. Presently the member is unable to use their e-token credit in another residence where they might be staying. The use of a voucher or pre-loaded card system may allow these members in these situations to use the credit at another location for a period of time.

Using lump sums, cards or vouchers would decrease the administrative burden for the Department. However, consideration also should be given to vulnerable members of the Scheme who might not have the ability or understanding to appropriately manage such a system.

Recommendations:

- **Abolish the current manual processing of electricity tokens**
- **Consider introducing an alternative system, with safeguards, which permits the member to purchase tokens or obtain e-credit for their electricity needs**

Travel and prescription spectacle concessions

The travel and spectacles concessions are claimed through specific suppliers. Travel agents and optometrists provide the service or product and submit claims directly to the Department on behalf of a member.

Travel agents and optometrists must confirm the eligibility of the member with the Department. This is an inefficient manual process involving phone calls and emails to and from the Department.

There have also been significant invoicing issues reported with delays in providers sending invoices to the Department for processing.

The process is also open to profiteering and fraud. The design of the current Scheme has allowed it to be open to fraudulent behaviour of which 10 cases have already been identified. It is important that in any future considerations of the Scheme it is designed to reduce the risk of fraudulent behaviour. Part of rectifying this fraudulent behaviour would be to allow members to access their concession through a pre-loaded voucher card. In allowing members to have a choice in the retailers (i.e. travel agents) they spend the concession, this creates natural competition. This benefits members as retailers may be forced to offer better deals to compete for their purchasing power.

As mentioned previously the concession arrangements are not the most cost effective method for Government as suppliers have no real incentive to operate in a competitive environment.

The spectacles concession process also includes a very large administrative burden and a significant amount of time is required to check, reconcile and often query supplier invoices.

Outsourcing the administration of the spectacle concession program is currently undertaken in NSW. Vision Australia is the provider of the NSW Spectacles Program. Under Vision Australia's administration, improvements have been made to the Scheme with a new online application and assessment process. Vision Australia have attempted to streamline the application process and product delivery for optometrists, as well as reduce waiting times for the delivery of spectacles. This could be a viable option for the NT Government to consider. One of the key considerations is ensuring that the spectacle program is available to members in urban, regional and remote areas.

For concessions that are not already part of an automated system (e.g. Motor Vehicle Registry, Power and Water Corporation) the Government could consider providing these concessions through a voucher or pre-loaded card system. Like cards that can be purchased through different retailers (e.g. retail store gift cards) the voucher or card would provide a more flexible option for those on the Scheme and reduce administration costs.

This type of pre-loaded card voucher could be provided to members with a set amount to be used at specific suppliers to cover optical, travel or other concessions that are currently not efficiently distributed. This would enable fraud prevention as it would be possible to track the concession and cancelled the card to ensure that the concession is in the appropriate member's hands.

Recommendations:

Options for improving the travel and spectacles concession include:

- **Consider the introduction of a voucher or alternative payment system to allow members to undertake travel within the policy guidelines i.e.**
 - **providing members with a voucher or pre-loaded card which enables them to claim through approved providers**
 - **or, only reimbursing members following the submission of a tax invoice/receipt and directly debiting the concession into a member nominated bank account**

Information systems used to administer the scheme and the extent to which they might require reform to efficiently administer a new Scheme

The NTPCCS application provides basic functionality to calculate concession amounts and provides a historical record of client details and concession payments (including third-party payments). There are approximately 24,612 clients recorded within the NTPCCS system.

The system interfaces with Centrelink to validate client information on a periodic basis. There are also a number of other data sources that are used to manually validate client information on a periodic basis (e.g. Births, Deaths and Marriages). Electronic records and supporting documentation are stored separately in an Electronic Records Management system. The NTPCCS application provides a regular register of concession holder details to service providers (e.g. Jacana Energy) for validation purposes. Management reporting is available from Crystal Reports within the NTPCCS application. It is understood that historical reports are also available from the NT Health data warehouse.

Client and service provider payments are processed through the Government Accounts System (GAS) and disbursed directly to client and service provider accounts. A separate process is used for credit card payment to travel service providers. Electronic payments are reconciled back to the NTPCCS system on a daily basis.

There are a number of spreadsheets used in addition to the NTPCCS application for tracking third party interactions and daily processes (e.g. incoming invoice register). One of the more complex and high risk spreadsheets is used to track power token payments for a large number of clients.

The NTPCCS application which is used by approximately 15 users is accessed via a web browser based on role based permissions (using active directory). The application was developed in .NET and has a SQL server database. Supporting infrastructure currently resides on servers in NT Health. Application support is provided by Dialog, a technology services organisation, who are responsible for user administration, maintenance (bug/fixes) and enhancements in accordance with a support agreement. It is understood that the application and supporting technology infrastructure is governed in accordance with NT Health IT policies and procedures. There have been no technology security reviews or audits conducted over the PCS environment.

The following key challenges were observed with the NTPCCS system:

- a) **Opportunity to streamline processes:** The current processes are highly manual and require recording of information in NTPCCS and multiple spreadsheets which increases the likelihood of error. Some examples of highly manual processes include:
- Travel agent are currently paid by a separate payment processes using credit cards
 - There are a number of manual concession calculations that are not able to be performed directly in the PCS application
 - Manual process involved with council rate reimbursement and distribution of electricity token (and credits) to clients
 - Duplicate recording of client details in NTPCCS and GAS financial system

- b) **Reporting and analytics:** There are some limitations with the ability to easily access client and concession information to support ad hoc and formal reporting requirements. There is currently limited capability to use analytics to understanding trends and patterns to support policy and planning decisions.

Recommendations:

- **Review systems' ability to deliver current and future business requirements**
- **Perform a detailed review of concession process from a 'client perspective' to identify opportunities to streamline systems and processes**
- **Confirm business needs (both mandatory and desirable) and future possibilities, identify key gaps and required remediation (upgrade and/or replacement). Based on this high level review, some options may include:**
 - **Replace Excel spreadsheets with an enterprise application and database (e.g. CRM system)**
 - **Develop enhanced interfaces between systems**
 - **Potential use of robotic process automation to streamline manual processes and deliver routine activities**
 - **Establish enhanced controls to validate source data against a third party source (e.g. to confirm client entitlements prior to paying a utility provider) which could reduce opportunities for fraud**
 - **Create a portal with clients and vendors to enable information sharing in relation to eligibility and reimbursements**
 - **There is opportunity to develop enhanced data analytics to assist with the identification of risk and proactive detection of unusual payments. Contemporary data analysis techniques and visualisation tools can be used to deliver results that dynamically reduce risk and provide deep business insights with respect to concession payments**
- **Investigate a solution upgrade or replacement that has strategic alignment with the NT Government priorities**



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