



LEGISLATIVE ASSEMBLY OF THE NORTHERN TERRITORY

12th Assembly

Committee on the Northern Territory's Energy Future

Private Hearing Transcript

11.45 am – 12.15 pm, Friday, 27 March 2015

Litchfield Room, Level 3, Parliament House

Hon Gary Higgins, MLA, Chair, Member for Daly

Mr Gerry Wood, MLA, Deputy Chair, Member for Nelson

Members: Mr Francis Kurrupuwu, MLA, Member for Arafura

Mr Gerry McCarthy, MLA, Member for Barkly

Ms Nicole Manison, MLA, Member for Wanguri

Apologies: Mr Matthew Conlan, MLA, Member for Greathorn

Department of Health

Allison Grierson: Acting Executive Director Funding Performance and Contracts

Witnesses: Nicholas Mavros: Manager Grants Administration Unit and NT Pensioner & Carer Concession Scheme

Mr CHAIR: On behalf of the committee I welcome everyone to this public hearing on electricity pricing options. I welcome to the table to give evidence to the committee from the Department of Health Allison Grierson, Acting Executive Director Funding Performance and Contracts, and Nicholas Mavros, Manager Grants Administration Unit and NT Pensioner and Carer Concession Scheme. Thank you for coming before the committee. We appreciate you taking the time to speak to the committee and look forward to hearing from you today.

This is a formal proceeding of the committee and the protection of parliamentary privilege and the obligations not to mislead the committee apply. This is a public hearing and is being webcast throughout the Assembly's website. A transcript will be made for use of the committee and may be put on the committee's website. If, at any time during the hearing, you are concerned that what you will say should not be made public you may ask the committee to go into a closed session and take your evidence in private.

I ask each witness to state their name for the record and the capacity in which they appear. I will then ask you to make a brief opening statement before proceeding to the committee's questions. Please each state your name and the capacity in which you appear.

Ms GRIERSON: Allison Grierson, Acting Executive Director Funding Performance and Contracts.

Mr MAVROS: Nicholas Mavros, Manager, Grants and Administration Unit and the NT Pensioner and Carer Concession Scheme.

Mr CHAIR: Would either of you like to make an opening statement?

Ms GRIERSON: Yes, thank you. The Pensioner and Carer Concession Scheme is administered by the Department of Health. It was originally established in 1979 and the objective at that time was to provide an incentive for senior citizens of the Territory to remain in the Northern Territory during their retirement. At its establishment it was based on aged-based criteria, and since then there have been various changes to the eligibility criteria.

In 2006 the scheme was extended to carers allowance under the Commonwealth benefits scheme, and in 2014 eligibility was broadened to include those who meet Commonwealth eligibility criteria. That includes the Department of Human Services pensioner concession card, Healthcare card for low income, Commonwealth senior health card and Department of Veterans Affairs gold repatriation health card, repatriation pharmaceuticals benefit card, the orange card, the DVA pension card, the blue card and the DVA Commonwealth seniors health card. There are some allowances which are not covered under that scheme under eligibility which include bereavement allowance, family tax benefit, widow allowance, partner allowance, study allowance and a few other allowances.

The scheme for concession of electricity is administered by the Department of Health and we work very closely with Power and Water. Power and Water review the concession algorithm annually and it is revised based on an average usage.

Going back to the eligibility criteria, the Pensioner concession card also covers the disability support pension. With the change in the eligibility criteria, the number of vulnerable people who were eligible was broadened to those below the age of 60 and captures the proportion of people who may have medical conditions which would impact on their power usage.

The way the electricity concession is administered - there are two mechanisms. One is via credit meters where a concession is applied to an eligible member's invoice, and the other is

by prepaid meters administered by the token scheme. The majority of prepaid meters are in remote areas, but there are also prepaid meters in urban areas.

The concession algorithm has a fixed and a variable component. The concession amount for eligible members is quite comparable to other jurisdictions, and generally in the Northern Territory is significantly higher than that available in other jurisdictions. We are forecasting expenditure on electricity concession will be \$11m to \$12m this financial year. Last year I believe it was \$12m.

Mr WOOD: You said in the first part of your statement that it was also designed to encourage people to stay in the Northern Territory. Does that part of the philosophy still hold?

Ms GRIERSON: That is still part of the philosophy. The main objectives are to keep retired people in the Northern Territory, to assist all pensioners generally and certain categories of other low-income earners and carers who are in receipt of the Commonwealth Carer allowance from Centrelink, with the cost of living in the Northern Territory.

Mr WOOD: The government made some changes last year. Did that affect the concession?

Ms GRIERSON: Correct. In May last year the eligibility criteria was broadened to include the category of low-income earners and carers in receipt of the Commonwealth Carer allowance from Centrelink. It broadened the criteria so it was not just aged based.

Mr WOOD: What I was getting at is they reduced the concessions for people - women over 60 and men over 65 - for the travel allowance. Here were some other benefits?

Ms MANISON: It effectively put an income means test on it, did it not?

Ms GRIERSON: Yes, the criteria required them to have those Commonwealth concession cards, then apply to the Northern Territory scheme. Correct.

Mr WOOD: But before that you did not have to have an income ...

Ms GRIERSON: Correct, Before that it was only age factor ...

Mr WOOD: So those people are still there.

Ms GRIERSON: The people who were on the scheme at the point when it was changed remain on the scheme, but any new applicants' assessment for eligibility is based on the new criteria which is not just age related.

Mr CHAIR: What about people, say a woman over 60, who was entitled to the concession without any of that other? What if they had not applied for it and now apply? Do they have to ...

Ms GRIERSON: If they were on the scheme, they remain in receipt of the benefit. If they apply for the scheme now they are not eligible based on age alone.

Mr CHAIR: It is not just the fact that they were over 60 at the time, for the women, it is whether they had applied? If someone had not applied, if you turned 60 the day before, on the day it was introduced you cannot apply, even though you were – do we think that is fair?

Ms GRIERSON: There was a change in the eligibility criteria for government. I suppose there is a point in time where you have to apply that new policy approach. People could be in a situation where they miss the cut-off by a point in time.

Mr CHAIR: My understanding was if you were over 60 you were entitled to it. It is new to me that you had to have applied for it.

Ms MANISON: Is this the right way of looking at it? In May last year - was it last year or the year before?

Ms GRIERSON: May.

Ms MANISON: May last year from the date that was set by the government effectively. Any new applicants from that May date onwards would have to meet income eligibility criteria, where previously the only eligibility criteria was if you were a female and 60 years old, or if you were a male and 65 years old, you would automatically get it in the Northern Territory. Whilst now you still need to be a female 60 years old or a male 65 years old, and you have to meet these income criteria? Is that correct?

Mr MAVROS: I am probably the best to clarify that because I managed administration of the scheme. The decision that was made by government at the time said that applications that were received on or after 14 May would be assessed under the new eligibility arrangements. Any other applications that were received prior to that date would be assessed under the previous eligibility arrangements. In essence, to try to simplify - and this is the way I explain to constituents who ring up - our scheme is now governed by the eligibility criteria of obtaining a Commonwealth concession card. That is fundamentally the process.

Mr McCARTHY: The way I interpret that, when the policy changed it more leans to the lower socioeconomic demographic. From where I live that points to the regional, remote areas.

Mr MAVROS: Sure.

Mr McCARTHY: Yet in the budget predictions there is not going to be much of a change. If the bush - I will broaden to that definition - start to make application under this scheme, we should see a considerable increase in numbers. This is in theory. Have you done any analysis around that, or are you factoring in that there could be an increase in applicants for this concession scheme?

Mr MAVROS: Undertaking an analysis of that from our portfolio would be challenging. That is more of an economic analysis we would most likely require through Treasury. We are talking about population numbers and people assuming leaving the Territory. That is really difficult to try to put a figure on.

Mr McCARTHY: From a local member's perspective, I know there is not a lot of people aware of this in the bush. There is not a lot of people who have applied for it. We could see a considerable shift in liability of the scheme should I run around and make the applications, for instance, on behalf of the person. That is something I am interested in because education and awareness - now with the change in policy. With the new National Disability Insurance Scheme, have you guys been in communication with that trial in the Barkly and how it will relate to the concession scheme?

Ms GRIERSON: I have not had direct involvement in that, but people who are on that disability support benefit are eligible for the concession. I think that is quite broadly known. The Department of Health offers other disability support in regard to things like oxygen

concentrators, wheelchairs and disability aids, and I think eligibility for the pension concession is also promoted in that scope.

Mr WOOD: Promotion of pensioner concessions out bush - is there any active promotion, say on the Tiwi Islands, at Alpururulam or wherever, telling people they could get a concession?

Ms GRIERSON: To date I do not think there has been any active promotion per se, but I think there is a high level of awareness of the eligibility criteria. For instance, in the bush there is the token scheme. People are well aware of the token system and prepaid meters, and my understanding is there was a broad awareness of the concession scheme.

Mr MAVROS: We have also found people who access the health clinics also receive that information.

Mr WOOD: You use the health clinics to get that sort of information out?

Mr MAVROS: Sure, and through primary healthcare as well. We try, as best as possible, to communicate where we can. In relation to the eligibility changes, for example, we put advertisements in the newspaper and so forth to let people know that changes were being made.

Mr McCARTHY: For prepaid meters, the principal tenant would have to make the application, yes? Is that so you would directly deal with the Department of Housing on the eligibility of that person to claim the concession?

Mr MAVROS: No, we deal directly with the member. To put it in context for you, when a person applies to the scheme they nominate their residential address and they would stipulate whether they are on a credit meter or a prepaid token meter, and on that basis we will update our records to have them on our system to receive tokens.

Mr McCARTHY: They would receive the power card?

Mr MAVROS: Correct.

Mr McCARTHY: There is no change to the meter?

Mr MAVROS: Let us say you were applying to the scheme ...

Mr McCARTHY: Yes.

Mr MAVROS: ... and you nominated on your application form that you had a prepaid meter and had tokens, whether wide or narrow, then you are on our list. We do a mail out twice a year and send you tokens as part of your benefit associated with the scheme for you to utilise.

Mr McCARTHY: Okay. Thank you for clarifying that.

Mr KURRUPUWU: To my knowledge many people purchase power meters through one of the organisations and the concessions collect power meter in the mail.

Mr MAVROS: Yes. We send our tokens out by registered mail to try to – obviously we have to rely on people making sure they keep their records updated. Our token list is sent out to the nominated postal address that the member has declared on their application.

Mr WOOD: How do you work out how many tokens, or is it just a flat amount per person?

Mr MAVROS: The token rate - there is a set amount of \$1140 a year and we send it out in two instalments so we can assist people in managing their expenditure towards tokens.

Mr CHAIR: How is that amount calculated?

Mr MAVROS: That is calculated in conjunction with Power and Water.

Mr McCARTHY: Can I clarify something?

Mr MAVROS: Sure.

Mr McCARTHY: The total amount is \$1100?

Mr MAVROS: \$1140.

Mr McCARTHY: \$1140?

Mr MAVROS: Yes, for prepaid tokens.

Mr McCARTHY: Paid in two instalments?

Mr MAVROS: Correct.

Mr McCARTHY: I assume you are getting around \$500 ...

Mr MAVROS: \$570 per instalment, correct.

Mr McCARTHY: ... worth of electricity in a token, in the mail?

Mr MAVROS: Yes, in the mail. That is correct.

Mr McCARTHY: In one power card?

Mr MAVROS: The tokens come in either wide or narrow tokens which is dependent on the meter they have, which was governed through Power and Water. On the application a member lets us know what type of token meter they have – the meter that accepts either the narrow tokens or wide tokens. I am not sure of the technical component of why that is the case, but that is how it has been set up.

Mr McCARTHY: But the value of them?

Mr MAVROS: The value is \$570. There is no one token, if that is what you are asking, that says this is \$570. It is like cash. You get them for \$50 ...

Mr McCARTHY: So there would be a letter with multiple tokens in that letter?

Mr MAVROS: Correct.

Mr McCARTHY: Posted to the eligible senior or ...

Mr MAVROS: Correct, through registered mail. Through to the member.

Mr McCARTHY: How many are you managing at the moment? Do you know? A ballpark figure. How many clients would you be managing like that at the moment across the Territory?

Mr MAVROS: I am not sure of the clients because it varies. It is fairly significant.

Mr McCARTHY: Thousands?

Mr MAVROS: Yes, I would say so. We can take it on notice and get the exact figures for you, if you like. I would say that would not be unreasonable to say thousands.

Mr CHAIR: They go out registered mail, so I presume you are waiting on a signature to say they received them?

Mr MAVROS: Yes.

Mr CHAIR: Have you ever looked at how a private mail bag works with registered mail to these communities?

Mr MAVROS: We have in some cases. I undertook the management of the scheme from 01 July 2013, and that was an ongoing process we undertook that was successful. We had no complaints or feedback from people that this was not an appropriate process.

Mr CHAIR: What happens - I will let you know - is the Postmaster fellow at Winnellie signs for the registered mail. If we are using the basis that someone signs for the registered mail, we are probably wasting money because it is the Postmaster who signs for it before it leaves Winnellie. I would be having a close look at that one.

The other thing I have noticed is if you go on to your Internet site and try to find the concessions for electricity, it is near impossible unless you know it comes up under Pensioner and Carer Concession Scheme. That is something that ...

Ms GRIERSON: Thank you for that feedback. We now have a button on the front page of the Internet for concessions because it was seemingly difficult to find.

Mr WOOD: On the question of tokens, if you send \$570 worth of tokens - and say they are \$50, that is 11 tokens. I suppose my concern would be people would know that someone has just received 11 tokens and would say to the person who needs the concession, 'You have a token eh?' That is the difficulty I see in sending out a bundle of tokens. I know it is probably convenient but I do not know if there has been any feedback. I suppose you have no control over that. I did not know whether that might be an issue.

Mr MAVROS: From a commonsense point of view that is an issue, but how else are you going to do it

Mr WOOD: That is right.

Mr CHAIR: Okay. I gather from when you started to talk we were talking about policy. What is the department's role in the development of policy and advice to government regarding the level and type of concessions available?

Ms GRIERSON: The policy change was made by government in May last year. We would periodically review the policy and put any proposed changes to government. That would be

in conjunction, obviously, with our key stakeholders – in the case of electricity Power and Water, Treasury, various community advisory groups – about people's needs and requirements around the scheme.

Mr CHAIR: So you do provide that policy input? Is that what you are saying?

Ms GRIERSON: Yes, it is the Department of Health's role to lead that, but with input from those other stakeholders.

Mr CHAIR: The concession is a rebate of \$1.268 each day and \$0.91 per kilowatt used. How are they determined? I received an answer before which was in conjunction with Power and Water, but that is not the answer I want.

Ms GRIERSON: There is a fixed component and a variable component. Power and Water review the rates each year, and it is a complex algorithm based on the average consumption of the previous year. For instance, the most recent change was based on an average of creditor meters of a 6000 kW hour average, but for remote I think was 7400 kW odd hours. The token recipients have a higher average use because the people on credit meters have an uncapped rate based on their usage.

Mr CHAIR: The 1100 is based on an average usage of people in the preceding period?

Ms GRIERSON: Correct.

Mr CHAIR: When we look at that concession - I know we are saying we have that and we give a rebate and use some algorithm - is there any input from organisations like COTA? No? Do they get a say in it?

Ms GRIERSON: I did not have any direct involvement in the previous policy change, but if we were putting up a policy change in any portfolio for government we would generally include input from the various stakeholder groups. If we are reviewing this in the future yes, we would involve organisations like COTA. I think there is a ministerial advisory council for Senior Territorians and other stakeholders that we would need to consult with.

Mr McCARTHY: Can I put in a request around the number of people on the system receiving the tokens? Jacana Energy this morning said the majority of its customers on prepaid meters are in Katherine. When we look at those numbers, could we get a breakdown of the geographic areas?

Mr MAVROS: Sure.

Mr McCARTHY: I am coming from the position that I do not think there are many eligible people in the bush applying for this concession. I am interested in that, and government definitely needs to be interested in that. The numbers will be helpful in policy development, but also those geographic breakdowns to find - for instance, I am interested in Tennant Creek and then we can go further into the bush. It would be really helpful to analyse the scheme.

Mr WOOD: Would you be able to include some of the local communities in the Darwin region because I have Knuckey Lagoon and the 15 Mile? I would be interested to see how they pay and whether they get concessions.

Mr MAVROS: How about I provide this committee with a list of the tokens we currently provide? Would that be beneficial?

Mr WOOD: That would be good.

Mr McCARTHY: I am not interested in names.

Mr MAVROS: Sure, and I will not be able to give you names.

Mr CHAIR: The committee notes medical cooling and life support electricity concessions are also available elsewhere in Australia and not generally restricted to concession cardholders. Has any consideration been given to the introduction of medical cooling or life support concessions in the NT?

Ms GRIERSON: Yes, we have. Where other jurisdictions might have a particular category for medical cooling their eligibility criteria are generally narrower. With our eligibility criteria that include Commonwealth cardholders, we generally include those people who required electricity use for medical conditions. Broadly, we think by that eligibility criteria we have captured people using oxygen concentrators, might be on home dialysis etcetera. Power and Water also have a list of people who would be vulnerable with a power outage. I think it is about 250 people. When there is a power outage they advise the Department of Health and the Department of Health disaster response liaises with Power and Water around what priority regions - where there are vulnerable people to prioritise the reconnection of power.

Mr MAVROS: I would also like to add there is no consumption cap on the usage so the benefits the Territory provides are far more significant than any other jurisdiction in that respect.

Mr CHAIR: Yes, you are probably right. I go back to the comment about the Internet site, that is, even referring to it as a pensioner. There are many people covered by that who would not deem themselves as being pensioners. I would have liked to have seen on the Internet electricity concessions because many people come into my office asking, and they do not say pensioner concession, they say electricity. It is something that is very high on their radar and that would be probably be beneficial.

Any other questions? Right.

This came up when we had COTA here. The committee has heard that the pensioner electricity concession scheme is open to abuse - for example, families transferring electricity accounts into the name of an eligible seniors who may or may not be living with them, I suppose. The committee notes that in Queensland and South Australia pensioner electricity concessions are not payable where the applicant shares the premises with persons other than their spouse or dependents who pay rent or earn more than \$3000. Is the department aware of any instances where the pensioner electricity scheme is being abused? Have we looked at anything to tighten that up?

Ms GRIERSON: We have a process around establishing people's eligibility and their place of residence or property ownership, which I will get Nick to go into. We are not aware of any specific cases of rorting. The scheme is designed to assist those people in need. Any scheme may be open to opportunism where it is not used for its intended purpose. We have some controls in place where we try to mitigate that.

Mr MAVROS: Our checks and balances occur when we receive an application. We also have access to NT Lands Information System, where we upload the member's I-list number if they are a property owner. That confirms for us their residency and where they live as a

mechanism. Also the interface between Power and Water and our system also checks addresses as well. If there is a mismatch, then it is picked up there as well.

Mr CHAIR: So COTA really has not been making these claims at all? No?

Mr MAVROS: Not that we are aware of. The department attended the ministerial advisory committee meeting and that was the first time I heard of it when it was raised then. My understanding of it was that the committee was going to work with Department of Chief Ministers to put up a paper and proposals on what they thought would be appropriate based on their constituents.

Mr McCARTHY: A Land Information Search would give you the owner of the property. You would cross-check them with the applicant?

Mr MAVROS: Sure.

Mr McCARTHY: In rental properties there would not be that level of accountability, would there?

Mr MAVROS: It is based on the application really.

Ms GRIERSON: Is there not the registered address for the concession card holder?

Mr MAVROS: There is. It is based on the registered address and the evidence they provide us upon application.

Mr McCARTHY: The only alarms that would go off would be where the account was in the name of X and there was an application to change it to Y. Would you investigate that?

Mr MAVROS: Sure. Yes, you would definitely need evidence of the change in address. There is a change of address process, but that is under any normal government process anyway. We would require evidence of where your primary residence is in that case.

Mr McCARTHY: In the remote areas it would be almost impossible. Well, not impossible, but it would be very difficult to use those systems. Consequently, the majority of the clients are on tokens. Is that why the system seems to be more flexible for those clients on tokens?

Mr MAVROS: I am not sure to be honest. It is more an entitlement. It all depends on the circumstances of the person. For example, we have issues where credit meters cannot be installed in rural areas so they have to go on a token meter. There are also circumstances beyond their control and our control based on infrastructure. That is challenging as well. We try to do our best to link in with all government systems to validate where we can.

Mr McCARTHY: I think it is an important comment that the scheme is based on entitlement. I am talking once again about regional and remote areas.

Mr MAVROS: Yes.

Mr McCARTHY: That is a criterion.

Mr MAVROS: The benefits of the scheme are generous.

Mr McCARTHY: Yes.

Mr CHAIR: Thank you for that.

Mr MAVROS: Thank you.

Mr CHAIR: We appreciate you making the time available.

Mr MAVROS: No problem.

Ms GRIERSON: Thank you.