

Hon Tom Koutsantonis MP

Treasurer

Monday, 12 December 2016

State Government concessions to be indexed for the first time

The Mid Year Budget Review includes \$14.5 million over the forward estimates for the annual indexation of utility-related concessions.

Annual indexation of concessions by CPI, effective from 1 July 2017, is expected to result in a total increase to annual concession payments of up to about \$54 for eligible households by 2019-20.

The indexing of utility-related concessions has been called for by community groups, including SACOSS. The measure represents the first time concessions have been indexed in South Australia.

The State Government has committed to working with SACOSS on further cost-of-living measures in the lead up to next year's State Budget.

The following concessions will be indexed:

- Energy concession
- Cost of Living Concession
- Water concession
- Sewerage concession
- Medical Heating and Cooling concession

Estimated annual increase in maximum concession for eligible pensioner

	2016-17	2017-18	2018-19	2019-20
Energy concession		\$4.30	\$4.39	\$5.59
Water concession		\$5.90	\$6.02	\$ 7.67
Sewerage concession		\$2.20	\$2.24	\$2.86
Cost of Living Concession		\$4.00	\$4.08	\$5.20
Total annual increase	\$ -	\$16.40	16.73	\$21.33

Background

The indexing of concessions follows the introduction last year of the State Government Cost of Living Concession, which is available to more than 200,000 South Australian pensioners, retirees and low income earners.

The Cost of Living Concession provides \$200 each year to eligible homeowners and \$100 each year to eligible renters.

The Energy Concession was increased by \$50 in 2014-15, while the Water Concession was increased by \$30 in 2013-14.

The State Government spends around \$270 million per annum on a range of concessions for eligible South Australians on low or fixed incomes. These concessions include utility-related concessions as well as concessions for public transport, motor vehicle registration and drivers' licences.

This year's MYBR measures follow a 2015-16 State Budget that delivered:

- \$500 million for schools to prepare our kids for jobs of tomorrow
- Job Creation Grants of up to \$10,000 for small businesses
- \$13.7 million invested in defence industry
- Increased investment in SA's public health system
- \$12 billion in infrastructure investment to create jobs

Quotes attributable to Treasurer Tom Koutsantonis

I am pleased to support calls from SACOSS to index these concessions and ensure that our support for pensioners, retirees and families living on low incomes keeps pace with increases to CPI. While we have seen prices of household water and gas come down in recent months, there is no doubt that South Australians are feeling cost-of-living pressures, particularly those on fixed incomes.

Cost-of-living pressures are felt hardest by pensioners and families living on low incomes.

Last year we introduced a new Cost of Living Concession of up to \$200 each year, which is available to over 200,000 South Australians.

Indexing the Cost of Living, Energy, Water and Sewerage concessions to ensure they increase each year in line with CPI is another way we can ease pressures on these South Australians.

This measure will mean additional relief of up to about \$54 each year by 2019-20, and I look forward to working with SACOSS on further measures to ease cost-of-living as we head towards next year's budget.

Quotes attributable to Communities and Social Inclusion Minister Zoe Bettison

The State Government provides a range of concessions to support low income South Australians with their living costs.

We stepped in to support South Australians when the Federal Government cut the council rate rebate, expanding the new Cost of Living Concession to also apply to people who are renting.

I welcome the decision to index these concessions as it will put more money in the hands of some of the most vulnerable people in our State.

Quotes attributable to SACOSS Executive Director Ross Womersley

I am delighted that the State Government has moved to introduce indexation on concessions.

This is something that we have argued should be implemented for many years and will avoid the constant demand for needing to top up the concessions as they fall behind real price increases.

We know that many members of the community are struggling at this point in time and we also know that price increases, particularly in relation to electricity, have outstripped income growth. This measure will help many families offset those increases over time.

SACOSS looks forward to continuing discussions with the State Government about the concession regime and in particular looks forward to creating the opportunity to transition the energy concession to a percentage based framework.