

# Missing out

## Unclaimed government assistance and concession benefits

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## Summary

Did you know that in the unfortunate event of your partner's death, you might qualify for a bereavement allowance to assist you through the difficult time? Or, if you provide daily care to someone with 'substantial functional impairment', you might qualify for the standard allowance paid to carers?

To ensure a level of social equity, or social inclusion to give it its current terminology, the government offers a range of assistance payments and concession benefits to help people who experience significant life-changing events or difficult circumstances to participate in society. But its effort to inform people about this assistance does not support its objective and, as a result, people are missing out on possible entitlements. In fact, the government has previously reported that 1.3 million Australians are excluded from assistance that is intended to help them make their way in the world.

An analysis of just four Centrelink payments, the Parenting Payment, the Carer Allowance, the Disability Support Pension and the Bereavement Allowance, revealed that in 2008, more than 168,000 Australians missed out on government assistance estimated to be worth \$623.8 million.

Research shows that people are excluded because of:

- a lack of awareness about available assistance
- the complexity of claim forms and procedures
- the stigma perceived to be attached to claiming assistance payments and concession benefits.

From the perspective of the government it is the responsibility of each individual, who might be eligible for assistance, to make a claim for it. Centrelink is quite clear on this point, placing the emphasis on claiming rather than on receiving assistance by stating:

It is your responsibility to decide if you wish to apply for a payment and to make the application, having regard to your particular circumstances.<sup>1</sup>

Finding out about the availability of entitlements and understanding the complexity of long forms and eligibility criteria can present hurdles to the very people who have the most to gain from assistance and broader social participation. Thus, more needs to be done to raise the public's awareness of and simplify its access to the help that government offers.

The stigma felt by many concession-card holders has also been found to dissuade those with the most to gain from accessing support. Fourteen per cent of low-income households reported that they deliberately do not use their concession card and 26 per cent of card holders reported that they 'don't like' to use their card or are 'embarrassed' to use it. This is a second area the government needs to address as part of its social inclusion policy platform.

Overseas, means testing is widely cited as a factor in people choosing not to claim government assistance. The theory is that when the time and effort required to learn about and apply for assistance is greater than the perceived value of the assistance that might result, especially as applicants approach the cut-off point for payment, people just prefer not to bother. However, this

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<sup>1</sup> Centrelink. *A guide to Australian Government payments: 1 July–19 September 2008*, [report] on behalf of the Department of Families, Housing, Community Services and Indigenous Affairs and the Department of Education, Employment and Workplace Relations, Canberra, p.24.

report finds that means testing, widely used in Australia, is not a significant deterrent although many people well within the permitted income and asset ranges still miss out.

We regularly hear in the media about the scourge of welfare fraud, but we seldom hear about what the government is doing to find those people who do not receive the assistance for which they are eligible. And while the Australian Taxation Office (ATO) is obliged to pursue people for minor amounts of unpaid tax, there is no obligation for Centrelink to ensure that Australians are accessing the assistance to which they are entitled. If the government is to realise its social inclusion agenda and if society is to be confident that those most in need of support are receiving it, it is essential that available assistance and concession benefits reach the people for whom they are intended.

This report outlines three policy options available to government to ensure that those in need are not neglected and it explores the ways existing tools and frameworks might be applied to reduce the numbers of people who are currently being excluded.

1. A simplification of benefits targeting those processes that are causing people to miss out.
2. An extension of existing data-matching procedures to identify people who qualify for assistance but are not receiving it and to notify them of their potential entitlement.
3. The establishment of an Entitlements Commission to ensure that marginalised members of society are not further marginalised by being excluded from the welfare for which they are eligible.

## Why are people missing out on government assistance?

Millions of Australians are not receiving the support promised them by successive governments, which have done little, if anything, to fix the problem and the social inequity it produces. In 2004, the Australian Government reported that approximately 1.3 million qualified Australians were missing out on some form of government support.<sup>2</sup>

Despite this recognition of underpayment, in the six years since the estimate was published there have been no significant policies implemented, or even announced, to find the people who are not receiving the payments and services to which they are entitled. Before this issue can be satisfactorily addressed, however, it is practical to derive an understanding of the reasons why one in twenty Australians are missing out on the support the government has allocated for them.

Missing out on support is not unique to Australia. In New Zealand, less than a third of eligible recipients were reported to be actually receiving their entitlements.<sup>3</sup> The Organisation for Economic Co-operation and Development (OECD) has estimated that the number of people in member countries who fail to receive the welfare assistance to which they are entitled is anywhere between 40 and 80 per cent.<sup>4</sup>

Each year, the Department of Families, Housing, Community Services and Indigenous Affairs (FaHCSIA) records and publishes how much money is paid through Centrelink. There is, however, no equivalent report estimating how many people are missing out, figures the UK Government publishes annually.<sup>5</sup> It will be necessary for the Australian Government to create a similar resource if it is to develop informed policy that successfully delivers the assistance and benefits it offers.

The language used by Centrelink to describe government assistance itself highlights the issue of unpaid welfare and concession card benefits. Centrelink uses the term 'eligibility for support' rather than 'entitlement to support', implying that government assistance is something people could be receiving rather than what they should be receiving. Instead of being incumbent upon the government to ensure that everyone deemed eligible receives support, the term used by Centrelink makes it clear that support is conditional upon each person finding out about its availability and how to access it.

The *Social Security Act 1991*, however, uses the terms 'qualifying' and 'payable'. An individual's circumstance determines whether they 'qualify' for support, and income and assets tests determine whether they are under the cut-off for 'payability'. This language does not rule out a role for the government in ensuring that people who qualify receive the assistance that is payable. The term 'entitled' will be used in this report to describe people who both qualify and are payable a Centrelink payment or concession card.

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<sup>2</sup> D Johnson and R. Scutella, *Understanding and improving data quality relating to low-income households*, Policy Research Paper No.24, Department of Family and Community Services, Canberra, October 2004, p.68.

<sup>3</sup> Beneficiary Advocacy Federation of New Zealand Inc (2008). *The Unravelling of the Welfare Safety Net: a brief history of the changes to New Zealand's social welfare benefit system from the 1991 benefit cuts to the proposed single core benefit*, a report prepared for Caritas Aotearoa New Zealand, Wellington, p.19.

<sup>4</sup> V Hernanz, F Malherbet and M Pellizzari, *Take-up of welfare benefits in OECD countries: a review of the evidence*, Organisation for Economic Co-operation and Development, Paris, March 2004, p.4.

<sup>5</sup> Department for Work and Pensions, *Income Related Benefits: Estimates of Take-Up in 2007–08*, London, 2009.

There are a variety of reasons why people who are entitled to government support do not claim a payment or use their concession card. Three key reasons are:

- a lack of awareness about the assistance provided by Centrelink
- the complexity of the criteria and application process necessary to claim assistance
- a reluctance to claim due to the perceived stigma.

The part played by means testing in determining the payability of government assistance and concession benefits is inherent in each of these reasons, which are examined in the following sections.

## Awareness

People cannot begin the process of lodging a claim with Centrelink until they become aware of the assistance that is available; but the government is clear on the intention of its policy, which is that each individual bears the responsibility for making an application. Centrelink information includes the statement that:

It is your responsibility to decide if you wish to apply for a payment and to make the application, having regard to your particular circumstances.<sup>6</sup>

Factors that can inform awareness include:

- literacy levels, and English as a second language
- level of education
- awareness levels within social networks
- support in lodging a claim.

The government knows that awareness is an issue in the ability of applicants to access welfare assistance, including payments from Centrelink. A report from FaHCSIA, *Getting what we need: Families' experiences of services*, stated that 'the most common access barrier identified by parents was that they did not know what [assistance] was available or how to find out what was available'.<sup>7</sup>

The support of family and friends has also been linked with the likelihood of an applicant's receipt of a payment and there is a further link between previous engagement with Centrelink and awareness levels.<sup>8</sup> Centrelink's customer charter includes a commitment to explain to customers the options available to them when they contact the organisation.<sup>9</sup>

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<sup>6</sup> Centrelink, *A guide to Australian Government payments*, p.24.

<sup>7</sup> FaHCSIA, *Getting what we need: Families' experiences of services*, Canberra, September 2009. Available at: [http://www.fahcsia.gov.au/sa/families/pubs/families\\_experiences/Pages/parentsexperiencesofservices.aspx](http://www.fahcsia.gov.au/sa/families/pubs/families_experiences/Pages/parentsexperiencesofservices.aspx) (accessed 20 May 2010).

<sup>8</sup> FaHCSIA, *A report on the payment review experiences of Carer Payment and Carer Allowance recipients*, Canberra, July 2008, p.11.

<sup>9</sup> Centrelink, *What you can expect from Centrelink: Centrelink's Customer Service Charter*, Canberra, August 2006, pp.5, 7. Available at: [http://www.centrelink.gov.au/internet/internet.nsf/filestores/co301a\\_0702/\\$file/co301a\\_0702en.pdf](http://www.centrelink.gov.au/internet/internet.nsf/filestores/co301a_0702/$file/co301a_0702en.pdf) (accessed 16 December 2009).

Lower awareness levels have been associated with perceived ineligibility. This perception can lead potential applicants to take a decision neither to pursue information about eligibility criteria nor to lodge a claim with Centrelink. Research in the UK found that perceived ineligibility 'was a powerful barrier for many' who were indeed entitled to assistance.<sup>10</sup> The number of means-tested benefits in Australia with differing eligibility criteria may potentially be resulting in some people perceiving themselves as ineligible when in fact they are entitled to assistance.

## Complexity

The difficulties experienced by people in understanding complex eligibility criteria and completing long and elaborate forms can also result in their failing to claim the assistance to which they are entitled. Currently, Centrelink administers multiple income-assistance payments for people of working age, all with differing criteria determining who is entitled. In contrast, there is one payment, the Age Pension, for people of retirement age, irrespective of their circumstances; age is the sole qualification and the payment rate is means tested.

The degree of complexity in understanding and determining qualification and payability is a significant secondary barrier after people become aware of the existence of assistance relevant to their circumstances. The government is clear that a decision to apply for assistance must be made with 'regard to [the] particular circumstances' of each individual.<sup>11</sup> Where individuals are already uncertain about their eligibility, the complexity of assessing the criteria has been found 'to reinforce their belief that they were probably not entitled'.<sup>12</sup> That said, complexity was found to be a significant deterrent only where ineligibility was preconceived. Applicants who believed they had a 'reasonable chance' of receiving a benefit were more likely to persist, likening it to any other bureaucratic process. Without this informed perspective, there is the additional 'risk of poor outcomes for those who are not well placed to manage complexity'.<sup>13</sup>

## Stigma

Perceived or experienced stigma can dissuade people from applying for assistance despite being entitled.<sup>14</sup> The significance of stigma is emphasised in many of the studies relating to those missing out on welfare assistance and, in this literature, much is made of the relationship between the amount of assistance present within an individual's social network and the ensuing perceptions and experiences of stigma. Lower rates of receipt are likely to equate with higher degrees of stigma.

Within the international literature, much is also made about the manifestation of stigma in Anglo-Saxon cultures such as Australia's, where a strong work ethic and taking responsibility for one's self are highly regarded. The perception in these societies is that people receiving assistance are not 'pulling their weight', which leads to 'an almost instinctive identification' of means-tested assistance with 'residual groups'.<sup>15</sup> Australian research, however, attributes less importance to stigma as a factor in why people miss out on assistance. Australia's welfare system has been

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<sup>10</sup> K Bunt, L Adams and C Leo, *Understanding the relationship between the barriers and triggers to claiming the Pension Credit*, Research Report No 336, Department for Work and Pensions, London, 2006, p.13.

<sup>11</sup> Centrelink, *A guide to Australian Government payments*, p.24.

<sup>12</sup> Bunt et al., *Understanding the relationship between the barriers and triggers to claiming the Pension Credit*, p.19.

<sup>13</sup> J Harmer, *Pension Review Report*, Department of Families, Housing, Community Services and Indigenous Affairs, Canberra, 2009, p.19.

<sup>14</sup> Currie, J (2004). *The Take-Up of Social Benefits*, IZA Discussion Papers 1103, Institute for the Study of Labor (IZA), Bonn, June 2004.

<sup>15</sup> C Mood, 'Take-Up Down Under: Hits and misses of means-tested benefits in Australia', *European Sociological Review*, 22:4, September 2006 p.447.

designed to exclude the rich rather than target the poor and payments are intended to reach a 'large portion of the population'.<sup>16</sup> Despite this, evidence of stigma remains in pejorative descriptions of government assistance as 'middle-class welfare' and the like.

## Means testing

Means testing is widely used in Australia to determine the rate at which benefits are paid, but while it assists with the targeting of these payments, large numbers of people who are eligible miss out under such systems.<sup>17</sup> Contributing to this outcome is the requirement that an individual must claim assistance before their entitlement will be assessed, a stipulation that has been found to increase the number of people who are overlooked.<sup>18</sup>

Means testing assesses the income and assets of a claimant to determine if assistance is payable. Income tests are applied to two out of three welfare payments delivered by Centrelink; assets tests are applied to half of all welfare payments and in most cases, after a permitted level of earnings is exceeded, the amount of assistance reduces on a sliding scale toward the cut-off point for payability. Assets tests are different depending on whether the claimant is a homeowner or non-homeowner; there is a higher cut-off point for non-homeowners while for homeowners the principal family home is excluded from assessment. A range of assets is assessed by Centrelink, including financial and property investments, superannuation and any contributions, the value of a business or farm, cars, household contents, personal effects and insurance policies.

Much of the available literature that examines means testing argues that, in these types of welfare systems, people exclude themselves from the assistance to which they are entitled because they make a rational decision to do so. The premise is that, at some point, the costs of applying outweigh the benefits claimants expect to receive. Costs include the time and effort of finding out about available assistance, understanding complex criteria, filling in the required paperwork and stigmatisation. When compared with the sliding scale of payments within a means-tested system, the costs may be considered to outweigh the potential benefit.<sup>19</sup> This theory assumes that people are sufficiently informed to know that there is a decision to be taken in the first place.

The premise can also be applied to the decision people make as to whether or not they should use their concession card to access benefits. A combination of the value of benefits and their accessibility may inform how many people use their cards and how often. While this theory presents a straightforward calculation, the subjectivity of personal cost-benefit decisions has led some to consider that there can be no firm conclusions drawn from the role of costs in calculating why people may be choosing not to claim assistance.<sup>20</sup>

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<sup>16</sup> Castles, F and Mitchell, D (1993). 'Worlds of Welfare and Families of Nations', Chapter 3 in F. Castles, (Ed.) *Families of Nations. Patterns of Public Policy in Western Democracies*. Aldershot: Dartmouth; cited in Mood C (2006). 'Take-Up Down Under: Hits and misses of means-tested benefits in Australia', *European Sociological Review*, 22:4, p. 447.

<sup>17</sup> M Jäntti, *Issues in modelling the take-up of social transfers in the presence of measurement errors for static microsimulation models*, Åbo Akademi University, Turko, 2009;  
F. Zantomio, *The route to take-up: raising incentives or lowering barriers?*, Institute for Social and Economical Research, Essex, 2008;  
Mood, 'Take-Up Down Under'.

<sup>18</sup> M Kotecha, M. Callanan, S. Arthur and C. Creegan, *Older people's attitudes to automatic awards of Pension Credit*, Research Report No 579, Department for Work and Pensions, London, 2009, p1.

<sup>19</sup> Johnson and Scutella, *Understanding and improving data quality relating to low-income households*, p.59.

<sup>20</sup> Currie, *The Take-Up of Social Benefits*.



## Summary

Several factors conspire to ensure that a significant number of Australians are missing out on the government assistance to which they are entitled, including difficulties in finding out about available assistance, the complexity of eligibility criteria and applications, stigma associated with receiving assistance and decisions based on the costs of applying compared to the potential benefit on offer. Much of the existing research has focused on an economic cost-benefit analysis of the determinants or the role of stigma and suggests that means testing of welfare payments results in many people going without. Yet, a distinction has to be made between those who take a calculated decision not to claim assistance and those who miss out because of factors and circumstances that make accessing assistance and concession benefits difficult.<sup>21</sup> The OECD has reported that there is little agreement about the role and effect of the determinants behind the reasons for people failing to apply for government support.<sup>22</sup> Therefore, quantifying the role of the obstacles and disincentives to claiming assistance and concession benefits requires an assessment of all the factors outlined above.

The following sections examine how many people are missing out on government assistance and concession benefits and how these people might be found and included.

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<sup>21</sup> R Riphahn, 'Rational Poverty or Poor Rationality? The Take-up of Social Assistance Benefits', *Review of Income and Wealth*, 3:47, September 2001.

<sup>22</sup> Hernananz et al., *Take-up of welfare benefits in OECD countries*.

## Missing out on government assistance

The government has reported that more than a million Australians are missing out on the government assistance to which they are entitled, but estimating an accurate number of these people and the amounts forgone is a complex project. This difficulty results from the very complexity that can dissuade people from undertaking the application process required by Centrelink in the first place.

It has been argued that for many welfare benefits 'it is impossible to obtain good eligibility estimates [from] available data'.<sup>23</sup> To ensure a robust result, this analysis of eligibility relies on the Australian Government's Household, Income and Labour Dynamics Australia (HILDA) survey to estimate the scale of the issue. Overseen by FaHCSIA, the survey is a longitudinal study, comprising both face-to-face interviews and self-completed questionnaires, with a sample size of more than 17,000 people.

While all surveys of personal and household incomes are subject to sample errors, the HILDA survey asks a range of explicit questions regarding both income and assets sufficient to assess the qualifying criteria and the means-tested income and assets tests for the payability of many Centrelink payments. The thoroughness of the questions permits a high level of confidence in the collected data.

For the purposes of this paper, four welfare payments distributed by Centrelink have been selected to estimate the numbers of people who, despite qualifying, are missing out on this support and the amount of money they are likely to have forgone. The assistance payments analysed are:

- Parenting Payment, which is a payment for families with young children
- Carer Allowance, intended as supplementary assistance
- Bereavement Allowance, which provides short-term assistance
- Disability Support Pension, which provides long-term assistance.

FaHCSIA acknowledges that the household-income data in the HILDA survey are 'somewhat higher' than those reported in research conducted by the Australian Bureau of Statistics (ABS).<sup>24</sup> This means that the analysis presented in this report may be an underestimate of the numbers of people who appear to be failing to receive welfare-assistance payments.

### Parenting Payment

To qualify for the Parenting Payment, the age of the youngest child must be under eight for single-parent families and under six for partnered families. Payability is dependent upon household income and assets means tests. An earlier study of the Parenting Payment also using HILDA survey data, found that take-up varied between 52 and 86 per cent, depending on individual circumstances.<sup>25</sup> Previous research into the historical payment of a universal child endowment suggests that assistance payments to parents are likely to have a high take-up rate, with only a small number of families overlooked.

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<sup>23</sup> Mood, 'Take-Up Down Under', p.448.

<sup>24</sup> R Wilkins, D Warren and M Hahn, *Families, Incomes and Jobs: a Statistical Report on Waves 1 to 6 of the HILDA Survey*, Melbourne Institute of Applied Economic and Social Research, The University of Melbourne, Melbourne, 2009, p.25.

<sup>25</sup> Mood, 'Take-Up Down Under', p.454.

An analysis of the HILDA survey data provided the estimate that 72 families within the sample appeared to be entitled to the Parenting Payment but did not report receiving it. This number was comprised of 35 single-parent families and 37 partnered families. Based on the income and assets data reported by these families in the HILDA survey, the value of forgone payments has been assessed and is detailed in Table 1.

Table 1: Value of the Parenting Payment forgone by Australian families

Family type	Analysis of HILDA sample				National estimate based on ABS data	
	Number of eligible families	Average payment forgone (fortnight)	Average period reported receiving payment <sup>a</sup> (weeks)	Estimated total payments forgone (per annum)	Estimated number of eligible families nationally	Estimated total payments forgone (per annum)
Single	35	\$392.98	44.15	\$304,862	10,838	\$96 million
Partnered	37	\$165.15		\$134,887	20,073	\$73 million
Total	72				30,911	\$169 million

Note: (a) Average period indicated by HILDA respondents who reported receiving the Parenting Payment

The number of people estimated to be missing out on the Parenting Payment and the average amount of money withheld from them are projected on to the population as a whole in Table 1. Extrapolating from the 72 families as a proportion of the 1,586 in the HILDA sample and applying the result on an Australia-wide basis, calculates the number of families missing out as 30,911, approximately six per cent of the estimated 500,000 families receiving the payment.<sup>26</sup> This finding is lower than that reported in a 2006 analysis of HILDA data; however, the present analysis of the HILDA data includes more detailed asset information. This finding is relatively small, but if families are also forgoing other family-related benefits such as the Child Care or Family Tax Benefits, the sum total can assume far greater significance.

### Carer Allowance

The Carer Allowance may be payable to a person who provides daily care to someone with 'substantial functional impairment'. The allowance is not means tested and as it is a supplement it can be received in addition to other assistance payments.

Government information on carers in Australia reveals that significant numbers are missing out on this allowance. Statistics are also available from the ABS, and an adjusted ABS figure finds that there were 532,532 carers in Australia at the time of the HILDA survey. However, FaHCSIA reported that a lesser number of people, 416,900, were paid the Carer Allowance in 2007–08, suggesting that 115,632 eligible carers did not receive the benefit.

<sup>26</sup> Australian Institute of Health and Welfare, *Australia's welfare 2009*, the ninth biennial welfare report of the Australian Institute of Health and Welfare, Canberra, 2009, p.41.

Table 2: Estimating national eligibility for the Carer Allowance

Number of Carers	532,532 <sup>a</sup>
Number of people paid the Carer Allowance	416,900
Carers who miss out	115,632

Source: ABS,<sup>27</sup> FaHCSIA.<sup>28</sup>

Note: (a) Primary carers (ABS, Cat. No. 4430.0) adjusted for population growth of 7.8 per cent between March 2003 and March 2008 (ABS, Cat. No. .3101.0).

A majority of the HILDA respondents (83.4 per cent) who reported receiving the Carer Allowance did so for the whole year, and thus were paid \$2,615.60 in total. Based on this rate of payment, the estimated 115,632 eligible carers identified as failing to receive the Carer Allowance passed up \$302 million in assistance.

This allowance is not means tested, and the fact that around 21 per cent of qualified people are not receiving it is likely to be due to a lack of awareness about the payment and the complexity of the forms that need to be completed. A government review in 2008 found that many recipients of the Carer Allowance had been 'surprised' to find that they were eligible and others, who had been caring for some time prior to applying, expressed 'frustration' at not being made aware of the support sooner.<sup>29</sup> The majority of Carer-Allowance recipients interviewed for the review learned about the allowance from their GP, other medical professionals, or friends and family. Only a small number indicated that they had found out about the assistance through Centrelink, usually when they were applying for other types of assistance.<sup>30</sup> This finding highlights the need to explore the options for promoting awareness of assistance payments.

### Disability Support Pension

In 2008, the criteria for assessing an individual's eligibility for the Disability Support Pension (DSP) were that the claimant:

- met an impairment test
- was unable to work for a minimum of 15 hours a week for at least the minimum wage, or
- would be unable to work or undertake training in preparation to work during the next two years due to a 'physical, intellectual or psychiatric impairment'.<sup>31</sup>

The HILDA survey asks respondents if they suffer from any long-term health conditions, impairments or disabilities that restrict everyday activities, and includes questions about the type or amount of work undertaken. While a survey response is not the same as a medical assessment of impairment, the HILDA survey is rigorous and is completed by FaHCSIA on behalf of the Australian Government. To ensure a robust sample, only those respondents who

<sup>27</sup> ABS, *Disability, ageing and carers, Australia: summary of findings, 2003*, Cat. No. 4430.0, Canberra, 14 September 2004.

<sup>28</sup> FaHCSIA, *Annual Report 2007–08*.

<sup>29</sup> FaHCSIA, *A report on the payment review experiences of Carer Payment and Carer Allowance recipients*, pp.11–12.

<sup>30</sup> FaHCSIA, *A report on the payment review experiences of Carer Payment and Carer Allowance recipients*, pp.11–12.

<sup>31</sup> Centrelink, *A guide to Australian Government payments*, p.8.

indicated they were 'unable to do any work' were selected, despite DSP recipients being permitted to work up to 15 hours a week.

Within the HILDA sample, 83 respondents stated that due to impairment, they were 'unable to do any work' and 14 of these reported that they did not receive the DSP. An analysis of income and assets data, including those of a partner where applicable, found that 10 of these people would have been entitled to a part payment and one to a full payment. These 11 people also met the minimum 10-year residency requirement for qualification. It is estimated that an average yearly payment of \$9,316 was forgone, or more than \$100,000 Australia-wide.

Table 3: Estimated value of missed Disability Support Pension

	Age eligible population sample	Number of people missing out	Missed payments
HILDA	9,959	11	\$102,476
National estimate based on ABS data	13 million	14,632	\$133.8 million

Source: ABS<sup>32</sup>

The proportion of people in the HILDA survey who have a disability but have not applied for the DSP is projected on to the population as a whole in Table 3. There were 11 people in this category based on qualifying criteria and payability tests from an age-qualified population of 9,959 people in the HILDA sample. Based on ABS population data available for the duration of Wave 8 of the HILDA survey, there were just over 13 million people Australia-wide who met the age criteria for the DSP and, from this, it is estimated that 14,632 eligible people had not applied for \$133.8 million in DSP assistance. While small samples are subject to potential sampling errors, they do provide an indicative population estimate. The government would have the resources to quantify more accurately the number of people who are missing out on this assistance.

FaHCSIA reported that 732,367 people received the DSP in 2008–09,<sup>33</sup> and therefore, the number of people estimated to have missed out is only two per cent. While this finding indicates a high rate of take-up for the DSP, the fact remains that more than 14,600 Australians, and those who help support them, missed out on significant financial assistance.

## Bereavement Allowance

The Bereavement Allowance is available to a person whose partner dies and who is not receiving the Age Pension. Those who do receive it are entitled to a short-term continuation at the partner rate following the death of a partner, subject to income and assets means testing. Payment is available for up to 14 weeks, extendable if the applicant is pregnant, but it is not payable to a parent who is eligible for the Parenting Payment (single). In 2007–08, 464 people received the Bereavement Allowance at a cost of just over \$2 million.<sup>34</sup>

The HILDA survey asks respondents about the loss of a partner or child, but does not differentiate between the two. As a consequence, the sample available for analysis was reduced from 90 to 26 to include only those cases where a respondent reported having a

<sup>32</sup> ABS, *Population by Age and Sex, Australian States and Territories*, Cat. No. 3201.0, Canberra, 9 December 2009.

<sup>33</sup> FaHCSIA, *Annual Report 2007–2008*, Canberra, 2008, p.153.

<sup>34</sup> FaHCSIA, *Annual Report 2007–2008*, p.130.

partner but no dependent children in the previous HILDA survey.<sup>35</sup> The sample was reduced a further 15 by excluding people who reported receiving the Age Pension. Of the remaining 11 cases, a further four were found ineligible after the application of the relevant assets and income tests, leaving an estimated seven people in the HILDA survey who would have been entitled to the Bereavement Allowance but did not receive it. The average yearly amount forgone by each widow or widower in the HILDA survey was \$2,696.

Table 4: Estimating non-payment of the Bereavement Allowance

	Number of eligible couples	Number who did not receive payment
HILDA	1,614	7
ABS	1,637,020	7,100

Source: ABS.<sup>36</sup>

Table 4 shows that by projecting the percentage of eligible HILDA respondents who did not apply for the Bereavement Allowance on to the total number of couples in Australia without dependent children, it can be estimated that approximately 7,100 people did not receive the Bereavement Allowance in 2007–08 and were entitled to do so. Based on the average missed allowance calculated from the HILDA data, \$19 million in Bereavement Allowance assistance was forgone. This is almost ten times the \$2 million that was paid in 2007–08.

That so many people may be unaware of this assistance is not surprising, considering the associated circumstances and personal experiences. This particular context requires the development of a method suitable for raising awareness and finding those people who are potentially entitled to the allowance.

## Summary

An analysis of four welfare assistance payments using data collected by the government through the HILDA survey and the ABS, estimates that \$623.8 million of financial assistance was lost to eligible people in 2008. Incidentally, this effective saving is one-and-a-half times the amount of ineligible or fraudulent payments identified by Centrelink in 2008–09.<sup>37</sup> This sample of four assistance benefits found that an estimated 168,275 Australian parents, carers, bereaved and disabled missed out on an average of \$3,707 per annum in assistance to which they appear to have been entitled when assessed against the qualifying criteria and means testing applied by Centrelink.

This number represents only 13 per cent of the government's own reported figure of 1.3 million people who are failing to apply for benefits, but an approximation of all missed assistance based on the government's own figure and an average payment of \$3,707 per annum, suggests that the amount forgone was potentially worth \$4.8 billion, 6.8 per cent of the total financial

<sup>35</sup> This methodological decision considerably reduced the sample but was deemed a robust means of excluding those respondents who had previously indicated that they had children and therefore may have lost either a child or a partner. It also excluded a further 35 respondents, who had had neither a partner nor a dependant child in the previous HILDA survey, despite the possibility that their situation may have changed in the intervening period. Six further cases were excluded as they did not appear in the HILDA survey Wave 7.

<sup>36</sup> ABS, *Household Income and Income Distribution, Australia, 2007–08*, Cat. No. 6523.0, Canberra, 20 August 2009.

<sup>37</sup> Centrelink, *Annual Report 2008–09*, Canberra, 2009, pp.38–41.

assistance provided by the government through Centrelink in 2007–08.<sup>38</sup> The people who are failing to receive these benefits are likely to be amongst the most marginalised in society and therefore the most likely to benefit. It behoves the government to ensure that all who are eligible, receive the assistance that has been designed to support and enable them to participate fully in society.

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<sup>38</sup> Centrelink, *Annual Report 2007–08*, Canberra, 2008, p.10.

## Missing out on concession benefits

Centrelink distributes three types of concession cards.

- A Pensioner Concession Card (PCC) is allocated to recipients of a Centrelink pension.
- A Health Care Card (HCC) is allocated to many recipients of assistance such as Newstart, the Parenting Payment (partnered) and the Mobility Allowance. The majority of these cards are allocated automatically once a payment is approved. A claim for a means-tested Low Income Health Care Card can also be made.
- A Commonwealth Seniors Health Card (CSHC) was introduced in 1994 for self-funded retirees who meet an annual adjusted taxable income threshold, \$50,000 for singles or \$80,000 (partnered), and do not qualify for or receive any other income-support payments or a Veterans' Affairs pension.

The 'main purpose' of concession cards is to allow cardholders to access prescription medicines under the Pharmaceutical Benefits Scheme. In addition, state and territory governments offer a range of concession benefits covering 'utilities, car registration and transport, and to provide for public and community housing',<sup>39</sup> but these vary across borders. The Australian Government funds a small portion of concession benefits, funding that is indexed and agreed at the Council of Australian Governments (COAG).

Centrelink cards are an important means of accessing support in Australia, but their efficacy in delivering this support is dependent upon cardholders using their cards. There are many questions about the determinants of card use and the value of the benefits represented by concession cards. For example, do people make decisions about when and how they use their cards, potentially influenced by experiences of stigma or perceived benefit, or are levels of use determined by an awareness of the available concessions?

The Australian Government's 2009 review of pensions found that existing concessions are 'often poorly targeted' and 'did not effectively complement the pension system by being responsive to ... those with greater needs', indicating that the concession-card system needs improving. Because concession cards are fundamental to the delivery of support, reforms to the targeting of concessions are therefore 'a priority'.<sup>40</sup> However, the provision of benefits is not centrally coordinated at the federal level, which means that policy reforms to concession benefits will have to be developed with the cooperation of all three levels of government.

An online survey of 642 concession-card holders was conducted to analyse access to the benefits available to cardholders. The survey asked about rates of card use and reasons for use or non-use.

### Awareness of concession benefits

There are some country-wide benefits covered by both the PCC and the HCC but, as a rule, variations in the welfare provided by each of the states and territories are significant. The extent and format of the information disseminated about the assistance also varies, some of it sketchy indeed. For example, the Centrelink guide to concession cards contains only generalised

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<sup>39</sup> FaHCSIA, *Inquiry into the cost of living pressures on older Australians*, submission to the Senate Standing Committee on Community Affairs, Occasional paper No. 21, Canberra, 2008, p.53.

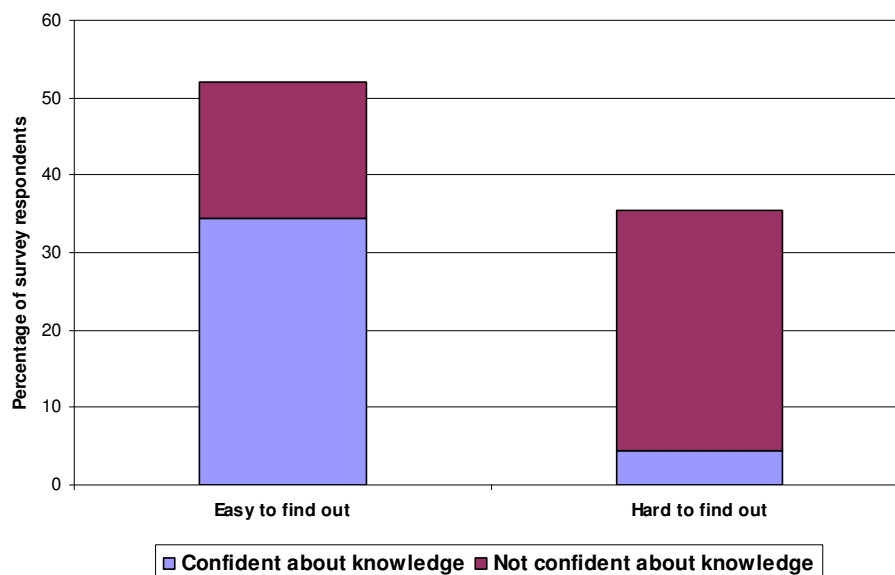
<sup>40</sup> Harmer, *Pension Review Report*, p.xviii.



information and three pages of contacts.<sup>41</sup> This general lack of consistency in the concession benefits offered by the various state, territory and local governments is the principal reason for the paucity of detailed information.

In order to determine public awareness levels about concession benefits, the survey asked participants about the difficulties they experienced finding out about available benefits and how confident they were that knowledge was comprehensive. Figure 1 reveals that confidence is not related to how easy or difficult it is to find out information about concessions.

Figure 1: Difficulty finding out about concession benefits



While more people report that it is easy to find out about the availability of concession benefits, the number of respondents who were not confident that they possessed adequate knowledge about their entitlements is greater than those who were confident. Eighteen per cent of respondents who considered it easy to find out about available concession benefits also reported a lack of confidence in their level of knowledge. Thus, confidence is not related to how easy it is to find out about concessions, suggesting that raising awareness about concession benefits alone will not necessarily assist all cardholders.

HCC holders reported that it was harder to find out about the concessions available to them than PCC holders did. Less than half of the survey respondents with an HCC considered it easy to find out about their concession benefits compared to the majority of PCC and CSHC holders, who also reported greater confidence about their level of awareness. This counters the Harmer Review finding that a lack of awareness is an issue for these cardholders,<sup>42</sup> and could be a result of the historical policy intention that while PCCs are issued as part of a long-term income-support payment, HCCs are intended to be only a relatively short-term form of assistance.

States and territories use brochures, phone lines and email addresses to disseminate information about concessions. Three states, Victoria, South Australia and Tasmania, have set up websites where a mouse-click on each type of concession card generates a tailored list of

<sup>41</sup> Centrelink, *A guide to Centrelink concession cards*, October 2009.

<sup>42</sup> Harmer, *Pension Review Report*, p.104.

available concession benefits. While these websites might be considered an enhancement of the attempts by governments to raise awareness of available concession benefits, this is not reflected in the reported experiences of cardholders.

The impact of the new websites does not appear to have been remarkable. In Victoria and South Australia, less than 30 per cent of survey respondents reported that it was easy to find out about concessions or were confident that they knew about all of the concessions available to them, whereas 43 per cent of Tasmanian cardholders found it easy and were confident about their knowledge. The ACT reported the highest rate of confidence and ease in learning about benefits despite a government finding in 2008 that it was the only jurisdiction without a 'single source of information on concessions'.<sup>43</sup> Raising awareness it would seem is not the straightforward policy process governments think it is.

### Level of card use

Cardholders' frequency of card use is a major influence over the value of the benefits they will receive. Survey responses revealed an incongruity between reported card use and apparent awareness of available concessions. For example, while three-quarters of cardholders said they 'always use' their concession card when they can, two out of three of these same respondents reported using their card only once or twice each month. In comparison, the same rate of use was reported by almost half of the people who said that they do not use their card 'at every opportunity'. This suggests that cardholders are not aware of the range of concessions available to them and just how often they might be able to use their card to access these benefits.

Cardholders were also asked to estimate how much money they saved each week by using their concession card. A majority reported saving up to \$30 a week, which adds up to an annual saving of \$1,560, a finding consistent with the Australian Government's estimate that the potential value of a PCC is approximately \$1,600.<sup>44</sup> Yet, a third of these respondents estimated their savings to be less than \$10 a week. Furthermore, one in ten cardholders reported saving no money at all. In reality, the realised value of concession cards is falling short of the potential benefit the government is offering.

The emerging picture is one where many people who hold a concession card are not accessing the full benefits available to them and are therefore missing out on valuable support. An inadequate awareness of available concessions on its own is not sufficient to explain the reported low levels of benefits received. To understand why this is the case, the survey asked how often cardholders decide not to use their card.<sup>45</sup> The results are recorded in Table 5.

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<sup>43</sup> ACT Government, Department of Disability, Housing and Community Services, *Review of ACT Government Concessions*, Canberra, February 2008, p.3.

<sup>44</sup> FaHCSIA, *Inquiry into the cost of living pressures on older Australians*, p.9.

<sup>45</sup> This question was asked only of people who said that they did not always use their card. The survey results, as already discussed, indicate that many respondents who said that they did use their card all the time also reported not using it very often.

Table 5: How often cardholders decide not to use their concession cards

Level of card non-use	PCC	HCC	Household income			
			<\$20,000	\$20,000–\$30,000	\$30,001–\$40,000	\$40,001–\$60,000
	Percentage					
Every now and then	24	21	10	21	25	28
About half the time	5	10	0	6	5	7
Often	14	15	5	12	20	21
Deliberately don't use	4	6	14	6	5	3

Table 5 shows that around half of all PCC and HCC holders are at times deciding not to use their card. Deliberate non-use of concession cards is slightly more prevalent amongst HCC holders than PCC holders. The majority of cardholders reported using their card only 'every now and then', while 10 per cent indicated that they 'often' do not use their card.

An analysis by household income (Table 5) shows that non-use increases with household wealth. There is some concern that the universal allocation associated with many Centrelink assistance payments has a devaluing effect on concession cards,<sup>46</sup> but the findings from this survey counter this, showing that card use declines as household income increases.

The relationship between increasing wealth and decreasing card use is a pattern in all but one category, those people who 'deliberately don't use' their concession card. In this category, people with the lowest household income reported the highest rate of deliberate non-use, a conscious choice indicating that the reason is more likely to be experiences of stigmatisation than a lack of awareness. In fact, the reasons given by cardholders for not using their concession card reveal that perceptions of stigma rather than a lack of awareness constitute the principal influence. More than a quarter of cardholders said they do not always use their card because they:

- 'don't like' to use it (19 per cent)
- are 'embarrassed' to use it (seven per cent)
- because they are not sure if they can (ten per cent).

Stigma is a significant factor in people missing out on the concession benefits available to them.

## Summary

Concession benefits are accessed through the public presentation of a concession card but, due to perceived stigmatisation, this requirement is resulting in a low level of claims. As with welfare-assistance payments, a lack of awareness is also a contributing factor and learning about available benefits and feeling confident about that knowledge is important for ensuring that fewer people miss out. However, irrespective of awareness levels, some people are consciously choosing not to use their card because of the denigration they feel society directs at people in their position.

<sup>46</sup> Harmer, *Pension Review Report*, p.112.

## Finding the people who are missing out

The evidence reported above suggests that an inadequate awareness of available financial assistance and, in many cases, the complexity of filling in forms means that people are missing out on Centrelink payments to which they are entitled. A combination of stigma and low awareness is also resulting in people failing to access concession benefits. Improving awareness levels requires increased general knowledge, effective targeting of people who may qualify for assistance, and simplification of the claims process and benefits provided; reducing stigmatisation requires addressing the cultural responses to welfare.

### Awareness

This research confirms international findings that increasing awareness is an integral factor in improving access to welfare assistance, but it is a difficult task because of the inherent complexity in the welfare system and the challenges experienced by people in both learning about and claiming available assistance and benefits. Currently, governments rely heavily on information campaigns to increase take-up of concessions and rebates,<sup>47</sup> but this default approach is limited in its effectiveness and policy creativity. Other means of increasing awareness need to be explored.

People engage with Centrelink because of a significant life event or changes in their personal circumstances rather than to claim a specific Centrelink payment. As such, awareness of the assistance available is about leading people to Centrelink and initiating the application and assessment processes. The distribution of leaflets through doctors' waiting rooms, children's health centres, emergency-relief agencies and funeral homes are examples of providing information at the point of engagement following a change in circumstances or a shattering life event.

Similarly, concession benefits need to be explained clearly at the point of availability in order to inform the greatest number of cardholders and improve awareness. The disparity between the concessions provided by each of the states and territories, and the numbers of people who are going without, illustrates the need to improve the promotion of this form of support.

The recently amended and soon-to-be abolished Pension Bonus Scheme highlights the importance of being aware of all the requirements when claiming assistance. Introduced in 1998, the scheme encouraged workers approaching retirement age to defer claiming the pension and instead keep working up to the age of 70, at which time they would be eligible for a lump-sum payment at the point of retiring. However, to qualify for the payment of \$20,000 for a single person or \$35,450 for a couple, people had to register at retirement age and not when they actually stopped working.

To address those instances where a person has not been aware of the requirement to effectively pre-register for the scheme, Centrelink has now agreed to backdate registration on the proviso that there is no record of the customer having been previously notified of the need to register. That such a grace clause has become necessary suggests that a substantial number of people have been turning up at 70 only to be told they should have registered five years earlier. The approach taken in this scheme highlights the consequence of government policies that rely on individuals taking 'responsibility to decide if [they] wish to apply for a payment and to make the application'.<sup>48</sup>

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<sup>47</sup> Victorian Government, *State concessions and hardships program 2007–08: reducing barriers to opportunity and making services more affordable*, Department of Human Services, Melbourne, August 2009, p.22.

<sup>48</sup> Centrelink, *A guide to Australian Government payments*, p.24.

This example again illustrates the importance of being aware of the intricacies of eligibility criteria and the short-comings of a complex system that relies upon individuals being responsible for claiming assistance rather than government ensuring that they receive the benefits to which they are entitled.

## Complexity

The complexity of the available information and the Centrelink system more broadly also impact on levels of awareness. In contrast to the single payment for those beyond working age, there are currently multiple assistance payments available to people of working age, a situation that creates complexity and has been shown to dissuade those eligible from applying for assistance, thus contributing to their missing out. Filling in claim forms and providing the requisite details can be too difficult for some due to a range of factors, including poor literacy and English as a second language, many of which are probably contributing to social exclusion. One solution would be to standardise the forms required for claiming benefits and this has been found to increase take-up rates in other countries.<sup>49</sup> In the UK, the task of simplification has suggested that a reduction in systemic complexity rather than a streamlining of individual benefits is required;<sup>50</sup> however, reducing payments to two or three categories for working-age people would greatly simplify the existing system and reduce the associated burden of complexity.

The recent Henry Tax Review recommended major changes to simplify the welfare system. Recommendation 82 outlined three categories of income-support payments that would replace the multiple forms of assistance currently available. While there are other issues associated with the use of the following categories, they would simplify the present system of government assistance delivered by Centrelink. The three categories recommended are:<sup>51</sup>

1. a pension category for people who are not expected to support themselves
2. a participation category for people of working age who are expected to support themselves through paid work
3. a student assistance category for full-time students (some students have the capacity to work part-time).

The government's response to the Henry Tax Review, *Stronger Fairer Simpler: A tax plan for our future*, did not simplify welfare-assistance payments as recommended in the review and ensures the continuing complexity of claiming assistance through Centrelink and the consequent failure of qualifying people to miss out on the assistance they are entitled to receive.<sup>52</sup> This is neither fairer nor simpler.

Contrast this with the UK Department for Work and Pensions, which has a unit tasked with simplifying the benefits system. In 2008–09, it released its third simplification plan, which recognises that in order for the unit to meet its service objectives, it needs to minimise the administrative burdens on those who interact with the system. The department acknowledges that no 'single metric nor a suitable collection of data' exists to measure complexity and instead

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<sup>49</sup> C Behrendt, *Holes in the Safety Net? Social security and the alleviation of poverty in comparative perspective*, LIS working paper No. 259, NY, Syracuse University, Maxwell School of Citizenship and Public Affairs, 2000. Cited in C. Mood, 'Take-Up Down Under: Hits and misses of means-tested benefits in Australia', *European Sociological Review*, 22:4, p. 448.

<sup>50</sup> S Royston, *Benefits Simplification and the Customer*, Department for Work and Pensions, London, 2007, p.5.

<sup>51</sup> K Henry, *Australia's future tax system: Report to the Treasurer, Part Two: Detailed analysis*, Volume 2 of 2, Attorney-General's Department, Barton, December 2009, p. 521.

<sup>52</sup> Australian Government, *Stronger, fairer simpler: a tax plan for our future—Overview*, Canberra, 2010.

change has to be driven by analysis of 'the burdens that customers may face when interacting with the benefit system'.<sup>53</sup>

Awareness amongst the wider population is significant too because information from family friends is an important method of alerting people to their eligibility for assistance. Amongst survey respondents, nearly one in ten said that a family member, friend or acquaintance had told them they would be eligible for a Centrelink concession card. Greater public awareness might also influence a shift in cultural prejudices toward those receiving support and reduce experiences of stigma.

## Stigma

While some have argued that Australia's welfare system is broad-based, people still report experiences of stigmatisation. One in four concession cardholders believe that using their cards denigrates them in the eyes of the public and are not claiming benefits as a result. While stigma is widely discussed in the related literature, the focus is on its impact rather than on how to neutralise it, but effective promotion of the availability of concessions may serve not only to increase awareness but also to normalise the use of concession cards and break down prejudice.

Shifting the language used by Centrelink from one of eligibility to one of entitlement may also help to recast the negative cultural views about government assistance and work to reduce experiences of stigma. The current policy frames eligibility for assistance as an option, something offered by the government if people choose to take it up. Reframing welfare assistance as an entitlement implies full membership of society and would go some way towards addressing the exclusionary effect of stigmatisation, underpinning the government's policy of increasing social inclusion.

## Means testing

Much has been written about the role and effect of means testing in welfare systems, including the wide-spread application of the economic theory of the 'rational utility model' explored in this report. This theory holds that as payments reduce toward the cut-off point for payability in a means-tested system, the associated costs of claiming the benefit outweigh the potential advantage of receiving it and serve to dissuade people from making the claim.

Analysis of four welfare assistance payments has found no real evidence of this phenomenon in Australia. For example, the HILDA data reveal a spread of single-parent families along the income range apparently entitled to the Parenting Payment but claiming not to receive it. Figure 2 plots the income of eligible single-parent, two-child families, who do not receive the Parenting Payment.

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<sup>53</sup> Department for Work and Pensions, *Simplification Plan 2008–09*, London, 2008, p.18.

Figure 2: Income of single-parent, two-child families not receiving the Parenting Payment

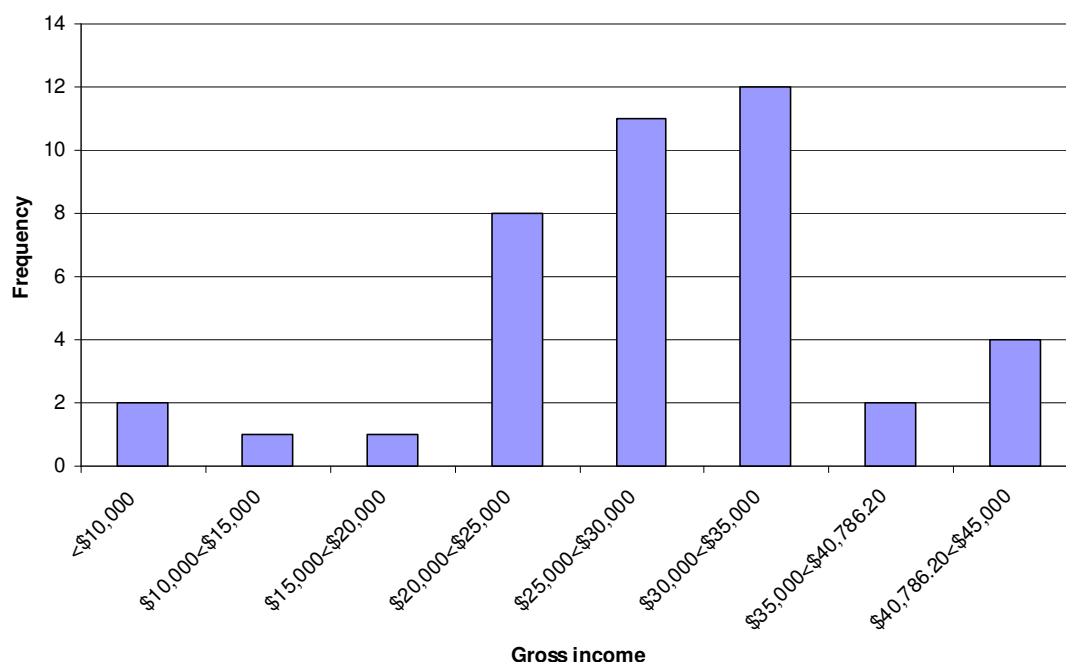


Figure 2 shows that an increasing number of single-parent families with two children receive the Parenting Payment as their income moves toward the cut-off point of payability, but falls away before the cut-off point of \$40,786.20, whereas the theory of 'rational utility' predicts a concentration right up to the cut-off point. In fact, the majority of those families not receiving the Parenting Payment actually have a gross income between \$20,000 and \$35,000, indicating that a rational failure to apply when costs are perceived to outweigh benefits is not the primary factor in people missing out on government assistance in Australia.

### Policy options

The objective of government-assistance payments and concession benefits is to enhance equity. For many people, the ability to participate more fully in society is advanced through the assistance they receive from the government and where take-up of this assistance is low or absent, social participation is put in jeopardy. If people are missing out due to low literacy levels, English as a second language, an inability to call on family and friends to help them with their application, or difficulty attending a Centrelink office, this objective is not being fulfilled and the people most in need of support are going to be amongst those missing out. The development of policies to reduce the number of people doing without government assistance when they are qualified to receive it, needs to be part of the Australian Government's social inclusion agenda.

There are several options available to government for enhancing the delivery of welfare assistance in Australia without further burdening Centrelink or establishing another branch within FaHCSIA. Non-government welfare agencies, in some cases already acting on behalf of the government as outsourced job agencies, are often contact points for people whose life circumstances make them eligible for government assistance. Similarly, some government departments already collect information on people's existing or changing circumstances. Set out below are a number of policy options available to government to begin developing steps to reduce the number of Australians who do not receive the assistance and concession benefits to which they are entitled.



## Benefit simplification and reporting

In the UK, the Department for Work and Pensions includes a Benefit Simplification Unit responsible for simplifying the benefit system. The unit has recently released its third simplification plan, which addresses systemic issues of complexity and relations with both the public and the organisations engaging with the benefit system. An annual estimate of people who are missing out on assistance is also published by the Department for Work and Pensions.

While the Australian National Audit Office (ANAO) frequently audits aspects of Centrelink's practice, the focus has been predominantly on its relations with existing customers, especially the processes for dealing with complaints and feedback. Currently, the ANAO is auditing Centrelink's fraud investigations and compliance review process but the department, its customers and the public generally would benefit from an audit of the complexity of the eligibility and application criteria relating to the benefits it administers. Such an audit could provide an objective assessment of existing complexity and options for simplification.

FaHCSIA's *Annual Report* includes a summary account of benefits paid by Centrelink and the Victorian Government publishes a detailed report on the concessions and rebates it provides. While important from the perspective of management and accountability, these reports do not provide any helpful analysis of how many people are missing out on support or the reasons why. Without a process for analysing the issue, governments lack sufficient evidence to enable the development of policy responses to reduce the number of people who fail to receive the millions of dollars of assistance and concession benefits to which they are entitled. The ABS, possibly in conjunction with FaHCSIA, would be well-placed to develop and implement a regular assessment of unclaimed assistance and concession benefits in Australia.

## Matching people with Centrelink

The Australian Government contracts employment services to external organisations under the Job Services Australia program and pays the organisations a fee when they successfully place a person in ongoing employment. A similar program could be established to assist people to complete claim processes with Centrelink.

Frontline organisations involved in the provision of welfare assistance would be, in many instances, among the first places visited by people who have experienced changes in circumstance-of-life events that might mean they qualify for assistance. Some of these organisations are already involved in the provision of the Job Services Australia program. Existing familiarity with the processes of delivering government services, including the confidentiality of personal information required when matching and assisting the lodgement of a claim with Centrelink, means a ready network for such a matching service already exists.

Outsourced matching services would be facilitated by a generalised benefit-eligibility check that could be developed as part of a simplification of Centrelink, either internally by FaHCSIA or as a term of reference in an ANAO audit of Centrelink complexity.

## Default claim assessments and concession benefits

Currently, it is up to an individual to make a claim with Centrelink or access a concession benefit, a requirement that results in many people missing out on significant welfare support. Automation of claims for benefits and the provision of concessions such as energy rebates would effect a reduction in the number of people who fail to apply for assistance.

The harmonisation of Centrelink's administration with other departments and agencies, such as the ATO, Medicare, hospitals, schools and the ambulance services, would facilitate automation. Centrelink is already using data matching to identify overpayment and assist with fraud



investigations<sup>54</sup> and the identification of circumstances that result in disqualification, for example the cessation of payments when a carer's patient moves into a care facility.<sup>55</sup> These methods are driven by efficiency and cost-saving agendas, but they are already operational and could be readily applied to match people who qualify for assistance or benefits and are not currently receiving them.

The ATO offers taxpayers, who complete an electronic tax return form, the option of a *pre-filling* service, which provides a pre-filled tax-return form for an individual who has then only to review the content and add any missing details. This service is provided to make it easier for taxpayers to meet their tax obligations and claim their entitlements.<sup>56</sup> The provision of such a service to Centrelink customers would be a significant step forward in simplifying the claims process.

The level of automation used could be as minimal as a letter notifying a person that they appear eligible for assistance and inviting them to visit Centrelink. Research in the US has found rates of take-up improved with the automatic assessment of eligibility or default allocation of benefits,<sup>57</sup> while UK research found that automation generated a greater awareness of available assistance and perceptions of stigma were reduced relative to the degree of automation.<sup>58</sup> However, the research also found that when the level of automation was perceived to involve greater government interference, acceptance declined and resulted in less public support.

### Entitlements Commission

The idea of an Entitlements Commission, similar to the independent arbitrator responsible for setting the minimum wage, was previously floated in 2008,<sup>59</sup> and may not be far from fruition with Victoria and the ACT implementing human-rights legislation. The establishment of an Entitlements Commission could include an enrolment drive to widely promote awareness of available government assistance and concession benefits and actively facilitate the lodgement of claims. A commission could also assist with the reframing of language used by Centrelink in order to address the problem of stigmatisation. A significant role for such a commission would be shifting the responsibility for claiming assistance from individuals on to the government as a means of ensuring that everyone received their full entitlement.

### Conclusion

This paper has outlined three avenues that would allow the government to increase the effective delivery of assistance to those who qualify and to seek out those who, while appearing to qualify, are not receiving the benefits to which they are entitled. These avenues address the issues of awareness, complexity and stigma, all of which have been identified as systemic failures contributing to undischarged assistance payments and concession benefits.

1. Benefit simplification is not a new idea but remains to be achieved. A reporting mechanism for estimating the number of eligible people who do not

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<sup>54</sup> Centrelink, *Annual Report 2008–09*, p.41.

<sup>55</sup> Centrelink, *Annual Report 2007–08*, p.129.

<sup>56</sup> ATO, *Pre-filling service—e-tax*, Canberra, 2010. Available at <http://www.ato.gov.au/individuals/content.asp?doc=/content/58871.htm&pc=001/002/014/014/004&mnu=&mp=&st=&cy=1> (accessed 10 May 2010).

<sup>57</sup> Currie, *The Take-Up of Social Benefits*.

<sup>58</sup> Kotecha et al., *Older people's attitudes to automatic awards of Pension Credit*, p.13.

<sup>59</sup> Catholic Social Services, Australia, *Time for an Independent Entitlements Commission: a proposal for an independent commission to inform decisions about the adequacy of pensions and other income support payments*, Curtin, 22 December 2008. Available at: <http://catholicsocialservices.org.au/node/14837> (accessed 22 April 2010).

benefit from assistance and the reasons why would facilitate the development of a more simplified process for delivering assistance.

2. Existing data-matching processes could be extended by the government to check that all those who qualify for assistance have been assessed. Data matching could be used to support front-line organisations advising people on their entitlements and would enable the generation of pre-filled claim forms to simplify the claim process. Pre-filled forms could also be sent to prospective claimants who have been identified as not receiving the assistance for which they appear to qualify.
3. Welfare recipients are entitled to similar representation as Fair Work Australia delivers to employees. An Entitlements Commission would fill this role, with responsibility for ensuring that marginalised members of society are not further marginalised because they are simply not aware of the government assistance available to them, find the claims process too complex or are deterred from claiming their entitlements due to stigmatisation.

## Survey questionnaire

Q.1. Do you have a Centrelink Concession Card?

- Yes a Pensioner Concession Card
- Yes, a Health Care Card
- Yes, a Commonwealth Seniors Health Card (this is not the same as the Seniors card issued by the State Government)
- No <discontinue questions>

Q.2. Do you receive any of the following payments from Centrelink?

- Newstart Allowance
- Mature Age Allowance
- Disability Support Pension
- Wife Pension
- Carer Payment
- Sickness Allowance
- Widow Allowance
- Special Benefit
- Partner Allowance
- Parenting Payment (not Family Allowance or Family Tax Benefit)
- Youth Allowance
- Austudy/Abstudy Payment
- None of these
- Don't know

Q.3. In an average month, how often would you use your Centrelink Concession Card to receive discounts?

- Never
- Once or twice
- Up to 5 times
- Up to 10 times
- Up to 20 times
- More than 20 times
- Not sure

Q.4. Do you always use your Centrelink Concession Card when you can?

- Yes—skip to Q.7
- No

Q.5. How often do you decide not to use your Centrelink Concession Card, even though you could?

- Never—I always use it when I can—skip to Q.7
- I decide not to use it every now and then
- I decide not to use it about half the time
- I decide not to use it often
- I deliberately don't use my Centrelink Concession Card at all
- Not sure—skip to Q.7

Q.6. What is the main reason for not using your Centrelink Concession Card, even though you could?

- Forget to use it
- Don't like to use it
- Embarrassed to use it
- Not sure if I can use it
- Have another card that also gets me a concession
- Am still getting used to having my card
- Don't see other people using a Centrelink card
- Can afford to pay the full price
- Other

Q.7. To the best of your knowledge, are you able to get a discount on the following using your Centrelink Concession Card? [Yes/No]

- Ambulance
- Dental services
- Energy bills
- Hearing aids
- Council rates
- Motor vehicle registration
- Public transport
- Prescription glasses
- Water bill
- Other

Q.8. On average, how much money do you save each week by using your Centrelink card? Please make your best estimate.

- Nothing
- Less than \$10
- \$10–\$20

- \$21–\$30
- \$31–\$50
- \$51–\$80
- More than \$80
- Not sure

Q.9. How did you first find out you were eligible for a Centrelink Concession Card?

- I asked someone at Centrelink/Medicare
- Someone at Centrelink/Medicare told me about it
- Centrelink just sent it to me
- Family member/friend/acquaintance told me about it
- Health or social worker told me about it
- Seniors association
- Seniors publication
- Did my own research
- Other
- Not sure

Q.10. How easy or hard was it to find out what discounts you can get using your Centrelink Concession Card?

- Very easy
- Somewhat easy
- Somewhat hard
- Very hard
- Not sure

Q.11. How confident are you that you know about all of the discounts available to you through your Centrelink Concession Card?

- Very confident
- Slightly confident
- Not very confident
- Not at all confident
- Not sure

Q.12. Which of these Centrelink-defined categories do you fit into?

- Single with no children, earning less than \$452 per week before tax
- Partnered with no children earning a combined income of less than \$753 per week before tax
- Single or partnered with one child, earning a combined income of less than \$787 per week before tax

- Single or partnered with two children earning a combined income of less than \$821 per week before tax
- Single or partnered with three children earning a combined income of less than \$855 per week before tax
- None of these categories
- Not sure

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