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Well-off households pocketed $3.6 billion in cost-of-living relief

The top 40 per cent of Australians by income or wealth have received $3.6 billion in benefits this year from Commonwealth, state and territory governments as a result of poorly targeted concessions and cost-of-living support.

With states and territories funding a total of $12 billion in support annually, new research from Policy Institute Australia exposes fundamental design flaws in how the states distribute concessions and cost-of-living measures, with governments either not means testing payments at all, or simply linking eligibility to Commonwealth concession cards.

For example, retirees are often eligible for most state concession programs by virtue of holding a Pensioner Concession Card. The result is that a retiree with a fully paid-off home worth $3 million, one car and $500,000 in superannuation could be eligible for nearly $2,800 in annual state government concessions.

A single mum who rents and catches a bus could be eligible for just over half that amount.

The report - *Hit and miss: Who benefits from state concessions and cost-of-living support?* - also finds that state level programs linked to consumption, some without any means testing, are also leading to poorly targeted assistance.

Toll road concessions in New South Wales have given the top 20 per cent of income earners nearly ten times more benefit compared to the bottom 20 per cent. Victoria's free and half-price public transport initiative has provided 2.2 times more to the top 20 per cent of income earners compared to the bottom 20 per cent.

Of the $2.7 billion of cost-of-living support for households following the 2026 fuel crisis, around one-quarter, or $700 million of this support, went to the top 20 per cent of income-earning Australians.

Spending this year by state governments on cost-of-living support and concession programs now accounts for nearly 10 per cent of what some states and territories raise in their own taxation revenue.

The findings are out of step with public opinion; cost of living may be Australians' number one concern, but around three-quarters of those surveyed say support should be directed to those who need it most.

Fiscal savings of up to an estimated $1.3 billion each year could be the outcome of a simple change: state and territory governments should make use of Services Australia data to better direct assistance to those in need, instead of treating everyone who holds the same concession card in the same way.

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Example 1: A very wealthy retiree may get double the concessions of a struggling single mum

Retiree

$3 million home owned outright, $500k in super, and owns one car

$2,800 per year

Single mum

Renting, no car, with few other assets

$1,500 per year — About half as much, for the same categories of concessions

Example 2: Very wealthy retirees may get concessions that struggling families can't access

Self-funded retiree couple

$3 million home owned outright and $5 million in super — eligible for a state Seniors Card or Commonwealth Seniors Health Card

$500 Queensland electricity and gas rebate

Working family

One child, $95k combined income, a $500,000 mortgage, and few other assets

$0 Not typically eligible for a concession card

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State-by-State highlights:

- **Victoria** is the most generous jurisdiction per household, **offering** $1,355 per household or a total of $3.8 billion in support for its constituents, more than its entire gambling tax take and over a third of its stamp duty revenue. It is the only state with uncapped energy concessions.
- In **New South Wales**, toll road rebates deliver nearly ten times as much to the highest-income households than the lowest. NSW also provides a best-practice example in good policy design: its Active and Creative Kids vouchers are targeted toward households who receive Family Tax Benefit, which cut the cost of the program by over 50%.
- **Queensland** has the highest ongoing concession spend per household of any jurisdiction on the back of permanent 50 cent public transport fares. Its Play On! Sports Vouchers policy benefits all families, regardless of means, in contrast to the targeted NSW policy.
- **South Australians** received the lowest support in the country from their state government, at $370 per household. South Australia's lump sum $270 Cost of Living Concession, paid directly by bank transfer, is explored in the paper as a best-practice model for concession policy design.
- **Western Australia** offers the most generous concessions for wealthier, older homeowners of any jurisdiction. This includes benefits of up to more than $2,000 for homeowners with a home of any value and other assets up to $5 million on energy and water bills, rates and property taxes.
- The **Australian Capital Territory** spends the least of any jurisdiction relative to its tax base, with an average per household spending on concessions and cost-of-living support of $409.
- The **Northern Territory** has a high amount of support for its size, spending the most of its tax revenue on concessions and cost-of-living support compared to other jurisdictions.
- **Tasmania** spends less than half the national average per household, at $487 per household, but it has more than 100 different concessions.

Recommendations:

Policy Institute Australia proposes four key recommendations:

1. Concessions should be simplified in each state and territory into a single, lump sum payment: a *Cost-of-Living Allowance,* targeted to lower means households to cover essential living costs such as council rates, energy and transport costs. This is similar to the South Australian model. On average, this could be more than $2,000 per household, without government spending an extra cent.
2. Any future cost-of-living support should be designed as a lump sum payment targeted at those most in need, instead of giving more to those who consume more.
3. Concessions for older Australians should be tied to the Pensioner Concession Card and ideally limited to full Age Pension recipients. The Commonwealth Seniors Health Card and state Seniors Cards, which are held by many wealthy retirees, should not be used to determine concession eligibility.

4. Services Australia data should be used by states and territories to direct concessions to the households that need them most, as NSW has done its Active and Creative Kids vouchers.

These recommendations, if adopted, could save state and territory governments up to $2 billion or more this year alone, while improving equity and ensuring the most vulnerable Australians receive at least the same level of support.

Quotes attributable to report author, Principal Economist Nicholas Tarrant:

“Cost-of-living relief is well intentioned, but not well targeted. This report isn’t about spending less on those doing it tough, it’s about making sure support goes to those who need it most.”

"Support is too often based on how much petrol or energy you use, or how much your home is worth. But this favours the well-off. If state governments want to help with cost-of-living pressures, they need to rethink the way they do it.”

"Cost-of-living is the number one concern for people across the country. With Victoria and New South Wales heading to elections, there is a temptation to spend more. But the better response would be to fix how the current support is delivered."

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