



2012

ACT TARGETED ASSISTANCE STRATEGY

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Foreword

by Panel Chair, Gordon Ramsay

I am pleased to present the report of the Targeted Assistance Strategy Panel.

The Panel was established by the ACT Government to consider the current range of ACT programs designed to assist lower income Canberrans, and to develop an evidence-based Targeted Assistance Strategy. There has been a specific focus in the work of the Panel on low income households that currently sit just above the concessions safety net and are not in receipt of direct government financial assistance.

The Panel has consulted extensively and has gathered evidence which is both qualitative and quantitative. It has sought to identify areas of support which are working well in addition to those which require improvement. It has listened for creative and innovative responses from within the Canberra community and from other jurisdictions in and beyond Australia.

We have looked at ways in which we, as a community, can support those who are vulnerable and in need, and enable all members of the community to reach their full potential. Accordingly we have looked for specific ways to ease pressures on households and more general approaches so that households may not experience some of those pressures in the first place.

This report contains recommendations for the short term, medium term and the longer term. We believe that they are achievable and will be effective. We have also identified areas where we do not believe there was sufficient evidence yet available and have made recommendations to address that.

This report is made within a broader context: the ACT Taxation Review, reform of areas of community support by the Australian Government and initiatives and reforms within the community sector. It also includes many comments and recommendations arising out of the September 2011 Community Roundtable.

I would like to thank the many people who have contributed to the work of the Targeted Assistance Strategy Panel. The energy, interest and co-operation of so many people from such varied sectors within the community demonstrates that the goal of creating a more inclusive, fair and equitable Canberra community is widely shared.

Gordon Ramsay

Introduction

At a 2011 Roundtable hosted by the Chief Minister and the Minister for Community Services, the ACT Government consulted with various community organisations about developing new approaches to assisting Canberrans facing financial pressures, particularly those not normally in receipt of Government support.

As part of progressing ideas raised at the Roundtable, the Chief Minister commissioned the Panel – Gordon Ramsay, Carmel Franklin and Sandra Lambert - to develop an evidence-based ACT Targeted Assistance Strategy that builds on the work the Government has already done and to look for ways the community, market and individuals can respond to financial pressures and support the Government's efforts.

In developing the Targeted Assistance Strategy, the Panel were given the following terms of reference:

1. Examine the current range of ACT Government programs and policies designed to assist lower income Canberrans. These measures would include concessions, community service obligations, regulations and legislation as well as contracted non-government organisation provided services and in-kind assistance;
2. Incorporate into the analysis, the initiatives to come out of the September 2011 Community Roundtable;
3. Assess the effectiveness of current responses for lower income Canberrans using relevant data on household types, income and population groups as well as economic, income, housing and other cost of living data;
4. Take note of factors outside the control of the ACT Government, such as the Commonwealth Government's role in determining taxation rates, pensions and allowances and other income and labour market policies and fiscal strategy; and
5. Develop an evidence-based ACT Targeted Assistance Strategy that includes policy options for the Government as well as community, market and individual responses.

The Panel considered options available to the ACT Government, business, community and the individual, but also acknowledged factors outside the control of the ACT Government which affect the economic environment in the Territory.

The Panel was mindful that the ACT Government has recently taken steps to examine its own taxation structures in the Quinlan Review, even though income taxation rates and the bulk of taxation revenue are managed by the Commonwealth Government. Further, labour market policies and Commonwealth Government staffing policy impacts not only the ACT's property market but also the Territory's general economy.

In developing the Strategy the Panel also considered the influence of Commonwealth Government policies on the cost of living, noting that the ACT Government has only some of the policy levers necessary to address the issue. In this regard, the Panel notes the primary role of the Commonwealth in determining income support, and this distribution of taxation revenue.

The Panel commissioned a data report (Appendix A) on ACT household expenditure; undertook community consultation with community groups, business and within Government; considered academic research; and investigated approaches and programs operating in other jurisdictions.

The Report outlines the Panel's Principles for Action, a summary of the recommendations and a discussion of the factors considered in making each of the recommendations.

Principles for action

The Targeted Assistance Strategy affirms that all Canberrans should have the opportunity to reach their potential, make a contribution and share the benefits of an inclusive community.

The Targeted Assistance Strategy is designed to assist people who may not be receiving or accessing assistance, but find themselves in financial hardship. They are people who the community may be surprised to know needed help.

The Panel agreed on a set of principles to guide the recommendations for change to programs and policies to assist the target group.

Moving to a Financial Health and Wellbeing Framework¹

In developing these principles, the Panel has identified the need for a framework which is both proactive and responsive, and focuses on building and sustaining the financial health and wellbeing of the cohort in the long term. Increasing the financial health and wellbeing of individuals was endorsed as a first principle in the Panel's considerations.

Principles for action



The Panel understands that in applying these principles there is a potential tension between the principles of flexibility on the one hand, and consistency on the other.

¹ Major Church Providers (2009) *Building financial health and wellbeing for disadvantaged and vulnerable Australians in the wake of the Global Financial Crisis*. Available online at http://www.unitingcare.org.au/images/stories/pdfs/financial_health_and_wellbeing_recommendations_30mar09.pdf.

Defining hardship

The Panel also considers it important to determine what hardship means in the ACT, and consequently to identify what options are available to those experiencing financial stress.

Influenced by terms and concepts used in the National Credit Code, the Panel suggests financial hardship exists where:

a person is unable reasonably, because of illness, unemployment, financial stress or other reasonable cause, to meet their financial obligations.

If a person is identified as experiencing financial hardship, a number of options to assist with resolving their situation should be available.

The Panel accepts that when a person is applying for consideration of hardship, certain evidence will be required. This must include proof of income, and could also include referral from a Government-funded organisation, including schools, regional community services, emergency financial and material aid providers and financial counsellors.

Summary of recommendations

Building financial capacity

Short	<ol style="list-style-type: none">1. The ACT Government adopt the suggested definition of financial hardship.2. The ACT Government develop procedures for assessing financial hardship.
Medium	<ol style="list-style-type: none">3. The ACT Government, in partnership with business and/or community:<ol style="list-style-type: none">a) expand the No Interest Loan Scheme in the ACTb) establish a Low Interest Loan Scheme in the ACTc) provide increased access to financial counselling and information, particularly at times of changed) provide for the training of 6 – 10 additional financial counsellors in the ACT.4. The ACT Government, in accordance with Appendix B, make available flexible payment options for ACT Government fees and fines, which includes the removal of sanctions and payment by instalment.5. Payment incentive schemes are implemented for those experiencing financial hardship, by both ACT Government and business.6. The ACT Government use debt waiver and partial debt waiver as a form of assistance where people have little or no capacity to pay, and where the debt would prolong or compound financial hardship.7. The ACT Government and community service providers continue to provide subsidised food to members of the community. The ACT Government should fund any additional costs of transport.

Health (including dental)

Short	<ol style="list-style-type: none">8. Private sector dentists continue to be encouraged to undertake pro-bono work in public dental schemes.
Medium	<ol style="list-style-type: none">9. The ACT Health Directorate re-examine credentialing requirements to minimise any barriers to the take-up of pro-bono work.
Long	<ol style="list-style-type: none">10. Waive co-payment requirements for adult dental services for concession card holders and those experiencing financial hardship.

Housing

Short	11. Promote and re-examine regularly current schemes for assisting people in the private housing market, including rate relief, Rental Bond Loans and the Mortgage Relief Scheme.
Medium	12. The Real Estate Institute of Australia (ACT) and community sector, in partnership, develop and provide: a) a fact sheet on tenants rights, responsibilities and how tenants might seek assistance when in financial hardship b) an information pack about available assistance initiatives at first instance of non-payment of rent.
Long	13. CHC Affordable Housing take special consideration of the cost of living pressures faced by those with a disability/chronic illness when assessing eligibility.

Concessions

Short	14. Promote the ACT Government Concessions Portal, and supporting advertising material.
Medium	15. Develop and implement a single form for applying for multiple concessions and financial assistance within the ACT Government. 16. In conjunction with outcomes of the ACT Taxation Review, ACT Government apply consistency of existing concessions. Extending concessions on sewerage to Health Care Card Holders should be considered as a first step.
Long	17. In conjunction with the outcomes of the ACT Taxation Review and the proposed National Disability Insurance Scheme, ACT Government take account of the extra cost associated with having a disability or chronic illness in determining concession eligibility criteria.

Utilities

Medium	18. Fund the continued growth of the Outreach Energy and Water Efficiency Program. 19. The ACT Government provide additional utilities concessions for people with MS. Other peak organisations should be invited to provide evidence and analysis for the extension of this concession to other chronic illnesses that cause temperature intolerance.
Long	20. Energy retailers work with the community sector and ACT Government to target the roll out of the ACT Energy Efficiency Scheme to households in the target cohort.

Community service obligations

Long	21. Establish a data framework to monitor the effectiveness of Community Service Obligations in providing assistance to people experiencing financial hardship.
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Transport

Long	22. Flexible payment arrangements for car registrations, that do not incur additional administration costs, should be made available to those able to demonstrate financial hardship. 23. Increase access to Community Transport buses, including providing additional buses where there is demonstrated need.
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School education

Short	24. Promote and streamline the Secondary Bursary Scheme, in particular to enable larger payment earlier in the school year 25. Extend the Secondary Bursary Scheme to support college students
Medium	26. Promote the ability to pay school-related costs (for example book packs, uniforms and excursions) by instalments
Long	27. Establish a School Relief Fund 28. Establish partnerships between schools and community service organisations to enable improved identification of families experiencing financial hardship and to link them to support services.

Training

Short	29. Utilise existing forums in the business, community and training sectors to share information about assistance available to support training.
Long	30. The Education and Training Directorate develop a web portal focused on the trainee, using the Assistance Portal as a model.

Information sharing

Short	31. Use existing community sector forums to build information about services available within the sector, but also across government and business.
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Flexible and targeted service delivery

Short	32. The application of the purchasing framework continue to be a priority across the ACT Government.
Medium	33. Contracts between the ACT Government and community services be written in plain-English using practical and easy to understand language, with specific attention to privacy terms. 34. Increase the amount of flexibility community organisations have regarding the use of unexpended funds.

Key findings from the data report²

On average, the ACT has the highest standard of living in Australia, with a relatively younger, highly educated and productive population. The ACT has the lowest levels of disadvantage in the country and our average household incomes are around 20 per cent higher than the national average. Yet there are some in our community that do not necessarily share in the ACT's prosperity and high standard of living – some that may be struggling to meet increases in the cost of living and who may require targeted Government assistance.

Analysis presented in this paper seeks to identify and target those households that could most benefit from Government's assistance, and the most effective goods and services to target.

The analysis shows that the cost of essential goods and services in the ACT has increased well beyond Consumer Price Index (CPI) growth over the last few decades (albeit still slower than household income growth). The analysis in this paper suggests the essential goods and services most susceptible to upward price movements are health, utilities and housing, and as such targeting of Government assistance would be most effective if directed at these items.

Summary of at-risk essential goods and services

Essential good/service	Health	Utilities	Housing	Transport	Food
Increased cost of living High average annual price growth, significantly above CPI (2.7%) -1990 to current	Average annual growth = 6.1%	Average annual growth = 4.5%	Average annual growth = 2.6%	Average annual growth = 2.3%	Average annual growth = 3.3%
Likely chance of price shocks High relative standard deviation	Standard deviation = 5.8	Standard deviation = 4.7	Standard deviation = 5.2	Standard deviation = 3.3	Standard deviation = 1.9
	Most at-risk			Least at-risk	

This analysis also notes that households have varying expenditure patterns and varying capacities to absorb price increases and/or shocks. Households may have different expenditure patterns based on the life cycle of its occupants, the number of household members, the household's location and financial resources. In order to maintain their standard of living, people change their spending habits when confronted with difficult cost choices. They ration or substitute, or sometimes go without.

In the absence of a true cost-of-living index to reflect such rationing or substitution, this study assumes households which allocate a substantially greater proportion of their expenditure to essential goods and services than the ACT average, may have limited capacity to absorb price increases and/or shocks. In recognition of differing household expenditure patterns (as noted above), this study considers expenditure patterns for a range of household cohorts across the ACT and Australia, including: income cohorts; age cohorts; family type; net assets; Government pensions/payment recipients; and tenure type.

² The full report, *Data Analysis of Cost of Living in Canberra*, can be found at Appendix A

Over the last few decades, ACT households have spent slightly over half their household budget on essential goods and services. On average, ACT households tend to spend less of their household budget on essential goods and services than the national average. Some households in the ACT spend considerably more of their budget on essential goods and services than others and, as such, may be at risk in the event of upward price movements for essential goods and services. Analysis from this Study suggests government concessions generally target the essential goods and services most susceptible to upward price movements such as health, utilities and housing prices.

Similarly, while each ACT Government concession has different eligibility requirements, in general these concessions target those most in need, for example by supporting:

- those in public housing;
- low-income households;
- single parent families;
- those relying on Government pensions; and
- older persons.

ACT context

The ACT is unique amongst Australia's States and Territories. It comprises a city-state with the smallest land area and the second smallest population. As at June 2011 an estimated 365,421 people lived in the ACT, with Canberra the hub of a much wider trans-border region.

Canberra is the national capital and the seat of Federal Government, with a large proportion of the population employed in the public sector, both Commonwealth and the ACT. This environment gives rise to a unique set of demographic and social conditions.

Relative to other Australian jurisdictions, the ACT has the:

- highest household income;
- highest level of post-school qualifications;
- highest work participation rates;
- highest self-assessed health status; and
- highest levels of participation in sport, recreation and culture.

Our population

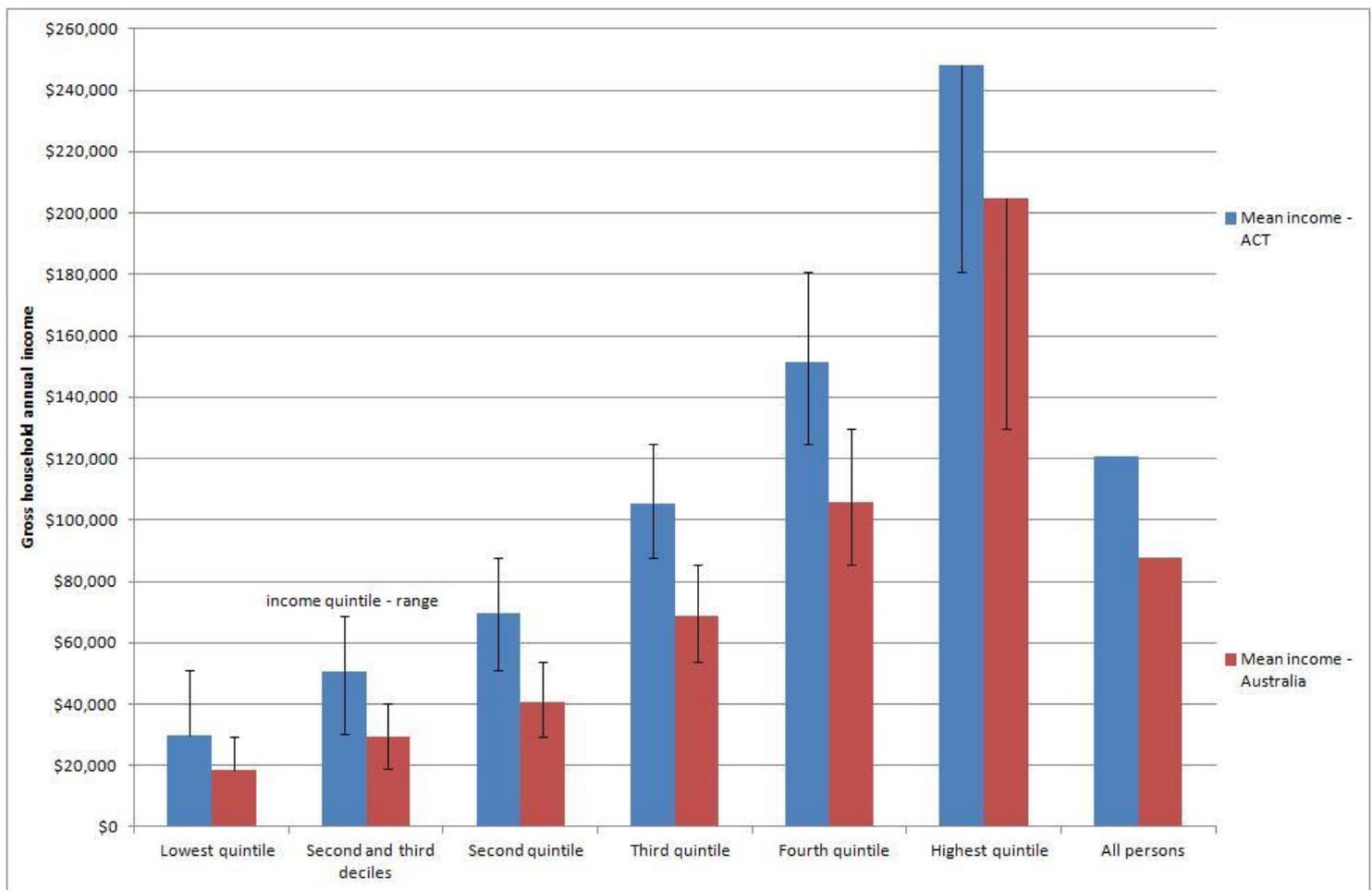
- In the decade 1999 to 2009, the life expectancy at birth for males rose by 2.7 years to 80.5 years and the life expectancy at birth for females rose by 2.5 years to 84.3 years.
- The level of Year 12 or equivalent attainment in the ACT was 89.5 per cent in 2010. Over the decade to 2010, the ACT's level of Year 12 attainment has remained consistently above the national average.
- Although rising over the last few months, the ACT's unemployment rate (3.7 per cent in January 2012) remains well below the national average.
- A fifth of the ACT population (over 70,000 residents) were born overseas.
- Approximately 4,300 (1.3 per cent) of the ACT population identify as Aboriginal and Torres Strait Islander peoples.
- The number of people who report having a disability in the ACT is 45,000 (14.2 per cent of the population).

Within our community

The majority of residents in the ACT enjoy a high standard of living.

On average our incomes are much higher than the Australian average – this is true across all income quintiles. ACT households have a mean (gross) income of \$2,325 per week (\$120,900 a year) compared to a national average of only \$1,688 per week (\$87,776 a year).

ACT and Australia, gross household annual income – by income quintile



Source: Australian Bureau of Statistics. cat. no. 6523.0 – *Household Income and Income Distribution*. 30 August 2011.

<http://www.abs.gov.au/AUSSTATS/abs@.nsf/DetailsPage/6523.02009-10?OpenDocument>.

However, there are individuals and families that experience disadvantage – even in a relatively affluent community such as Canberra. A scattering of disadvantage across the suburbs of Canberra can also reduce its visibility and exacerbate people’s social exclusion.

Data for the ACT shows:

- despite high levels of family and community support in the ACT, 29.5 per cent of people in the lowest income quintile have indicated they would be unable to raise \$2,000 within one week in the case of emergency. One parent families where the adult is unemployed face greatest difficulty in raising emergency money. The majority of one parent families are headed by women.
- in the ACT, almost three quarters of low income households live in a household in which the head is either unemployed or not in the labour force.
- the ACT does not have the range of regional poverty rates found in other parts of Australia. However, the ACT does have small pockets of locational disadvantage.

At-risk households

Households in the second income quintile (and to the second and third income deciles) have higher proportional expenditure on essential goods and services – this expenditure has increased substantially over time suggesting these households may be in the most ‘at-risk’ income cohorts.

Nearly 30% of ACT households in the second income quintile have household expenditure greater than the income they receive.

Despite earning more, households in the second income quintile were more likely to experience financial stress (57.8%) than households in the ‘low-income’ second and third deciles cohort (42.6%).

Further, in comparison to those in the lowest income quintile, this group is less likely to seek assistance from welfare or community organisations.

What the community told us

Meetings were held with the following organisations as part of the Targeted Assistance Strategy consultation schedule:

Business	ACTEW	Harvey Escribano
	BankMecu	Jo O’Sullivan and Steven Lynch
	Canberra Business Council	Chris Faulks
	Real Estate Institute of Australia	
	The Australian Centre for Philanthropic and Non-profit Studies ³	Prof. Myles McGregor-Lowndes
	UnitingCare Kildonan	Ronda Held and Sue Fraser
Community	Anglicare	Jenny Kitchin and Peter Sandeman
	ACTCOSS	Roslyn Dundas
	Volunteering ACT	Maureen Cane
	Canberra Men’s Centre	Greg Aldridge
	ADACAS	Fiona May
	Domestic Violence Crisis Service	Dennise Simpson
	Inanna Crisis Service	Winsome Willow
	Care Financial Counselling	Financial counsellors
	Salvation Army	Liz Dawson
	COTA	Paul Flint and Helen Taylor
	Citizen’s Advice Bureau	Liz Howarth
	Shelter ACT	Leigh Watson
	MS Australia	Dr Michael Summers
People with Disabilities ACT	Robert Altamore	
Forums	Community Service Program	Various service providers
	Rotary Food Bank Forum	Food bank stakeholders
	Homelessness Forum	Homelessness service providers
	Community Services Forum	Regional’s and other service providers
	Emergency Material and Financial Aid Forum	EMFA providers
Legal	Tenants Union ACT	Deb Pippen
	Women’s Legal Centre	Carol Benda
	StreetLaw	Katie Fraser
	Welfare Rights & Legal Centre	Genevieve Bolton
	ACAT	Peter Sutherland
Mental Health	Mental Health Community Coalition	Simon Viereck and Brooke McKail
Regional Groups	Belconnen Community Services	Dira Horne
	Northside Community Services	Simon Rosenberg
	Woden Community Services	Chris Redmond

³ To discuss the papers

McGregor-Lowndes, Myles (2008) Is there something better than partnership. In Barraket, Jo (Ed.) *Strategic Issues for the Not-for-profit Sector*. UNSW Press, Sydney, pp. 45-73.

McGregor-Lowndes, Myles & McBratney, Amanda (2011) Government community service contracts : restraining abuse of power. *Public Law Review*, 22(4), pp. 279-297

The Panel acknowledges the many individuals and groups that attended the forums but are not individually listed above.

A number of key themes emerged from the community consultations, including:

Descriptions of the target cohort:

- Described as ‘normal, low to middle-income families and individuals’ who are living pay to pay but find themselves unable to cope financially with changes in their circumstances.
- Often these changes are sudden (e.g. a large utility or medical bill), but they may also be cumulative and persistent, resulting in increased financial hardship over time.
- People often transition in and out of the target cohort because of these changes. Examples of common events which prompt people to enter the cohort included:
 - sudden unemployment;
 - familial breakdown;
 - the birth of a new child/children;
 - medical conditions (suffer from or caring for);
 - contractual and/or seasonal employment; and
 - increased housing stress.

The psychology of assistance:

- This cohort is unique – they are often not eligible for concessions and are unfamiliar with how to engage with the service system.
- Accessing this cohort may also be difficult because this group is not linked to existing points of contact with Government or the community sector (for example, few are public tenants and don’t usually access community services).
- They consider themselves ‘normal families doing it tough’ so they may not identify themselves to receive support or assistance.
- For these reasons it is important to ensure access to support is easy. This cohort is inexperienced and tentative in identifying themselves, therefore complicated processes and procedures may discourage uptake of assistance initiatives.
- Assistance must be offered in a way which fosters ‘normalcy’ and allows people access while maintaining their dignity – incorporating the concept of only having to tell your story once and not having to prove significant disadvantage to access services.

Information availability:

- Information needs to be easy to access and navigate, not only for the target cohort but also for community and business organisations.
- There is a need for a user-friendly concessions and assistance website which promotes ACT Government concessions and support programs, but that also offers advice on Commonwealth initiatives and other useful information (such as the location of discount chemists, or information about decreasing energy consumption).

- There is also a need for comprehensive and multi-platform marketing of assistance initiatives, to reach those who don't have access to, or are unfamiliar with, the internet. A common suggestion was providing information on support and assistance and where to find it in school book packs and periodic bills, such as utility bills.

Access points:

- Utilising non-stigmatising access points is key to targeting this cohort. Examples included GP offices, schools and libraries.

Eligibility/flexibility of concessions:

- Multiple and complex eligibility frameworks make it difficult to determine what assistance is available.
- Uniform eligibility could assist in this regard, but there is a tension between creating certainty and allowing flexibility.
- Flexible eligibility requirements would be particularly helpful in targeting assistance to this cohort because of the transitional nature of their need for assistance.

Healthcare:

- The cost of accessing healthcare is an issue for this cohort, particularly because of the limited number of bulk-billing doctors.
- Dental care is another area of concern for this cohort – many are struggling to access affordable dental care in a time frame that addresses their medical needs.
- Anecdotal evidence suggests people in this cohort may delay dental (and other health) care because of the costs associated, resulting in decreased quality of life now and the need for increased care later in life.

Affordable housing:

- Rental stress continues to be an issue for this cohort, with qualitative evidence suggesting this group struggles because they are not eligible for public housing but find private rental too expensive.
- Lump sum payments for bond, moving costs and rent in advance can push people into the target cohort and while there are schemes to assist with these costs, they are not widely known.
- Qualitative evidence suggests many in this cohort are also living in properties with low energy efficiency and therefore paying higher utility bills.

Education and training:

- Financial assistance available to support families with school-related costs are not widely known.
- Promoting access to training and education to facilitate career progression is an important aspect of assisting people to move out of this cohort.

- Training opportunities are available but they are not being utilised for a number of reasons, including the reluctance of business to allow staff the time off to train. It was also suggested that a lack of awareness of what is available and the benefit of further training contributes to the underutilisation of funded training places.
- Resources need to be focused on those with limited qualifications but who could benefit from further training – it is important to ensure the right people are getting the training.

Transport:

- Affordable transport is an issue for this cohort because many are not eligible for transport concessions.
- The current system is not reliable enough to allow public transport to be the only means of transportation.
- Community transport should be expanded to better meet people's transportation needs

Childcare:

- There is an increase in the number of parents returning to work to increase familial income. However, often the increase in income is mitigated by the cost of childcare which creates financial pressures for many families.

Fees and fines:

- This cohort particularly struggles with paying lump sum fees and fines. Often they pay the lump sum for fear of penalty (particularly losing their license) at the expense of other essential goods and services.
- Reducing the shock of a large fee or fine by smoothing out payment options, with either more time to pay or instalment options, would greatly benefit this cohort.
- Further, the ability to get a driver's license re-instated once a payment schedule is entered into and an initial payment is made is important for this group, to prevent further re-offending and debt.
- Volunteering may also be a viable option to repay government fines.

Periodic payments plans:

- Developing incentives for paying bills periodically (e.g. by offering discounts) would promote good financial management practices and also assist people to manage the peaks in expenses.
- At the very least, disincentives to pay by instalment (e.g. administration fees, higher rates) should be removed.

Business involvement:

- Many business organisations are willing to assist but struggle with identifying those who require assistance because there is no concession card or other identifiable feature.
- Education and training for employees was also raised by the business community.

The Panel also heard a range of ideas, comments and suggestions that were considered beyond the scope of the development of the Strategy.

Many of these suggestions would have implications for service delivery frameworks for Canberrans already supported through public housing, concessions and other initiatives. These suggestions do not directly impact the 'target cohort' which the Panel has identified as in need of targeted assistance through this Strategy—most of whom do not qualify for existing types of support. A particular example was the feedback received regarding public housing. The Panel heard a number of community concerns around the adequacy of heating appliances, the energy efficiency of properties and the time taken to repair properties once a maintenance request has been lodged. The Panel acknowledges the large investment that is being made by the ACT Government into increasing the energy efficiency of public housing properties, but as it is a program with a ten year roll out, there are still many properties that are yet to benefit. These clients are particularly vulnerable to the rising energy costs.

Also within the range of suggestions received throughout the consultation was the call for improved community organisation staffing, capacity and networking, for the purposes of improving delivery in the sector. While, again, this would largely relate to the sector's existing clientele, which is not necessarily a focus of this Strategy, the Panel has sought to reflect the need to foster a more open and communicative culture across the Government, community and business sectors in a number of recommendations.

Case studies

Two case studies were provided by the community sector as examples of households (as evidenced by both the qualitative and quantitative data).

Young couple with three children at primary school in private rental accommodation.

Mother works fulltime with an income in the vicinity of \$50,000 and the father receives the Disability Support Pension. The father has chronic health conditions and due to these conditions is required to be hospitalised several times per year. Responsibilities of the mother when hospitalisation occurs are then financially and emotionally stretched further.

The family currently resides in a private rental property and pays \$450 per week. The family are applying for community housing to assist with long term emotional and health stability. With the family struggling to pay bills, particularly high energy bills the financial stress experienced by paying high rent is also demanding on their resources. Energy costs are high as the father requires constant warmth with body temperature which is directly related to his health condition. The house is inefficiently built. Therefore paying high energy costs to ensure the health of the father has created a situation whereby the family are unable to replace old broken energy inefficient whitegoods.

This scenario highlights the daily delicate balance of retaining a rental property to avoid homelessness and addressing health issues of family members. As this family experiences financial stress the use of services in the community is solely dependent on resources that are available at low or no cost.

In this case, the family was assisted through the Energy Efficiency Outreach program. The family was assisted through the replacement of white goods and other energy efficient tools, with ongoing follow up to occur. Without this assistance their financial stress would have only compounded.

Couple in their 60's who own their own home and are on limited incomes.

Ann and Peter live in their own home, but struggle with meeting utilities costs and maintenance costs of their house and appliances.

Peter is unable to walk long distances. To do his grocery shopping, Peter picks up his 30 year old son (who has his own young family), drops him at the grocery store and waits in the car while his son does the grocery shopping for him.

They have continual issues with finances and are currently working with Essential Services to pay off a phone debt from when Peter was in hospital and exclusively using the mobile phone.

Their hot water system broke three years ago and they were told by a tradesman at that time that the system would need to be replaced. Due to financial hardship they were unable to afford replacement and therefore had no hot water for three years. Their washing machine also broke down around the same time, and they had been hand washing their clothes ever since.

When they first approached a community service organisation they were having trouble with the electricity in certain rooms tripping out.

They had a tradesman out, whom they found details for in the seniors discounted tradesman directory, who told them there was nothing wrong. They were still having

problems a few days later and called another electrician out who advised them that something in the mains had tripped and burned.

This couple was assisted through the Outreach Energy Efficiency Program and in their own words “are living like kings and queens now that we are able to have a hot shower and wash our own clothes through a machine and don’t know what to do with ourselves”.

Most recently, a large gum tree has fallen due to storm damage and taken out a lot of their side fence. ActewAGL have advised them that they need access to the property to cut down some other trees close to the power line but that they are not able to do so until the fallen tree has been removed. They are unable to remove the tree as they cannot afford the costs involved. This has presented a new financial pressure.

Building financial capacity

What is happening now

The ACT Government currently funds a number of community organisations to deliver assistance to those experiencing financial hardship through initiatives including the Community Services Program (CSP) and Emergency Financial and Material Assistance (EFMA).

The CSP provides \$6.235 million to 27 community organisations to provide a wide range of services to assist the ACT community, focusing on the needs of people on low incomes, families and people in crisis. The organisations provide a range of services including counselling, information, accommodation, advocacy and emergency financial and material assistance. EFMA, previously called 'emergency relief', specifically assists people in temporary financial crisis through short term assistance, and referral to other programs to address the causes of financial crisis and any underlying long term issues.

In 2011-12 the ACT Government is providing \$1.101 million per annum in recurrent funding for EFMA to assist people experiencing disadvantage. Between January and June 2011, service providers reported assisting an estimated 3,486 clients. In the following six months, from July to December 2011, 3,888 clients were assisted. These numbers understate the number of people that benefit from the assistance, as clients use the assistance to support their family or household.

Anecdotal feedback from providers is that demand for this program continues to grow and that they are seeing new individuals/families that have never accessed the service before.

The Commonwealth Government, as well as providing funding for emergency relief, has been proactive in increasing information available for those experiencing financial hardship. In March 2011, it launched the National Financial Literacy Strategy⁴, with a goal of enhancing the financial wellbeing of all Australians by improving financial literacy levels. It is underpinned by four pillars:

- Education through schools and other pathways;
- Providing trusted and independent information, tools and ongoing support;
- Recognising the limits of education and information and developing additional innovative solutions to drive improved financial wellbeing and behavioural change;
- Working in partnership with the many sectors involved with financial literacy, measuring our impact and promoting best practice.

Further, the Commonwealth's MoneySmart website⁵ provides free and independent financial information, including 26 calculators and tools to help people find answers to their questions about money. MoneySmart covers not only the basics such as budgeting, saving, credit cards and loans, but also more complicated issues such as superannuation contributions, margin loans and income tax. It also provides a link to a free financial counselling hotline and a postcode-searchable data base of financial counselling services by location.

⁴ For more information <http://www.financialliteracy.gov.au/media/218312/national-financial-literacy-strategy.pdf>

⁵ For more information www.moneysmart.gov.au

Defining hardship

The Panel has identified that an important first step is to develop a definition of financial hardship that can be applied across the ACT Government. Different assessments of what constitutes hardship mean there are currently varying eligibility criteria and a patchwork of responses which limits the effectiveness and transparency of the process. The Panel has developed a recommended definition, suggesting that someone experiencing financial hardship is:

a person who is unable reasonably, because of illness, unemployment, financial stress or other reasonable cause, to meet their financial obligations.

The panel suggests this definition should be adopted, and highlights that defining financial hardship is a basic but important first step to offering more targeted assistance.

Recommendation

1. The ACT Government adopt the suggested definition of financial hardship.

The Panel also considers it important that the ACT Government develop a framework within which assessments of hardship are considered. Such frameworks are important in ensuring that decision making is consistent, fair and transparent. In Victoria, the Attorney-General has developed guidelines to assist enforcement agencies in the interpretation of the legislation on fines, and to set out the policy outlining how infringements should be dealt with. Various key principles underpin the Victorian Government's approach to fees, fines and charges. Of particular note are:

- The balancing of fairness (lower fine levels, convenience of payment, consistency of approach) with compliances and system efficiency (reduced administration costs, no need to appear in court, no conviction);
- A requirement that individual circumstances be taken into account, and;
- Recognition of genuine special circumstances.

The Panel recommends that the ACT develop similar guidelines to considering hardship and, based on the findings of the Panel, include consideration of the following under the 'reasonable cause' aspect of the definition:

- A large, unexpected expense
- Ongoing or sudden disability or illness (including mental health issues)
- Carers duties and costs
- Sudden unemployment
- Single income family
- Family violence
- Other factors resulting in unforeseen change in the customer's capacity to meet their payment obligations, whether through a reduction in income or through an increase in non-discretionary expenditure.

This list should not be exclusive, but should be designed to offer guidance to the assessor.

The Panel accepts that when a person is applying for consideration of hardship, certain evidence will be required. This must include proof of income, and could also include referral from a Government-funded organisation, including schools, regional community services, emergency financial and material aid providers and financial counsellors.

Recommendation

2. The ACT Government develop procedures for assessing financial hardship.

Financial health and wellbeing

The Panel emphasises the importance of financial health and wellbeing as a first principle in the delivery of all services in the ACT community. Services delivered in accordance with this principle will be responsive and build the financial capacity of people in the long term.

Services then must offer a continuum of support, integrated with other social services to match the continuum of vulnerability experienced by people in financial hardship. This principle requires Government, business and community sectors to work together to ensure people are able to access services which offer prevention and early response, direct assistance, advocacy, support, and which build capacity to sustain longer term financial wellbeing.

This in turn requires a focus on identifying and responding to needs, but also considering long term planning. Services need to be targeted and promoted at critical times in the life-cycle and at high risk life events. For example job loss, familial breakdown, medical crises and the birth of a new child can often result in financial stress, including default on mortgage or rent.

This principle influences the Panel's suggestions around a range of programs and initiatives which the Panel will refer to further in this section, and its paper on options for ACT Government fees and fines⁶.

Financial health and wellbeing in practice

There are a number of initiatives that the Panel considers important as part of promoting financial health and wellbeing, including increased access to no and low interest loans, as well as financial counselling.

The Panel considers that the provision of financial services and products that are affordable, accessible and appropriate is integral to people's financial health and wellbeing. No Interest Loan Schemes (NILS) are a way of assisting people to purchase necessities such as whitegoods without having to defer to banks or high cost lenders.

Following the Community Roundtable, the ACT Government has engaged with financial institutions regarding the provision of socially responsible banking products, as part of the ACT whole-of-government banking contract. The Panel understands that the procurement process is continuing and remains commercial-in-confidence.

The Panel believes that socially responsible banking products and services can be delivered through the establishment of, or expansion of, no and low interest loan schemes (NILS and LILS) within the ACT. These schemes would greatly assist those experiencing a change in financial circumstance or 'financial shock'.

⁶ Further information can be found in Appendix B

No Interest Loans Scheme and Step-up loans – the Good Shepherd model

No Interest Loans Scheme (NILS) assist people experiencing financial hardship who are unable to access mainstream credit, or who would place themselves under considerable financial stress by accessing high interest rate finance. NILS is generally for the purchase of essential household items (such as whitegoods) or other essential needs (such as health aids or education costs); and not for emergency relief, bond or rent money, living expenses or debt repayment. NILS enables low income households to improve their financial resilience and gain a transitional credit rating.

The NILS model, developed in 1981 by Good Shepherd Youth & Family Service (GSYFS) Victoria, is now patented and run by Good Shepherd Microfinance (GSM). The model accredits non government organisations (NGOs) to provide loans through the NILS Network, the largest Microfinance scheme in Australia, with 400 organisations across most jurisdictions.

While no interest loans are generally for smaller amounts and are restricted to the purchase of essential goods, low interest loans assist people with the cost of purchasing services as well. Low interest loans allow clients to pay for costs in a manageable way, and bridge the gap between community-based assistance and mainstream credit provision. The Panel believes both have an important role to play in targeting appropriate kinds of assistance to the relevant people. The Panel supports the expansion of the NILS in the ACT, and also the introduction of a Low Interest Loan Scheme (LILS), noting the administrative costs of establishing such a scheme

The Panel noted that in other jurisdictions, community organisations have established NILS without the assistance of Government, however in the ACT, there may be the requirement for Government assistance to support community organisations to meet the administrative costs of a NILS or LILS

Many community suggestions also involved increasing the availability of financial information at times of change for families and individuals. The Panel supports this suggestion as it assists people to anticipate and manage changes in their financial situation. This could include providing financial information at the time of child birth, and to new home purchasers. However, the Panel recognises that the capacity to provide financial counselling requires a specialist skill set and appropriate qualifications, which are not readily available in the ACT. For effective implementation to occur, the Panel notes the imperative that initiatives which facilitate access to this training are supported, which will include training existing community service workers.

Recommendation

3. ACT Government, in partnership with business and/or community:

- a) expand NILS in the ACT***
- b) establish a LILS in the ACT***
- c) provide increased access to financial counselling and information, particularly at times of change***
- d) provide for the training of 6 – 10 additional financial counsellors in the ACT.***

Flexible payment of fees, fines and charges

Following a commitment from the Chief Minister, the Panel has also examined options to smooth out the peaks in the fees and fines the ACT Government charges. This will allow people to build their capacity through the ability to better budget and manage their money, and to avoid excess charges for doing so. The Panel acknowledges the work of StreetLaw in highlighting this issue, and makes the following broad recommendation, referring to Appendix B for further detail.

Recommendation

- 4. The ACT Government, in accordance with Appendix B, make available flexible payment options for ACT Government fees and fines, which includes the removal of sanctions and payment by instalment.***

The Panel also considers it important to build incentives into payment plans for those experiencing financial hardship, the benefit of which is two-fold. Incentive arrangements both encourage and assist people to clear their debt with manageable payment plans, with the by-product of increased revenue flow to creditors, while mitigating the costs associated with debt recovery.

The Panel suggests a 'debt horizon' model whereby consistent payment is rewarded at incremental stages by partial waiver of the debt. For example, if a payment plan is entered into, every 13th payment is waived as an incentive for the person to pay off their debt. The Panel commends ACTEW on introducing a similar initiative to assist clients in repaying large electricity bills, and recommends AGL adopt the same approach for gas bills. The Panel does recognise that this model is not feasible for every payment plan, but will assist the creditors recoup debts while being manageable for the customer.

Recommendation

- 5. Payment incentive schemes are implemented for those experiencing financial hardship, by both ACT Government and business.***

In recommending payment plans and incentive schemes, the Panel also acknowledges that these options may not be suitable for a small number in the community who, regardless of even small instalment amounts, lack the capacity to repay the debt. The Panel heard from many stakeholders of the negative impact that debt stress has on members of the community.

For some people, a change in financial circumstances (for example through caring responsibilities, relationship breakdown or temporary unemployment) can shift a previously manageable debt into a debt that imposes financial stress.

Government debt may be the accumulation of outstanding fees, charges or the deferral of rates. For those in the target cohort, government debt was considered one of many pressures on the household budget, as they were also juggling other bills for essential goods and services.

In line with the work progressed on the flexible payment options fees, fines and charges, the Panel reviewed a previous proposal within the ACT Government for the creation of a Debt Review Committee. The previous proposal suggested the establishment of a Committee that would receive applications for 'debt waiver' from people facing government debts, who had no capacity to pay, and who would benefit from debt waiver.

The Panel believes the Government should take a more active role in debt management and at times use debt waiver or partial debt waiver as a form of assistance when ongoing debt is likely to compound financial stress and lead to further financial hardship.

Debt waiver vs. debt write off

“Debt waiver permanently extinguishes a debt, whereas a debt that is written off (usually because it is uneconomic to pursue at a particular time) may be recovered at a later date. This distinction is not well understood within the community”⁷.

In the ACT, Section 131 of the *Financial Management Act 1996* (‘FMA’) addresses issues concerning the waiver of debts. A waiver is a relinquishment or setting aside of a right or claim to something e.g. the collection of a debt. Currently only the Treasurer is able to waive debts to the Territory.

The FMA also requires that waivers be reported in the notes to the financial statements of the relevant department or entity.

Using Debt waiver as part of a strategy for debt management and recovery

The Panel heard of instances where debt waiver is used as an incentive for the ongoing payment of instalments. For example, once a payment arrangement has been sustained, the Administrative and Civil Appeals Tribunal (ACAT) can waive part of this debt. The hardship program run by ActewAGL ‘Staying Connected’ has a similar approach. In both examples the use of debt waiver or incentive payments are decided on a case by case basis.

The Panel believes that a similar approach could be used by the ACT Government where there is limited or no capacity to pay, and the existence of the debt will only prolong and compound financial hardship.

The Panel heard from stakeholders on behalf of people in public housing, seeking public housing or exiting public housing and the financial burden existing Tenant Responsible Maintenance (TRM) debts and housing arrears had on their ability to move out or through the public housing system. In this case, debt management, write off and waiver needs to be managed as part of a broader case management role played by Housing ACT housing managers.

The Panel acknowledges previous work done by the ACT Government on debt management and proposals for debt review committees, but suggests an administratively simple approach which could assist timely decision making.

The ACT Treasurer could delegate the ability to waive debt to two Senior Executive Level Officials (e.g. an Executive Director from Treasury and Community Services⁸). These officials could assess and determine debt waiver or partial debt waiver of ACT Government debt. These officials would be supported by a reference group which includes members of the community sector, meeting biannually, to discuss the applications received and decisions made, as part of an ongoing process of refinement.

⁷ Commonwealth Ombudsman (2009) *Mistakes and unintended consequences – a safety net approach* Issues Paper. Online http://www.ombudsman.gov.au/docs/issues-papers/issues_paper_mistakes_and_unintended_consequences.pdf accessed 17 February 2012.

⁸ This delegation would be specific to the position, and not able to be sub-delegated.

The Panel believes that this would be appropriate and ensure a consistency of approach and transparency.

Recommendation

- 6. The ACT Government use debt waiver and partial debt waiver as a form of assistance where people have little or no capacity to pay, and where the debt would prolong or compound financial hardship.***

Enhanced 'food bank' arrangements and access in the ACT.

The Panel heard from a number of stakeholders of families who are 'rationing or substituting' or seeking subsidies for the purchase of food, in order to meet other household expenses.

The data shows us that food makes up over 16% of expenditure. However, food price increases have been slower than income growth over the past decade.

The Panel considers the provision of food should be seen as an essential part of providing emergency relief and material aid, and that it should also be considered as an element of building financial health and well being.

The Panel notes the rapid increase in the number of service providers in the ACT using Foodbank NSW, including new outlets that have been established by YWCA at Lanyon and Holy Cross Anglican Church at Hackett.

The Rotary Club of Canberra administers a grant from ACT Government that covers the cost of transport of dry goods and frozen food from Foodbank NSW's warehouse in Wetherill Park to ACT agencies – door to door deliveries.

The service and coverage within the ACT has expanded significantly for food orders by community service organisations and if this expansion continues additional funding by the Government may be required to cover the full cost of transport.

Recommendation

- 7. The ACT Government and community service providers continue to provide subsidised food to members of the community, as part of a broader program of improving financial health and wellbeing. The ACT Government should fund any additional costs of transport.***

Health (including dental)

The Panel heard from a number of stakeholders that access to health services was of great concern. In particular, access to dental services was often raised, with families forgoing regular check-ups or dental work due to the cost and waiting times. The Panel consistently heard of the high cost of pharmaceuticals. The suggestion was made that community transport should be made available to access discount pharmaceutical stores.

Access to primary health care and general practitioners (GPs) remains a concern to many in the Territory. The Panel heard that many struggle to find a GP due to the number of GPs who have 'closed their books' and have lengthy waiting lists.

The Panel acknowledge the particular cost of living pressures experienced by those in the community with a chronic illness. One example is the additional cost placed on people with Multiple Sclerosis (MS) in heating and cooling their house. This is discussed in this report in the section on Utilities.

The Panel recognised the financial stress that can be placed on a family through sudden illness or caring for a relative who is ill. The Panel heard of a successful trial of a Hospital Based Financial Counselling program⁹ at the Royal Children's Hospital, Melbourne that provides financial counselling to families whose child is admitted to hospital with a life threatening illness.

Providing information about financial assistance and financial counselling services within Health facilities, GP clinics, Child and Family Centres and Baby Health Clinics could assist families during these times of change.

The data report shows that health price growth has experienced very strong, step wise growth in the price index, increasing by an average of 6.1% per annum since 1990.

The data report makes no assessment as to whether people are forgoing treatment or deferring health check-ups as a result of prices.

The Productivity Commission's *Report on Government Services 2012* reports that in 2010-11:

- 14.9% of ACT residents deferred a GP visit due to cost;
- 48,500 potentially avoidable GP-type presentations occurred at emergency departments; and
- 9.4% of ACT residents deferred the purchase of pharmaceuticals due to cost¹⁰.

The National Advisory Council on Dental Health identified gaps in the current provision of dental services, highlighting:

"low income households whose financial circumstances make them ineligible for public dental services because they do not qualify for concession cards, yet their income is insufficient for them to access comprehensive dental services in the private system. The Australian Council of Social Services (ACOSS) estimate that 23% of Australian adults not eligible for public dental care delayed or avoided treatment because of cost (NACDH 2012:50-51)¹¹"

⁹ Evaluation report available at

<http://www.kildonan.unitingcare.org.au/uploads/news/HBFC%20Program%20Evaluation%20Report%20Final%20May%202011.pdf>

¹⁰ Productivity Commission (2012) *Report on Government Services*. Page E:39

¹¹ National Advisory Council on Dental Health (2012) *Report of the National Advisory Council on Dental Health*.

Context

All levels of government fund, deliver and regulate health services. The Australian Government's health services include funding a proportion of public hospital services, rebates to patients receiving treatment from GPs (bulk billing), the Pharmaceutical Benefits Scheme, funding private health insurance rebates and the Medicare Safety net.

State and Territories fund and deliver a range of health services including public hospital services, community health services, public dental services, mental health programs and patient transport.

Australia is currently undergoing a period of significant health reform. The Australian Government has established Medicare Locals, a national network of primary health care organisations, which will identify and respond to gaps in local health services and assist both patients and health professionals to navigate the health system. The ACT Medicare Local is now established and working closely with the ACT Government Health Directorate to improve primary health care in the ACT.

Access to primary health care, particularly GPs

The ACT Government is implementing a number of initiatives to increase access to primary health including walk in clinics, GP grants programs for start-ups and attraction and retention, scholarships and trainee support. The ACT Government also provides the GP Aged Day Service - an in-hours locum service to support people who are homebound or in residential aged care facilities when their GP is unable to make house calls.

Bulk Billing

According to Medicare statistics provided by the Australian Government Department of Health and Ageing (DoHA), rates of bulk billing by GPs in the ACT are low compared to the rest of Australia. In 2010-11, 45.1% of non-referred GP attendances in the ACT were bulk billed. By comparison, for the same period the national average was 79.8 percent.

The percentage of non-referred GP attendances bulk billed in the ACT has risen from a low of 36.5 % in 2003-04. Between 2005-2006 and 2008-09 the bulk billing rate in the ACT rose to 51.1% however the rate dropped again in 2010-11 to 45.1%.

Dental

The Panel received a presentation from the ACT Health Directorate on the ACT Public Dental Program outlining the services provided. The Public Dental Program is accessible to adult concession card holders and requires a co-payment. The Panel believes there should be capacity to waive this payment for those experiencing financial hardship. The scheme is accessible for all children under the age of 13 and for children of concession card holders, there is no co-payment requirement.

While the Panel recognises that the ACT Public Dental waiting list (approximately 11 months for treatment, 16 months for dentures) is the lowest in the country, this can have significant health implications for those waiting for access to services. Emergency services exist for those in acute pain. Following a triage process, these patients are seen either within 1 day or 21 days.

Currently the ACT Health Directorate has 13 full time equivalent dentists and has had success in recruiting students and also hygienists.

In 2011, the Dental Health Program completed approximately 28,000 adult appointments and 39,000 child and youth appointments.

Currently two private dentists with a possibility of a third are providing pro bono public services. ACT Health Directorate provides administrative support, allowing the visiting dentist to do only clinical work.

A potential barrier raised with the Panel regarding dentists performing pro-bono work is the initial process of being 'credentialed' within the Health Directorate. The Panel understands that ACT Health requires that all medical specialist and dentists are credentialed by the ACT Health Medical and Dental Appointment Advisory Committee (MDAAC)¹² and the process is the same whether serving in a paid or pro bono capacity.

National reforms

During the work of the Panel, two major announcements occurred at the national level regarding dental services. The first was the announcement by the Commonwealth Government that it would invest \$165M in dental services through an increase in the Medicare levy for high income earners. The Commonwealth Government has not provided further details on what additional services will be provided through this investment.

Secondly the Commonwealth Government received the *Report of the National Advisory Council on Dental Health*. The report recommends that the long-term goal should be universal and equitable access to dental care for all Australians.

But the report acknowledges that such a Denticare scheme would be prohibitively costly at the moment, so "as a first step ... the council has focused on improving access for children and lower income adults". The council put forward a number of options, including one that would cost \$10.1 billion over four years from 2012-13.

At the time of the developing the Strategy, the Commonwealth Government was still considering the Report.

Recommendations

- 8. *Private sector dentists continue to be encouraged to undertake pro-bono work in the public dental schemes.***

- 9. *ACT Health Directorate re-examine credentialing requirements to minimise any barriers to the take-up of pro-bono work.***

- 10. *Waive co-payment requirements for adult dental services for those experiencing financial hardship.***

¹² Policy available online at <http://www.health.act.gov.au/c/health?a=dlpubpoldoc&document=862>

Housing

Publications, such as the Real Estate Institute of Australia's *Housing Affordability Report*, regularly report that the ACT has the most affordable housing of all Australian capital cities. However, the indicators used are based on median incomes and housing costs and tend to reflect the ACT's above average income levels.

Notwithstanding higher than average incomes, continued pressure in both the purchase and rental markets, driven by strong population growth and low unemployment rates, has meant housing affordability remains a key issue for many Canberrans—particularly those in the lower two income quintiles. The high cost of housing in Canberra is a significant driver of cost of living pressures and may create barriers to inclusion in our community.

In April 2007, the ACT Government announced the Affordable Housing Action Plan (AHAP), which included 62 initiatives aimed at providing more affordable housing options in the ACT. The plan focused on increasing the supply of land, improving access to home ownership and increasing the supply of affordable rental accommodation and social housing. In 2009 a second phase of the AHAP was launched with a further 22 initiatives that primarily sought to address homelessness and affordable accommodation for older persons.

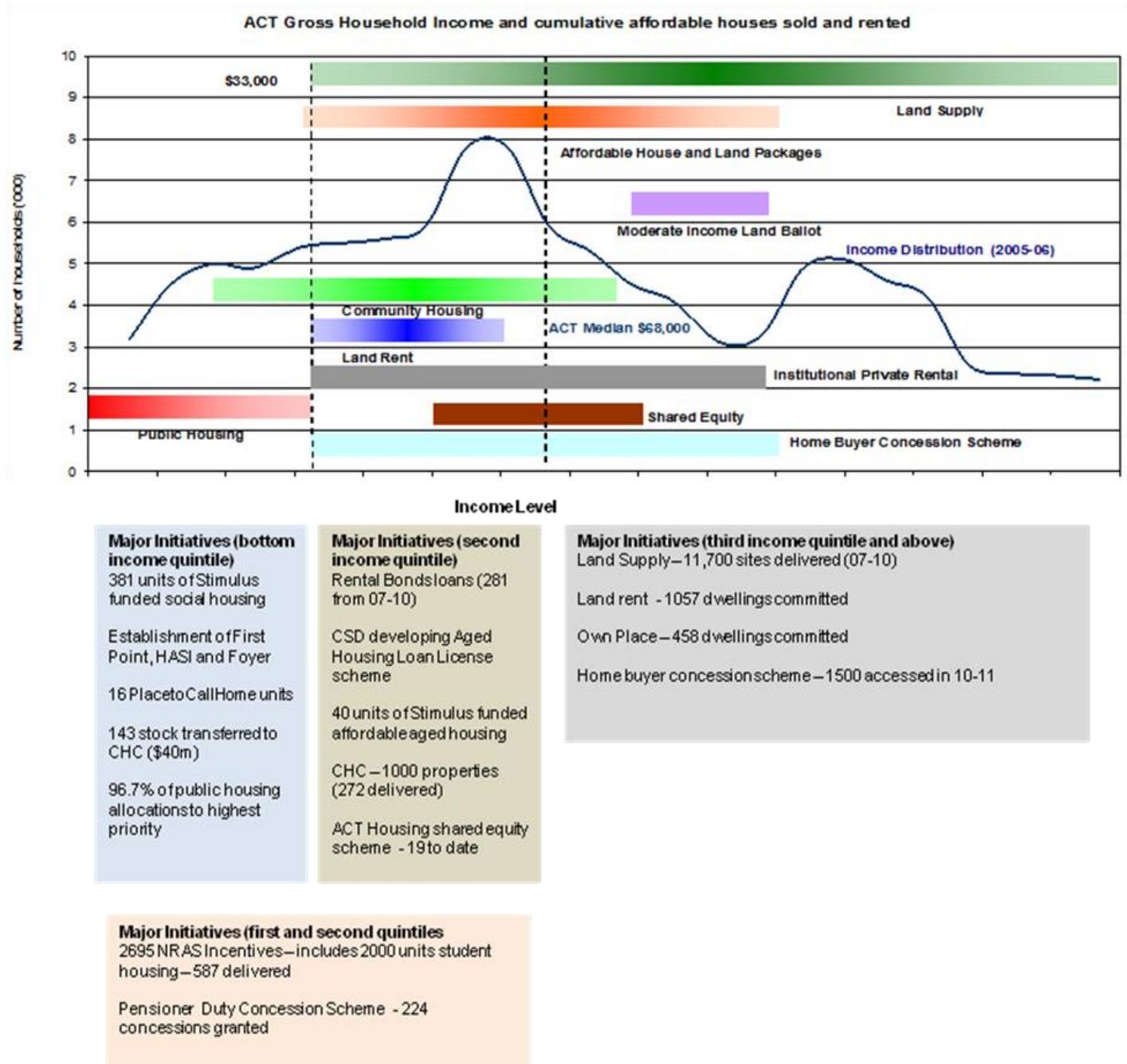
The first two phases of the AHAP have seen an increase in the supply of affordable properties as part of residential development in greenfield areas. This is consistent with the primary aim of many of these strategies, which was to help increase the supply of housing stock and eventually lead to a stabilisation of house prices and rents and an increase in rental stock and rental vacancy rates.

Despite the new affordable properties, and the increase in supply of residential properties over the past few years, house prices and rents in the ACT remain high, while vacancy rates remain very low. As such, housing affordability and the cost of living remain problematic for people in lower income quintiles.

Low and moderate income households are considered to be in housing stress when spending more than 30% of disposable income on housing costs. The Government has analysed the most recent data from the ABS Survey of Income and Housing and estimates there are currently 5,270 households in the ACT in the lowest and second lowest income quintiles spending more than 30 per cent of their disposable income on rent. The non-government sector has reported some of these households are spending up to 50-60% of disposable income on housing. Data released by the Productivity Commission, showing that over 4,200 recipients of Commonwealth Rent Assistance are still in rental stress *after* receiving this assistance, supports these findings.

The Government has committed to releasing Phase Three of the AHAP in 2012, and has indicated that new initiatives will be developed to further increase the supply of rental accommodation.

Current housing initiatives by income levels



The diagram above outlines Government initiatives under the first two phases of the Affordable Housing Action Plan (since 2007), indicating which initiatives households on particular income levels in Canberra can access.

In addition to these programs the ACT Government provides a General Rates Rebate to Pensioner and Veteran Concession Card Holders (but not Health Care Card Holders). As further discussed in Concessions, there is an inconsistency with the application of concessions policy when it comes to Health Care Card holders. The Panel recommends removing these inconsistencies immediately, or examining them in conjunction with recommendations arising from the ACT Taxation Review.

The ACT Government also offers a Mortgage Relief Scheme that provides for an interest free loan of up to \$10,000 to people in financial stress to assist with mortgage

repayments. Since its inception in 2009, only a small number of applications have progressed. The Panel is unable to assess whether the low uptake is due to lack of awareness of the program, the eligibility criteria or the application process; however notes the eligibility criteria for the scheme are extremely narrow.

Recommendation

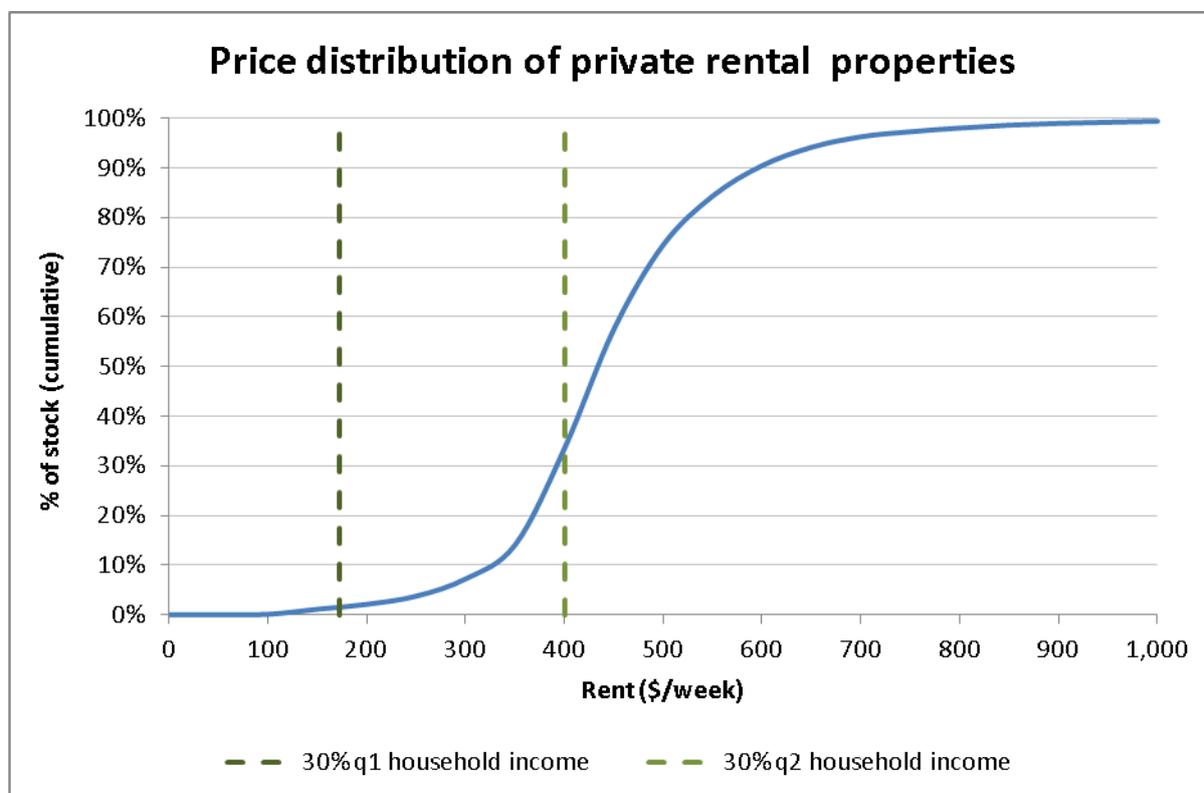
- 11. Promote and re-examine regularly current schemes for assisting people in the private housing market, including rate relief, rental bond loans and the Mortgage Relief Scheme.**

ACT rental market

The demand for rental accommodation in the ACT remains very strong. Rental vacancy rates have been below 2.5% since December 2005, and moving annual vacancy rates have remained under 2% since 2009. A vacancy rate of between 3 to 4 % is generally regarded as providing adequate churn to accommodate new renters entering the market and provide choice for existing renters.

The ACT has continually had the highest or second highest median rents for houses in Australia since 2004, although these are considered affordable for many due to the ACT’s high income levels.

Low vacancy rates contribute to higher rent prices, but can also constrict movement within the rental market, reducing the renters’ ability to move to different accommodation options as their circumstances change.



The diagram above illustrates the price distribution of private rental properties in the ACT.

Getting into the private rental market

The Panel heard consistently of the difficulties people faced when entering the private rental market. Apart from the high cost of rent and saving for a bond, prospective tenants felt that they were overlooked by real estate agents and landlords due to:

- having a lower income;
- less rental history;
- complex application processes;
- feeling stigmatised when seeking government entitlements such as Commonwealth Rent Assistance or a Rental Bond Loan.

The Panel discussed with the Real Estate Institute of Australia (ACT) what practical steps could be taken to assist tenants in such a tight market. The Panel considered options and believe a series of fact sheets could be developed on:

- tenant rights and responsibilities;
- the application process;
- entitlements and concessions;
- avenues for financial assistance when falling behind in rent.

This information could be made available online and distributed by Real Estate Agents.

Recommendation

12. The Real Estate Institute of Australia (ACT) and community sector, in partnership, develop and provide:

- a. a fact sheet on tenants rights, responsibilities and how tenants might seek assistance when in financial hardship.***
- b. an information pack about available assistance initiatives at first instance of non-payment of rent.***

Public housing

Public housing provided by the ACT Government has recently increased with 421 units funded by the Commonwealth Government stimulus funding package. There has also been considerably tighter targeting of access with 96.7% of all new tenancies being provided to applicants in the highest need category. Currently, an average 90% of those living in social housing in the ACT have subsidised rent. The current \$239 per week average rental rebate provided is the highest of any jurisdiction.

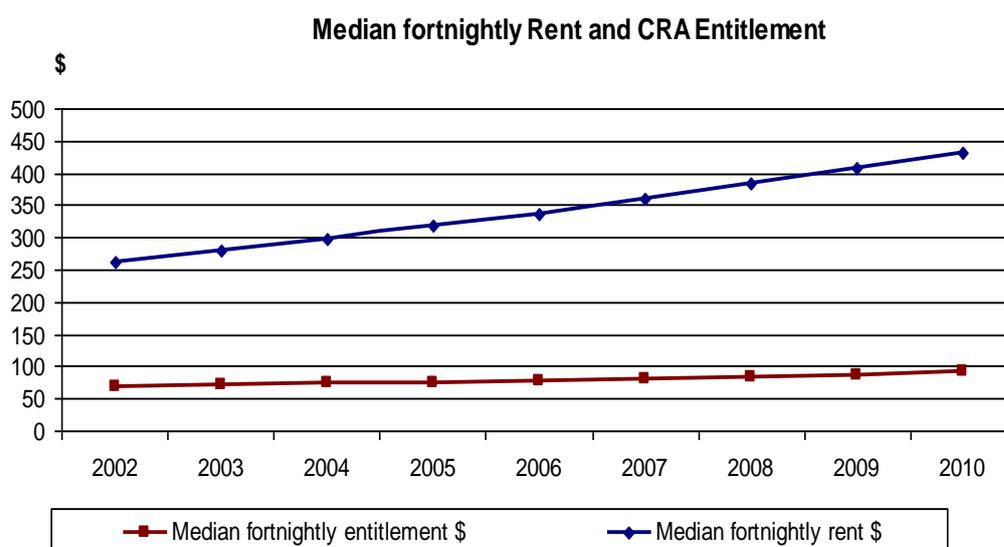
This is more than a modest social safety net, and compares well in terms of the level of provision of social housing, and the level of housing assistance relative to other jurisdictions. The move to greater targeting of access to social housing and a more managed approach to dealing with high needs tenants has helped reduce the number of people cycling both within the public housing system and between the public and private housing sectors. Vacancy levels and tenancy churn have thus markedly reduced in recent years.

Debt waiver of Tenant Responsible Maintenance and other rental arrears is discussed earlier in the Report, under Building Financial Capacity, as a tool to assist people to move from public housing to community or private rental accommodation.

Commonwealth Rent Assistance

There has been a major expansion in the acquisition and development of social housing in recent years under the National Affordable Housing Agreement (NAHA) between the Commonwealth and States and Territories.

In the ACT in 2011, 9223 individuals and families received Commonwealth Rent Assistance (CRA), with an average (median) fortnightly entitlement of \$102.66. CRA is based on actual rent payable by tenants and is capped. For example, the maximum payment for a single adult with 1 or 2 children is \$70 per week where his or her rent is greater than \$327 per week. CRA has not kept pace with rent increases in the ACT rental market in recent years (as illustrated by the graph below).



Panel members heard from many sources the effect of rental stress within households in the private rental market and the inadequacy of capped CRA in a market with very high median rent and a narrow range of rental options. Panel members heard from stakeholders that often low-income earners feel stigmatised in the private rental market because receipt of Commonwealth Rental Assistance requires the real estate agent or landlord to countersign the application.

Community and affordable housing

The not-for-profit/community housing sector is an important partner in delivering affordable housing, particularly for those who are not eligible for public housing, but cannot access the private market on their own. To assist in increasing the supply of community housing, the Government has identified CHC Affordable Housing (CHC) as the main provider of affordable housing in the ACT.

A rolling program of land sales to CHC has been introduced and 135 public housing properties have been transferred to CHC Affordable Housing worth around \$40 million. CHC is required by Government to make available 1000 properties for affordable rental and affordable sale by 2017 using a revolving \$70 million finance facility. To date CHC has delivered 138 properties for sale and 134 for rent.

CHC has also been successful in attracting support through the Commonwealth Government-funded National Rental Affordability Scheme (NRAS) to assist in the delivery

of rental properties. Of the 2,695 ACT residencies funded under NRAS, 601 will be delivered by CHC.

In March 2012, the ACT Government introduced the *Land Rent Amendment Bill 2012* which, if passed, will allow CHC to participate in the Land Rent scheme at the discount rate (i.e. paying rent of 2% per annum of the unimproved value of the land, rather than the current 4%). This will then allow CHC to offer a home ownership product to their tenants with a target for transition from tenancy to full ownership. The Panel supports this move by the ACT Government.

The Panel heard from CHC and understands that CHC has performed a survey of its existing tenants and preliminary results would indicate that CHC is providing a valuable step in the process between homelessness, public housing and the private rental markets. The Panel was impressed by CHC's commitment to delivering quality housing products to the market and ongoing management of their tenants.

The Panel discussed with CHC the specific cost of living challenges facing people with a disability and that an income test alone is not always an appropriate eligibility criteria.

The Panel understands that CHC operates some of its housing stock under the National Rental Affordability Scheme (NRAS), so is not able to set the eligibility for all its properties, but asks that CHC investigate how it may be able to offer housing options to people with a disability.

Recommendation

13. CHC Affordable Housing take special consideration of the cost of living pressures faced by those with a disability/chronic illness when assessing eligibility.

Concessions

ACT Government Concessions aim to promote equity in the standard of living and access to essential services for all members of the ACT community. Concessions seek to do this by providing financial assistance in a range of areas, including energy, water and sewerage, public transport, motor vehicle registration, drivers' licences and spectacles, which seek to ameliorate the cost of such services for people particularly those on low incomes.

Concessions are defined in the *ACT Concessions Policy (2008)* as:

a reduction, discount, subsidy, rebate, waiver or exemption provided by the government on the value of goods, services or associated fees to an individual, family, household or organisation. Concessions are generally provided on the basis of low income, special needs or disadvantage, or some other special category such as age or war service.

The ACT Concession system is largely based on income and asset tests, determined by Commonwealth assessment under concession cards. There are also age-related concessions through the seniors' card such as occurs with public transport and motor vehicle registration concessions.

The Commonwealth Government provides a large amount of concessions through income support. The Commonwealth Government tax and transfer support is directed at providing a minimum adequate level of income while providing incentives for work.

Concessions in the ACT are provided through rebates on taxes and government goods and services, discounts on fees and charges for services such as public housing, transport, electricity and water, or through rebates to partially fund the purchase of a goods or services.

Feedback from the community

The availability, accessibility, eligibility and flexibility of concessions was a constant topic of discussion throughout the consultation. There was a constant tension between wanting consistency of eligibility and flexibility based on individual or temporal circumstances.

The lack of a single application process was often raised, as was the lack of knowledge of existing assistance schemes.

Stakeholders raised that having multiple entry points – Housing ACT, Motor Registry and Revenue Office – were advantageous, however there seemed to be a lack of comprehensive knowledge in any one of these entry points.

ACT Government community assistance portal

Many people who require help are not used to seeking assistance and this is not aided by multiple forms, multiple eligibility criteria and difficult to understand information.

The Panel supports the current work being undertaken by the ACT Government to improve the concessions website. The initial phase provides for improved access to information on government concessions, including a concession finder, and other forms of financial assistance and support. It is expected that this would be complete in April 2012. The second phase should include a single form for accessing multiple concessions.

To increase awareness within the community and the community sector, there needs to be a multi-faceted communications campaign to promote the Portal. This could include business card sized information, short leaflets, posters in schools, libraries and community and health facilities.

Community service organisations will need to play a key role in the promotion of the portal to their own clients and within the sector.

Recommendations

14. Promote the ACT Government Concessions Portal, and supporting advertising material.

15. Develop and implement single form for applying for multiple concessions and financial assistance within the ACT Government.

Consistency in concessions

The Panel notes that the Government has reviewed concessions policy and made a number of changes to individual concessions over the previous years. There has also been a significant funding increase into concessions and rebates, particularly for utilities, in the last three years.

However, the Panel notes that there still appears to be an inconsistency in approach. If the Government accepts the principle that concessions are designed to assist those on low incomes or with special needs, then there should be consistency in the eligibility for each of the concessions.

One specific example which the Panel became aware of is that Health Care Card Holders are able to access water concessions, but not for sewerage. Pension Concession Card holders are able to access both. Similarly, rates concessions are not available to Health Care Card Holders. The Panel was unable to establish a rationale for the inconsistency, given similar income tests apply. The Panel heard of the significant impact that this has on people who qualify for a Health Care Card and are owner/occupiers of their home.

The Panel understands that the ACT Taxation Review may provide recommendations on the extent and application of concessions policy. However, the Panel believes addressing the water/sewerage concession anomaly is an important first step in any longer term changes.

Additional support for those with special needs

The Panel considered the complexity of ACT Government concessions and its interaction with the Commonwealth Government's tax and pension and allowance systems. The Panel suggest that any further reform to concessions policy consider both an income test and the ability to compensate for the higher cost of living faced by people with disabilities or with chronic illnesses.

The Panel regularly heard that the additional cost of living with a chronic illness or a disability is a significant cause of financial hardship. This means that income tests used to determine eligibility for concessions or other assistance are less effective for people in these circumstances. The Panel believes that these costs should be considered as part of the way in which Government provides assistance. The Panel is also aware of the National Disability Insurance Scheme (NDIS) which the Australian Government is currently

considering. The impact of the NDIS in providing additional assistance to some people in the ACT living with chronic illness or a disability would also need to be considered.

The application of a medical concession for heating and cooling is discussed below for people with MS, but another such example might be a car registration concession or discount for people with a disability. People with a disability may require a larger car to accommodate their particular needs, and this incurs a higher registration fee. The Panel considers this in the section on transport below.

The Panel also heard of the impost that car registration has on lower income households and supports measures to reduce this burden for those on low incomes or in financial hardship.

Flexibility in concessions or extension of concessions to cover these specific needs should be considered by the ACT Government.

Recommendations

16. In conjunction with outcomes of the ACT Taxation Review, ACT Government apply consistency of existing concessions. Extending concessions on sewerage to Health Care Card Holders should be considered as a first step.

17. In conjunction with the outcomes of the ACT Taxation Review and the proposed National Disability Insurance Scheme, ACT Government take account of the extra cost associated with having a disability or chronic illness in determining concession eligibility criteria.

Funeral assistance

The Panel heard from people that following the death of a relative, the cost of a funeral places financial stress on the household, at a time of deep emotional distress.

The ACT Government provides assistance to ACT residents in financial hardship unable to meet the full costs of a funeral for immediate family members. The ACT Funeral Program provides for the full cost of a basic funeral. The program is administered by funeral providers, and requires the family to apply for, and prove their financial hardship, to the funeral director.

The Panel heard that during the time of emotional distress, people are not aware of the program and find it difficult to access. The family is then left with a debt either to the funeral director, or through a high-cost credit option, with no option to retrospectively apply for assistance. The Panel suggests an alternative approach be found, perhaps where the family is provided with a contribution payment towards the cost of the funeral, with the ability to seek the assistance prior to, or shortly after the cost being incurred.

Utilities

The Panel consistently heard from the community the impact increases in utility costs (electricity, water and gas) are having on households. This impact is especially felt by tenants who have limited capacity to significantly adjust the energy efficiency of their household.

The Panel acknowledges the large investment that is being made by the ACT Government into increasing the energy efficiency of public housing properties, but as it is a program with a ten year roll out, there are still many properties that are yet to benefit. These clients are particularly vulnerable to rising energy costs.

While the Panel would support initiatives to encourage landlords of private rental properties to make adjustments to increase the energy efficiency of existing dwellings, it was acknowledged that in such a tight rental market there are few incentives to make a change.

The data report shows that on average ACT households allocate 2.8 per cent of expenditure to domestic fuel and power. However, there is a disproportionate impact of utility prices on low-income households (households in the second and third income deciles as well as households in the lowest income cohort). These households allocate a substantially greater proportion of their household budget toward domestic fuel and power.

It is noted that all jurisdictions have experienced strong growth in electricity (domestic fuel and power) prices. Compared to the other eastern capital cities, Canberra has lower household electricity and gas unit prices but higher usage levels of both. Canberra also has higher water/sewerage prices but lower usage levels. However, on average Canberra households have higher overall utility costs than the other eastern capitals. Utility prices are expected to continue to rise in the coming years, placing additional pressure on those already struggling to meet their utility costs.

ACT Government response

Recognising the financial burden posed by utilities costs, the ACT Government provided an additional \$20 a year energy concession for eligible households in the 2010-11 Budget. Up to an additional \$131 a year in energy concessions for eligible households was made available in the 2011-12 Budget. The maximum utilities concession is now \$346.20 per annum.

Uptake of utilities concessions

As discussed in the Community Service Obligations section of this report, there is currently an absence of data on the uptake or awareness of utility concessions. Without this data, the Panel has been unable to assess either the effectiveness or targeting of utility concessions.

The Panel heard evidence that people were reluctant to access, or unaware of possible, utility concessions. The Panel heard that some eligible householders are not accessing the utilities concessions they were entitled to.

The Panel understands that on application, retrospective concessions rebates are available. They are considered on a case by case basis, and usually by referral from the energy provider. The concession rebate is aligned with the commencement of their

existing concession card and establishment in the current place of residence the ACT. The Panel considers a need for greater promotion of the availability of retrospective utility concessions, and also increased transparency in the decision making process.

The Panel believes the new ACT Government Concessions Portal is one way of assisting in raising awareness of the concessions available. This will encourage eligible people to seek their concession when it will have the most helpful impact, rather than when they are in debt to the energy provider.

Better practice examples of existing programs

The Panel saw two examples where Government, Business and Community Sectors are coming together to assist low and middle income earners with meeting the costs of utilities. These are highlighted at areas that may need to expand if the current trends in utilities prices continue.

Example 1 –Outreach energy and water efficiency program

The ACT Government's Outreach energy and water efficiency program assists low income households in the ACT to: improve the energy and water efficiency of their homes; reduce their energy and water consumption; reduce their energy and water bills; and contribute to reducing greenhouse gas emissions.

The Outreach Program provides eligible low income households with some or all of the following assistance:

- new, energy and water-efficient appliances to replace old, inefficient appliances;
- a home energy efficiency assessment and education; and
- a retrofit to improve the energy and water efficiency of households.

The Outreach Program has been developed by the ACT Government in partnership with community sector organisations.

The energy efficiency assessments, retrofits and education were modelled on similar services provided in the Water and Energy Saving in the Territory (WEST) program since 2003. A further expansion of the program was announced in the 2011–12 Budget with new funding of \$4.4 million bringing the total to \$7.8 million over four years to 2014-15.

In 2011 the Government aligned the Outreach Program with the other successful energy and water saving programs, WEST and WEST Plus, by developing consistent outcomes, services, eligibility criteria and guidelines for all low income programs.

The Panel considers this program as an example of the type of targeted assistance that makes a material difference to the households involved. However, the Panel has also heard that this program is reaching capacity and supports the continued growth of the program.

Recommendation

18. Fund the continued growth of the Outreach Energy and Water Efficiency Program.

Example 2 – ActewWAGL Staying Connected Program¹³

Staying Connected assists households in financial hardship to continue their supply of electricity by offering flexible and affordable payment plans for customers.

ActewAGL assists customers by:

- working with the customer to establish sustainable payment plans;
- rewarding electricity customers who make ongoing and regular payments as agreed under their payment plan (partial debt waiver and incentive schemes);
- considering the suspension of interest for water accounts;
- not subjecting customers to any additional charges such as late fees, field call fees and reconnection fees;
- helping them set up automatic deductions from Centrepay;
- working with customers to close the gap between consumption and capacity to pay by providing energy and water saving information;
- referring ACT customers to the Government’s Energy Wise Home Energy Audit scheme; and
- referring customers to financial counsellors and/or charitable organisations if required.

The Panel also notes that this program applies only to electricity, but thought it was a program that could, and should, be rolled out to other utilities such as gas and water/sewerage.

Additional concessions for those with particular needs

The Panel recognised that some households have additional energy costs, in particular in relation to health issues. For example, people with MS often face larger electricity bills due to heat intolerance.

The Panel noted that MS Australia provided a strong evidence base for its explanation of the additional out of pocket costs. The Panel believes that additional concessions could be rolled out to other members of the community, however heating intolerance for people with MS has been singled out due to the strong evidence base and rigorous analysis provided to the Panel.

Results from the recent Keeping Cool Survey¹⁴ found that those with MS living in the ACT are paying 6 times more than other households to keep cool, spending on average \$300 per annum operating their air conditioners, compared to \$50 per annum for the average ACT household.

MS Australia also estimates that disease and disability-related out-of-pocket costs borne by people with MS totals about \$3,700 annually.

The extra cost associated with having MS, as well as rising electricity prices, increasing economic pressures on households generally and the increasing number of hot days and nights due to climate change are making it increasingly difficult for people to manage their utility bills.

In submissions received from MS Australia, it has been recommended that the ACT Government implement a Medical Cooling Electricity¹⁵ Concession to cover

¹³ ACTEWAGL’s use of partial debt waiver is also discussed under this report’s section on debt management, and incentive payment plans.

¹⁴ Summers, M. & Simmons, R. 2009, *Keeping Cool Survey: Air Conditioner Use by Australians with MS – Public Policy Related Results and Recommendations*, MS Australia, Blackburn, Victoria.

¹⁵ Recommended title would be Medical Heating and Cooling Concession, to include for those who use gas heating

approximately one-third of this cost (\$100 annually). New South Wales, Queensland, South Australia, Victoria and Western Australia have energy concession schemes in place on the basis of medical need.

The Panel suggested that eligibility should be the same as the current Energy Concession but also have the capacity to extend to those experiencing financial hardship, with the additional requirement to have a doctor sign-off on the 'medical need' for cooling.

While targeted firstly at people with MS, the concession could be extended to those with other medical conditions causing heat/cold intolerance, for example:

Parkinson's Disease	Cerebral Palsy	Motor Neurone Disease
Quadriplegia	Muscular Dystrophy	Lymph Oedema
Fibromyalgia	Poliomyelitis and Post Polio Syndrome	Acquired Brain Injury

Recommendation

19. The ACT Government provide additional utilities concessions for people with MS. Other peak organisations should be invited to provide evidence and analysis for the extension of this concession to other chronic illnesses that cause temperature intolerance.

Upcoming initiatives

Future reforms at both the Commonwealth and Territory level have the potential to change utilities price impacts on households, particularly low and middle income households.

Commonwealth Government – Clean Energy Future¹⁶

The Commonwealth Government's Clean Energy Future reforms commence in July 2012. These reforms include changes to the tax system and increases to Government payments as well as two programs that will have a direct impact on assisting low income households.

- The Community Energy Efficiency Program will support community organisations to improve the energy efficiency of different types of non-residential council and community use buildings, and to demonstrate and encourage the adoption of improved energy management practices within community organisations and the broader community.
- The Low Income Energy Efficiency Program will provide grants to consortia of government, business and community organisations to trial approaches to improve the energy efficiency of low income households and enable them to better manage their energy use.

ACT Government – Energy Efficiency (Cost of Living) Improvement Bill 2012

In March 2012, the ACT Government introduced legislation to create an energy efficiency scheme, funded by electricity retailers to reduce energy costs to households and small business. The proposed energy efficiency scheme is modelled on successful schemes operating in Victoria, NSW and South Australia.

¹⁶ For more information www.cleanenergyfuture.gov.au

The proposed Scheme will commence from January 2013 and be funded by electricity retailers who will pass a portion of those costs through to ACT electricity customers.

It is expected that energy retailers will undertake measures such as replacing inefficient heaters and air conditioners and water heaters as well as home improvements such as double glazing, draught sealing and insulation.

The Scheme has been designed to positively and disproportionately benefit low-income households who will be the largest net beneficiaries of the scheme. The legislation requires that at least 25% of savings generated from the scheme be achieved in low income households. The legislation does not prescribe how the retailer should identify households for assistance.

The Panel is unable to assess the impact that the proposed Commonwealth and ACT Government Initiatives will have on the cost of living for those in the target cohort.

Recommendation

20. Energy retailers work with the community sector and ACT Government to target the roll out of the ACT Energy Efficiency Scheme to households in the target cohort.

Community service obligations

Community Service Obligations (CSOs) are used by Governments as a policy lever to assist lower income households and community groups in the purchase of essential services. They normally entail a rebate or concession on a commercially available product.

The ACT Government's uses the definition endorsed at a Special Premiers Conference in 1991, namely:

*"A Community Service Obligation arises when a government specifically requires a public enterprise to carry out activities relating to outputs or inputs, with identified public benefit objectives, which it would not elect to do on a commercial basis, and which the government does not require other businesses in the public or private sector to undertake, or which it would only do commercially at higher prices."*¹⁷

In 2011-12, the ACT Government has budgeted \$96.825m for CSO funding. Of this most is spent on transport (\$71.1m to ACTION, \$2.1m for Taxi providers) and utilities (\$20.2 to ACTEW or ActewAGL).

Evaluating the uptake or efficacy of obligations under CSO's is difficult as data is not publicly reported. This difficulty has been experienced in other jurisdictions.

The Tasmanian Social Inclusion Commissioner recommended to:

*Review Community Service Obligations (CSOs) to assess social outcomes required from all companies providing essential services (Government Business Enterprises, State Owned Companies and Water Corporations) including the adequacy of funding provided to deliver CSOs and appropriate performance measures to assess CSO outcomes.*¹⁸

This has been backed up by the experience in Victoria, where the Auditor General found that the information reported publicly was less than optimal. He recommended that reports should provide information regarding:

- *the extent to which eligible members of the community are aware of the different types of concessions;*
- *eligible populations' take-up of concessions, whether capped concessions match the notional intended value of the concession and whether they are keeping up with price movements;*
- *how efficiently concession services are delivered*
- *assurance about how effectively the controls guard against the ineligible receiving assistance; and*
- *major challenges to the effectiveness and financial sustainability of the concessions system and government responses.*

¹⁷ ACT Government (2011) *ACT Budget 2011-12*, Budget Paper No.3 page 75

¹⁸ Adams, D. (2011) *A Cost of Living Strategy for Tasmania*, page 6. Available online at http://www.dpac.tas.gov.au/divisions/siu/strategy/cost_of_living

This would offer greater accountability and more meaningful reporting on concessions performance.¹⁹

Further the Panel were unable, in the absence of any data or modelling, to consider the effect of price increases on concession uptake, thresholds for eligibility or behaviour change for utility use.

Additional research in this area is reliant on better use of administrative data and a revision of contracts with utility providers to include better reporting on uptake and assist with program management in partnership with Government.

This information could be then be used to support a process for checking ongoing eligibility so that the assistance remains targeted.

Currently there is an inconsistency in approach. Some concessions require re-application after three months, while others require only one application process and the concession remains for multiple years without any review. A more streamlined process would benefit the community.

Recommendation

21. Establish a data framework to monitor the effectiveness of Community Service Obligations in providing assistance to people experiencing financial hardship.

¹⁹ Victorian Auditor-General's Office (2010) *Management of Concessions by the Department of Human Services, February 2010*, page36-37

Transport

Transport disadvantage is another layer of disadvantage to those already experiencing social exclusion. For example, if a person is prevented from holding a job due to the lack of a viable transport option, this person may remain unemployed and experience greater financial hardship.

For car owners, the Panel heard that keeping their car on the road was essential. Often the cost of registration, insurance or motor vehicle repairs came as a significant financial shock to households. Flexible payment options, matched savings plans and low interest loans would assist households meet these costs. Further, allowing community organisations that distribute 'emergency relief' and 'emergency financial and material aid' to use this money to assist with car registration could be considered.

The Panel understands some of the implementation constraints for payment of car registration and contractual arrangements with an insurance company providing compulsory third party (CTP) insurance.

One approach considered would be for community organisations or government to facilitate a 'savings plan', where the driver would make regular fortnightly payments to the savings plan and every three months, the next quarter insurance and registration is paid. Alternatively an arrangement where the payment is split between registration and insurance, and payments to the CTP insurance provider are 'loaded at the front end' so that insurance is always paid three months into the future, but registration is paid fortnightly into the future. Some of these options are discussed in the flexible payment of fees and fines paper at Appendix B.

Recommendation

22. Flexible payment arrangements for car registration, that do not incur additional administration costs, should be made available to those able to demonstrate financial hardship.

For those without a motor vehicle, public transport and community transport were critical to accessing essential services and participation in the community.

The Panel notes the ACT Government's recently announced *Transport for Canberra*²⁰ policy and new seven day bus timetable, and ongoing improvement and investment in the public transport network. This is a long term program of improvement and does not have the immediate ability to address current transport disadvantage.

The Panel wishes to highlight the strong role that community buses play within the transport system and their importance for social inclusion.

ACT regional community buses (Community Bus Program)

Under the Community Bus Program, established in 2008, each of the six regional community service centres is provided with a community bus under a lease arrangement paid for and managed through ACTION. Funding is provided by the Community Services Directorate for the cost of a driver. The community buses are 22 seaters with capacity to

²⁰ See particularly Chapter 2 of *Transport for Canberra, Transport for a sustainable city 2012-2031*
http://www.environment.act.gov.au/_data/assets/pdf_file/0010/244000/Pages_from_EDS_ACT_Transport_Policy_FA_final_web.pdf

carry two wheelchairs at a time. The buses generally operate from Monday to Friday between peak periods with pick up and set down points and times arranged between the regional community service and the user. Each regional community service operates its own bookings and generally contains its pick up areas to within the region.

Increasing demand for services

Community transport operators are under increasing pressure to provide individual transport, particularly to health facilities, a form of service that often involves cross-city travel which is expensive to provide.

Providers raised the possibility of either a central booking system, so that, for example a Belconnen to Woden bus may pick up passengers 'on the way' but not in their normal catchment area.

Stakeholders raised the possibility of using the buses to access discount stores, particularly pharmaceuticals and bulk-purchasing stores, in order to save money on these items.

Stakeholders also raised the possibility of accessing underutilised small buses, often used by schools, registered clubs and sporting teams, when not in use.

The Panel noted the significant success of the program and hoped the planned review of the community buses will assist to address the increasing need for community transport.

Recommendation

23. Increase access to Community Transport buses, including providing additional buses where there is demonstrated need.

School education

Throughout the Panel's consultations many stakeholders suggested that schools could strengthen their role in supporting families in times of financial stress. It was commonly stated that schools provided strong support once families had identified themselves as needing assistance. This suggests some schools could seek to be more pro-active in providing information to families about the types of assistance available and decrease the stigma associated with the process for seeking assistance.

The Panel also heard consistently that the start of the school year was often a financially difficult time for households, who were already juggling expenses from the extended summer holiday period, and were faced with the need for uniforms, shoes, school books and stationery and, for some, swimming lessons, carnivals and excursions.

The Commonwealth Government provides financial assistance for families with the costs of schooling through the Education Tax Refund. For eligible families, it provides up to 50% back on a range of children's education expenses, up to a cap of \$409 for primary and \$818 for secondary students. However, the Education Tax Refund is assessed as part of the yearly tax assessment and does not provide relief from the multiple costs at the beginning of the year. It also does not assist those not in the tax system.

The ACT Government provides financial assistance to families struggling to meet the costs of education through two programs: the Secondary Bursary Scheme and the Student Support Fund.

The Secondary Bursary Scheme currently provides two payments of \$250 (in March and August) to assist families with the costs of secondary schooling. The Panel considered that the payment may be better utilised earlier in the school year to meet back to school cost pressures. The Panel also noted that the Secondary Bursary Scheme only applied for the high school years 7-10, and there is no similar support offered in the senior secondary college years.

Recommendations

24. Promote and streamline the Secondary Bursary Scheme, in particular to enable larger payment earlier in the school year.

25. Extend the Secondary Bursary Scheme to support college students.

Student Support Funds are administered by schools and are used to pay for excursions, clothing and food for students who have been identified as needing additional assistance. Funding is not given directly to parents but is used by the school to support individual students. The Panel heard the Student Support Funds are often not well advertised within school communities, but that families who seek assistance are well supported.

Noting that there are no compulsory fees in ACT Public Schools, the Panel understands flexible payment options may be available for school costs such as excursions, stationery, text books and uniforms, but these options are not widely known.

Recommendation

26. Promote the ability to pay school-related costs (for example book packs, uniforms and excursions) by instalments.

The Panel believes that, for members of the target cohort and their children, having to identify as needing assistance would be difficult, and it is important to decrease the stigma that may be associated with seeking assistance.

Some families in financial hardship would be more comfortable seeking that assistance, either online or over the phone. The Panel notes three better practice examples of assistance provided to families to meet the costs of education.

Saver Plus²¹

Saver Plus is a 10 month financial literacy and matched savings program designed to assist in meeting the cost of education. It is an initiative of the Brotherhood of St Laurence and ANZ, delivered in partnership with Berry Street, the Benevolent Society, the Smith Family and other local community agencies. The program is funded by ANZ and the Commonwealth Government.

Participants receive dollar for dollar matching for their savings, up to \$500, as an incentive to start and maintain positive saving behaviour. At the end of the program, families use their matched savings to purchase an education-related product, such as school uniforms, a computer or textbooks. Participants are also required to participate in a financial literacy program.

Learning for Life²²

The Smith Family's Learning for Life program supports children and young people from preschool to senior school and on to tertiary studies if they choose.

Learning for Life support is provided to disadvantaged children and young people in three main ways:

- by connecting students to learning opportunities in their local community and also encouraging them to fully participate in their education;
- by enabling access to Smith Family literacy programs and mentoring support; and
- through financial assistance to help families afford the cost of their children's essential education items.

Learning for Life programs support not only disadvantaged children but also their families who provide the crucial nurturing relationships and supportive learning environments that children need. Parents can access education opportunities themselves to help develop and build their own skills and abilities.

State Schools' Relief²³

State Schools' Relief is a not-for-profit charity operating in Victoria that provides new quality footwear, clothing and school bags to students attending Victorian Government Schools. The application for assistance is supported by the school, and the new items are delivered at the school.

Donations are received either through financial donations from the corporate and non-government sectors. Schools do fundraising, and individuals, often teachers themselves, engage in payroll giving. Clothing manufacturers also make in-kind donations.

The Victorian Department of Education and Early Childhood Development provides administration support to State Schools' Relief.

²¹ For more information <http://www.bsl.org.au/Saver-Plus>

²² For more information www.thesmithfamily.org.au

²³ For more information <http://ssr.net.au/>

The Panel considers there is merit in the establishment of a fund similar to the State Schools' Relief, but considers a model where the clothing pack is delivered to the student's home prior to the school year commencing would reduce the potential for stigmatising of the student receiving assistance.

Recommendation

27. Establish a School Relief Fund.

Schools as universal access points

Schools have long been seen as not just a place of learning, but as an integral part of the community. They are often the base from which to deliver numerous human services to children, youth and families in need of assistance. Schools are seen as providing a universal access point that is responsive to the needs of children and families.²⁴

The Panel believes schools “know” families that are in need of support, and provide support where they can. However, there is more to be done. The Panel believes that school staff should be able to assist in the referral of families to community sector organisations that can offer assistance and support.

Recommendation

28. Establish partnerships between schools and community service organisations to enable improved identification of families experiencing financial hardship and to link them to support services.

²⁴ See Organisation For Economic Co-operation And Development (1996), Integrating Services for Children at Risk, Centre For Educational Research and Innovation, OECD.

Training

The Panel notes the importance of ongoing education and training to building individual's long term financial capacity. In the Panel's view, training is the key enabler of changing and improving financial circumstance.

The Council of Australian Government's remains focussed on assisting people with lower level or no qualifications to higher qualifications at the Certificate III—V, diploma and advanced diploma levels. Research shows that people with these higher level qualifications have far better employment outcomes and a more positive economic return than recipients of lower level certificates.²⁵

The Panel heard from both employers and employees about the barriers to accessing training. The Panel heard from employers that not enough training support was available and they were unsure how best to support those in need. The barriers for employees seemed to be cost and 'not being able to get away from work'. This is especially the case for casual workers, part-time workers and part-time workers with caring responsibilities.

Leading workforce researcher Professor Barb Pocock describes the characteristics of a low paid worker as experiencing:

... little or no reward for training and skill, truncated career and pay structures, job insecurity, erratic or excessive time demands, unsocial hours, the absence of well-developed on-the-job training, a lack of recognition of prior learning, multiple jobs, a lack of employer investment in training and/or job demands that preclude easy participation in training. These issues are compounded for casual workers.²⁶

The Panel sees the need for greater engagement between employers, employees and training organisations to support skills development. The Panel is pleased that future reforms currently being negotiated between the Commonwealth and States and Territories sees training as an entitlement.

The ACT Department of Education and Training provides funding and allocates national funding for a variety of programs related to the Vocational Education and Training (VET), Higher Education and Community Education sectors. Training is provided by Registered Training Organisations, the Canberra Institute of Technology and Group Training Organisations (GTOs).²⁷

One example of the additional support available is funding provided to the training organisations for Australian Apprentices²⁸. The RTO/GTO can access support for literacy and numeracy, sign language interpreter services or a mentor. This support can be up to \$1000 for a traineeship, or \$3000 for an apprenticeship.

The Commonwealth Government provides employer incentives to GTOs, some of which pass on the full Commonwealth incentive to the host employer of a trainee (approximately \$4,000). Incentives are dependent on the level of qualification being undertaken by the trainee.

²⁵ NCVER 2011, *Vocational training and social inclusion*. Available online at <http://www.ncver.edu.au/publications/2382.html>

²⁶ Pocock, B 2009, *Low-paid workers, changing patterns of work and life, and participation in vocational education and training: a discussion starter*, NCVER, Adelaide.

See also http://securejobs.org.au/submissions/24_jan_2012/Brotherhood%20of%20St%20Laurence.pdf

²⁷ For more information: http://www.det.act.gov.au/vhe/training_and_skills_development

²⁸ *ACT Requirements for delivery of Australian Apprenticeships training January - June 2012*
http://www.det.act.gov.au/_data/assets/pdf_file/0005/174596/2012_Australian_Apprenticeships_Requirements_Version_5_-_Final.pdf

Additional incentives (an additional \$4,000, approximately) are offered for trainees with a disability or from an Aboriginal and/or Torres Strait Islander background. Thus, some GTOs may pass on employer incentives of up to approximately \$8,000.

Future Reform

In March 2012, the Commonwealth committed \$1.75 billion over five years to achieve key reforms to be negotiated with the States and Territories through the Council of Australian Governments (COAG) including:

- a national entitlement to training at a minimum of the first Certificate III qualification;
- wider access to student loans to reduce upfront cost barriers to study at the diploma and advanced diploma level;
- increased availability of information about courses, costs and training provider quality through a new My Skills website so students and business can make well informed choices about their training options, linked to their own needs and the needs of the economy; and choose a high quality training provider to help them develop the skills they seek;
- support for a strong public training provider; and
- incentives to achieve improved completion of full qualifications, particularly at higher levels and for disadvantaged students.²⁹

The Panel found that there was an information gap between the training providers, government and employers (both private and non-Government organisations) about the level of support available for training.

Noting again the critical role that training provides in lifting productivity for employers and increasing financial health and wellbeing for employees, it is important to explore new ways to bridge the gap.

Recommendations

29. Utilise existing forums in the business community and training sectors to share information about assistance available to support training.

30. The Education and Training Directorate develop a web portal focused on the trainee, using the Assistance Portal as a model.

²⁹ Australian Government (2012) *Skills for All Australians*, page 8. Available online at <http://www.deewr.gov.au/Skills/Documents/SkillsforAustraliasFuture.pdf>

Information sharing

The ACT Government, in conjunction with the community sector, holds a number of forums which representatives from across Government and the sector attend. Some of these forums, which aim to facilitate discussion between the two sectors, include the:

- Community Services Program Forum
- Disability Service Providers Forum
- ACT's Children's Services Forum
- Director-General's Community Services Forum
- Emergency Financial and Material Aid Forum
- Joint Community Government Reference Group
- Joint Pathways (Homelessness providers)

Similarly, there are a number of forums held for community service and business providers, which exist to encourage discussion within the sectors. However, throughout the development of the Targeted Assistance Strategy, the Panel has noted that there appears to be a 'disconnect' in the flow of information across the Government, community and business sectors.

On a number of occasions the Panel received feedback about services, programs or procedures from one organisation or sector, only to find information to be misconceived or incorrect when clarified with other organisations or groups. Similarly, some organisations were simply unaware of services or programs offered by other groups either within their sector, or outside.

As such, the Panel believes each sector could benefit from attending the forums and events of other sectors/organisations, to assist in the spread of information and provide important updates. The Panel suggests benefit in community services forums receiving presentations and updates from business organisations, for example CHC Affordable Housing or ACTEW, in relation to their programs and vice versa.

Similarly, throughout the consultation process the Panel has received input that the feedback on emerging trends identified through organisational reports are not being consistently fed back to community organisations. General comments suggest some areas of ACT Government manage this well, but that others need to provide more feedback.

Community service organisations also reported that they would like to receive feedback on any emerging trends identified through the Government's analysis of data and anecdotal feedback. The Panel noted that this current 'Targeted Assistance Strategy' was a response in part, to community organisations providing data and anecdotal feedback of increased requests for assistance from low and middle income families.

The Panel has identified that existing forums and communication channels must be better utilised, to distribute this information back to the community sector.

Recommendation

- 31. Use existing community sector forums to build information about services available within the community sector, but also across Government and business.***

Flexible and targeted service delivery

In 2009-10 the ACT Government funded 153 community organisations to deliver a multitude of services to Canberrans in need of assistance. The Community Services Directorate managed 223 contracts across 105 organisations in that year, serving as an example of the number of individual contracts Government Directorates and community organisations are managing.

Consistent with national and international trends in public sector reform, the ACT Government is placing greater emphasis on efficiency, effectiveness and accountability for government expenditure while exploring alternative service delivery methods. To streamline the purchasing relationship between government and the community sector, the ACT Government is continuing work to develop an Outcomes Based Service Funding Agreement Purchasing Framework (the Framework). The Framework will be implemented through a procurement and contractual management document which governs the purchasing relationships between ACT Government and community sector organisations.

The aim of the Framework is to deliver flexibility and streamline contractual relations, resulting in increased efficiency and allowing better targeting of assistance. However, if this Framework is not broadly adopted across the ACT Government, there is potential for duplication of effort on a number of fronts. For example, it is important the Framework establishes that the prequalification component should be utilised for the procurement of all human services and only required with one Directorate, and as such be transferrable across Government.

The Panel received various updates on the progress of the Framework from the ACT Government and throughout the consultation process, the community sector also provided many comments. The Panel endorses the continuation of this work, noting that if the Framework is to achieve its objective of increased efficiency and better targeting of assistance, it will need to be supported by both the sector and the ACT Government as a whole.

Recommendation

32. The application of the purchasing framework continue to be a priority across the ACT Government.

Contractual Terms

The Panel has also received feedback that contracts between the Government and community service organisations are written with an overabundance of legal terms, resulting in a document which is not practical for organisations to refer to in instances of ambiguity. Simple and accessible contract frameworks enable community organisations to direct their limited resources to service delivery. As such, the efficiency of service delivery and the nature of the relationship between government and the sector could be enhanced by the development of a 'plain English' contract. As part of this work, the Panel suggests attention be paid to clauses which govern the use of information by community organisations, so that these clauses do not limit the ways in which organisations may provide 'wrap-around' service, or work collaboratively with other organisations in the support of a client, with the client's permission.

Recommendation

33. Contracts between the ACT Government and community services be written in plain-English using practical and easy to understand language, with specific attention to privacy terms.

The Panel has also received input about the need for flexibility in utilising unexpended money within the organisation to address emerging or unfunded areas of need. The Panel heard from the community sector that due to staff numbers being lower than planned, or delays in recruitment, there may be unexpended funds at the end of the financial year.

Whilst unexpended money must be accounted for, the Panel believes there is scope for community service contracts to provide that, where this amount of money is relatively small, and the reason for the surplus can be adequately accounted for, organisations may direct these funds into areas of emerging need. This allows organisations to re-direct these funds more quickly and provide innovative ways of providing assistance to those most in need.

One example where unexpended funds could be used to assist with emerging needs, is in the area of assisting people in establishing car registration payment plans (see Transport section above).

Recommendation

34. Increase the amount of flexibility community organisations have regarding the use of unexpended funds.

Conclusion

Canberra has a long held reputation as an inclusive and caring community. It is, and should continue to be a community within which people have the opportunity to reach their potential, make a contribution and share in the benefits. This requires providing specific attention to people who are currently missing out. It is a shared responsibility across Government, business and community, but in which the Government takes a key leadership role.

Throughout the consultation process, the Panel was continually humbled by the individual stories of people facing difficult circumstances. The Panel was heartened by the resilience and strength of people in the community experiencing financial hardship.

The quantitative and qualitative data examined by the Panel shows that cost of living pressures and financial shocks have a disproportionate impact on low income households. Government and community support has focussed on the most disadvantaged in our community - that is those with the least economic resources to respond to this pressure.

The cumulative effect of increased cost of living pressures has seen an emerging need to assist households, not just those that are currently eligible for government concessions, but also people just above that level.

The recommendations within this Report seek to build people's Financial Health and Wellbeing. The recommendations do not call for a widespread expansion of existing assistance programs, rather a targeted approach to assist households in financial hardship due to a sudden change in circumstances.

The Panel recognises that there are financial consequences to implement these recommendations, but nevertheless considers they can make a significant impact for people in financial hardship.

The Panel believes that if people are provided with the assistance they need in times of financial hardship, they can build longer term financial health and wellbeing. This in turn enables people to reach their potential, make a contribution and share the benefits of an inclusive community.

List of Appendices

- A. Data Analysis of the Cost of Living in Canberra
- B. Flexible Payment Options for Government Fees and Charges

the 1990s, the number of people in the world who are living in poverty has increased. The number of people who are living on less than \$1 per day has increased from 1.1 billion in 1981 to 1.5 billion in 1998. The number of people who are living on less than \$2 per day has increased from 2.1 billion in 1981 to 2.5 billion in 1998.

The number of people who are living on less than \$3 per day has increased from 3.1 billion in 1981 to 3.5 billion in 1998.

The number of people who are living on less than \$4 per day has increased from 4.1 billion in 1981 to 4.5 billion in 1998.

The number of people who are living on less than \$5 per day has increased from 5.1 billion in 1981 to 5.5 billion in 1998.

The number of people who are living on less than \$6 per day has increased from 6.1 billion in 1981 to 6.5 billion in 1998.

The number of people who are living on less than \$7 per day has increased from 7.1 billion in 1981 to 7.5 billion in 1998.

The number of people who are living on less than \$8 per day has increased from 8.1 billion in 1981 to 8.5 billion in 1998.

The number of people who are living on less than \$9 per day has increased from 9.1 billion in 1981 to 9.5 billion in 1998.

The number of people who are living on less than \$10 per day has increased from 10.1 billion in 1981 to 10.5 billion in 1998.

The number of people who are living on less than \$11 per day has increased from 11.1 billion in 1981 to 11.5 billion in 1998.

The number of people who are living on less than \$12 per day has increased from 12.1 billion in 1981 to 12.5 billion in 1998.

The number of people who are living on less than \$13 per day has increased from 13.1 billion in 1981 to 13.5 billion in 1998.

The number of people who are living on less than \$14 per day has increased from 14.1 billion in 1981 to 14.5 billion in 1998.

The number of people who are living on less than \$15 per day has increased from 15.1 billion in 1981 to 15.5 billion in 1998.

The number of people who are living on less than \$16 per day has increased from 16.1 billion in 1981 to 16.5 billion in 1998.

The number of people who are living on less than \$17 per day has increased from 17.1 billion in 1981 to 17.5 billion in 1998.

The number of people who are living on less than \$18 per day has increased from 18.1 billion in 1981 to 18.5 billion in 1998.

The number of people who are living on less than \$19 per day has increased from 19.1 billion in 1981 to 19.5 billion in 1998.

The number of people who are living on less than \$20 per day has increased from 20.1 billion in 1981 to 20.5 billion in 1998.

The number of people who are living on less than \$21 per day has increased from 21.1 billion in 1981 to 21.5 billion in 1998.

The number of people who are living on less than \$22 per day has increased from 22.1 billion in 1981 to 22.5 billion in 1998.

The number of people who are living on less than \$23 per day has increased from 23.1 billion in 1981 to 23.5 billion in 1998.

The number of people who are living on less than \$24 per day has increased from 24.1 billion in 1981 to 24.5 billion in 1998.

The number of people who are living on less than \$25 per day has increased from 25.1 billion in 1981 to 25.5 billion in 1998.

The number of people who are living on less than \$26 per day has increased from 26.1 billion in 1981 to 26.5 billion in 1998.

The number of people who are living on less than \$27 per day has increased from 27.1 billion in 1981 to 27.5 billion in 1998.

The number of people who are living on less than \$28 per day has increased from 28.1 billion in 1981 to 28.5 billion in 1998.