



**ACT**  
Government

# ACT Targeted Assistance Strategy

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*December 2011*

## **1. Background**

The ACT Government's vision for Canberra is that:

“Canberra will be recognised throughout the world as a truly sustainable and creative city; as a community that is socially inclusive - acknowledging and supporting those who are vulnerable and in need and enabling all to reach their full potential: as a centre of economic growth and innovation; as the proud capital of the nation and home of its pre-eminent cultural institutions; as a place of great natural beauty” (Canberra Plan; Towards our second century).

The *Canberra Plan – Towards Our Second Century* is the key document outlining the Government's commitment to the ACT community including the use of concessions to ease financial pressure on low income households and foster an inclusive community that supports vulnerable people.

In response to the vision of being a socially inclusive, fair and equitable community, the Government has developed a range of plans to support social inclusion across the community including:

- ACT Social Plan
- ACT Children's Plan
- ACT Young People Plan
- ACT Women's Plan
- Affordable Housing Action Plan
- Strategic Plan for Positive Ageing
- Future Directions (ACT Disability Plan)
- Accessible Public Transport Action Plan
- Primary health care strategy

The ACT Government recognises that whilst we are in the main a well educated and affluent community, there are those less well off amongst us who cannot easily cope with even small changes in their economic circumstances. It is with these vulnerable members of our community in mind that the Government has continued to develop and expand the Government concessions program.

The ACT Government's Concessions Program aims to promote equity in the standard of living and access to essential services for all members of the ACT community. Concessions foster

access to and affordability of essential services by providing discounts on fees and charges for services such as transport, electricity and water or are delivered through rebates following a purchase of goods such as spectacles.

The ACT Government undertook a review of concessions in 2008. The resulting policy focused on supporting low income households and individuals to enhance equity and access to essential services. The *ACT Concessions Policy (2008)* reflects the principles of equity, effectiveness, accessibility and transparency. This means that the policy is targeted to those with the greatest needs, supports access to essential services, and ensures concessions information is accessible to all low income individuals and households. The policy is available at: [www.concessions.act.gov.au](http://www.concessions.act.gov.au)

The initiatives completed since the Review include an online portal, policy framework and the centralising of most concession payments in Shared Services.

The ACT Government has regularly amended concessions including electricity, gas, water and wastewater, to keep pace with rising costs.

There are approximately 30 ACT Government concessions, the value of which in 2011 was

\$34.7m and covered areas such as general rates, motor vehicle registration, licences and transport. Recent examples of changes to concessions include the following:

- On 1 July 2010 the ACT Government increased the energy rebate by \$20.00 and aligned the rebate to CPI in the out years.
- The 2011-12 ACT Budget provided \$12.3 million over four years to increase the concessions available to low-income households to assist with the cost of energy and water. This increase provided 25,000 eligible households with up to \$131 per annum off their utility bills. This was in addition to existing concessions available.

The capacity of the ACT Government to sustain support for concessions as well as the wide range of services to the Canberra community is based on its ability to effectively and efficiently manage its available resources. The ACT Government receives 37% of its revenue from the Commonwealth Government in the form of grants and program funds and the remainder has to be raised from the community in the form of local taxes and charges.

The fairness, level and sustainability of our ACT tax system is integral to supporting and servicing the community as we endeavour to make Canberra a sustainable and creative city.

In August 2010 then Treasurer Katy Gallagher announced the terms of reference for the ACT Taxation Review which was commissioned to consider the overall efficacy of the tax system, current revenue streams, and the sustainability of the tax base.

The Terms of Reference for the Review were as follows:

1. The Review will provide recommendations and findings on the overall efficacy of the tax system including:
  - a. whether the mix of taxes currently levied is appropriate;
  - b. whether the current ACT tax base is equitably and effectively distributed;
  - c. on options to ensure revenue certainty and sustainability of the tax base;
  - d. whether reforms are required to improve efficiency and equity of the tax base; and
  - e. completing a social impact assessment of any proposed reforms.
2. This review is intended to complement and build on the recently completed Commonwealth review of taxation. It should make specific recommendations:
  - a. having regard to the Territory's expenditure on services;
  - b. on the impact of significant changes to Commonwealth taxation settings in the near to medium term; and
  - c. identifying opportunities to engage, both responsively and proactively, with potential reforms to arise from this process.
  - d. State and local governments are limited in the number of taxes they are able to apply.
3. The review should:
  - a. be limited to taxes levied by the ACT Government;
  - b. consider options to ensure revenue certainty;
  - c. provide sufficient revenue to ensure that important community services continue to be provided; and
  - d. have regard to the unique economic, legislative and policy context of the ACT including its leasehold land system, economic composition and the role of the Commonwealth.

The review is due to report in November 2011.

The Government is also committed to developing and delivering policies and services, based on a full assessment of impacts, including economic, social and environmental impacts.

To support this commitment, in June 2011 the ACT Government released a discussion paper on the development of an across-government triple bottom line assessment framework.

The assessment framework aims to embed sustainability within decision-making processes by facilitating broad analysis of the impacts of Government decisions. This assessment framework will complement triple bottom line reporting already embedded in annual reports.

## **2. Current Context**

The current safety net largely comprises Commonwealth income support payments and state-based concessions. The Commonwealth Government has increased a range of income support payments in 2011. The ACT Government in 2010 increased the energy rebate and in 2011 increased concessions to assist with water and energy bills.

The ACT Government continues to pay close attention to assistance measures for low income and vulnerable households.

ACT Emergency Financial and Material Assistance (EFMA), previously called 'emergency relief', 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 people experiencing disadvantage. Funds are provided to St Vincent de Paul Society, the Salvation Army and Uniting Care Kippax to assist people in financial crisis.

The ACT Emergency Financial and Material Assistance providers reported 7,674 occasions of assistance provided between January and June 2011.

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.

One of the challenges for the ACT Government in targeting government assistance is the fact that much of the ACT data collected and reported on nationally indicates above-average salaries which can mask underlying areas of disadvantage and need.

### **3. ACT Targeted Assistance Strategy**

The ACT Government has commissioned an ACT Targeted Assistance Strategy to be developed by local experts in the fields of community service, ACT Government and financial services.

On 1 September 2011 the Chief Minister, Katy Gallagher, and the Minister for Community Services, Joy Burch, held a Community Roundtable to consult community organisations funded by the ACT Government about developing new approaches to families facing financial stress – not only income support recipients, but also to low income households who currently sit just above the safety net and are not in receipt of direct government financial assistance.

Discussion at the Roundtable identified a range of ideas and options. Some can be actioned now; some require further analysis to consider costs and implementation strategies.

These options included:

- developing flexible payment options for fees and charges for those Canberrans struggling to meet their everyday costs to help manage their household bills by smoothing out the peaks. This includes extending the period of time in which fines have to be paid by up to 6 months to ensure unexpected costs don't prevent people from paying for essentials;
- including access to socially responsible banking products such as low-interest loans as part of the ACT Government Banking contract;
- developing arrangements to extend the benefits of Government purchasing power to assist non-government organisations;
- developing options to enhance current food bank arrangements and access in the ACT;
- establishing a community support website that provides information on the wide range of supports and concessions currently available;
- working with our community sector partners to streamline service purchasing arrangements and reduce overheads;
- continued access to emergency financial assistance;
- continuing to provide energy efficiency initiatives to reduce household costs;
- encouraging development of employment pathways and job readiness programs;
- considering new community transport models;
- early intervention with public housing tenants to better manage debt; and
- reviewing eligibility for concessions.

Further to this, the Expert Panel will develop an evidence-based Targeted Assistance Strategy that includes options for ACT Government as well as community, market, business and individual responses.

The work will also need to take into account policy levers available to the ACT Government to respond to cost of living pressures, acknowledging the role of the Commonwealth Government

in setting payment levels for pensions and allowances, taxation rates and rebates such as child care and Medicare.

The Expert Panel will consider the current range of ACT programs designed to assist lower income Canberrans such as our Concessions Program which provides discounts on fees and charges for services such as transport, electricity and water, or rebates following the purchase of goods such as spectacles.

This strategy will build on the work the Government has already done and look for ways the community, market and individuals can respond to financial pressures and support the Government's efforts. It should be informed by existing government plans and strategies and the options developed at the September Community Roundtable.

The Expert Panel will also examine the findings of the recently released Tasmanian cost of living strategy commissioned by the Tasmanian Government.

The Panel will provide the ACT Government with a final ACT Targeted Assistance Strategy by the end of March 2012.

#### **4. Terms of Reference**

- 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.
- Incorporate into the analysis, the initiatives to come out of the September 2011 Community Roundtable.
- 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.
- 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.
- Develop an evidence-based ACT Targeted Assistance Strategy that includes policy options for the Government as well as community, market and individual responses.

#### **5. Reporting Requirements and Governance**

The Expert Panel will report directly to the Chief Minister. The Chair will report back by 31 March 2012.

#### **6. Consultation**

The Expert Panel, supported by the secretariat within the Chief Minister and Cabinet Directorate will, as part of its work, outline a consultation plan to engage with various stakeholders.

#### **7. Related work**

The work of the Expert Panel will take into consideration:

- The ACT Taxation Review
- Work to date on the review of concessions
- The outcomes of the community roundtable