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2023-24 Budget Consultation

Chief Minister, Treasury and Economic Development Directorate

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### **2023-24 ACT Budget Submission: Annual Indexing of the Utilities Concession**

Thank you for the opportunity to make a submission to the 2023-24 ACT Budget Consultation. I am making this submission in a private capacity as an individual ACT community member.

Before providing my main suggestion I want to note that I support [advocacy from ACT Council of Social Service](#) (ACTCOSS) for the ACT Government to explore introducing a percentage-based concession for electricity and gas as a possible means of providing a more equitable and targeted energy rebate for low-income households. In the absence of such major reform to the Utilities Concession, my submission is based on what might best be done to ensure the concession keeps pace with the cost of essential services in an adequate, regular, consistent, and transparent way.

My suggestion is for the ACT Government to consult with key stakeholders on the development of a Utilities Price Index (UPI) that could be calculated each year to adjust the ACT Government's Utilities Concession. My understanding is that the Utilities Concession is designed to support low-income households to better afford the costs of electricity, gas, and water and sewerage services through a single concession that is applied to a household's electricity bill. I am not aware of any established, formal, transparent, or consistent process that the ACT Government uses to determine the amount of the Utilities Concession each year through the Budget process.

A UPI could provide a useful way to ensure the Utilities Concession keeps up with the changing prices of these essential services. One option might be for a UPI to be developed based on the regulated retail prices for electricity and water and sewerage services as set by the Independent Competition and Regulatory Commission (ICRC) for ActewAGL and Icon Water each year. As retail gas prices are not regulated by the ICRC, this could be based on ActewAGL's retail gas price (or an average across ACT gas retailers). These components could be weighted differently based on an understanding of their relative contribution to overall utilities costs for households.

Fundamental to the introduction of a UPI is ensuring that the base level of the Utilities Concession is adequate to support households to afford these essential services. The adequacy of the Utilities Concession is something that ACT Government could usefully monitor and review on a regular basis. I support ACTCOSS's call for the ACT Government to review and update the 2012 ACT Targeted Assistance Strategy as a key means of ensuring supports are effective, adequate and targeted to need – thereby reducing poverty and inequality and improving wellbeing in our community.

Thank you for considering my submission.

Kind regards,

Geoff Buchanan.