



ACT
Government

Australian Capital Territory

Budget 2024–25

Cost of Living Budget Statement

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Acknowledgement of Country

The ACT Government acknowledges the Ngunnawal people as traditional custodians of the ACT and recognise any other people or families with connection to the lands of the ACT and region. We acknowledge and respect their continuing culture and the contribution they make to the life of this city and this region.



Accessibility
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Introduction

Canberra is a great place to live, work, study, invest and raise a family with many people enjoying among the highest living standards in the country. However, some in our community on low and fixed incomes need assistance with cost-of-living pressures.

On average, Canberra is one of the wealthiest and highest-earning communities in the country with lower levels of income inequality than other Australian cities. Despite this, there are Canberrans who do not share equally in these high living standards. Low-income households are particularly vulnerable to higher prices for non-discretionary items such as food, fuel and energy.

In this Budget, the Government is expanding its commitment to help the most disadvantaged and vulnerable members of our community. Cost of living assistance measures include:

- > providing an Electricity, Gas and Water Rebate (formerly the Utilities Concession) of \$800 to eligible recipients in 2024-25 (approximately 43,800 households);
- > providing a one-off payment of \$250 to apprentices and trainees, who tend to earn just above the threshold to qualify for Commonwealth financial assistance but are still lower income earners relative to others in Canberra with a lower level of assets or savings;
- > rebates of up to 50 per cent for pensioners on their general rates (capped at \$750) and a \$98 rebate for the Police, Fire and Emergency Services Levy;
- > full motor vehicle registration concessions for all eligible recipients (approximately 66,750 registrations);
- > extending the Rental Relief Fund to assist those experiencing rental stress or financial hardship for a further year or until funds are expended;

- > increasing access to stamp duty concessions for first home buyers;
- > increasing the Future of Education Equity Fund in 2024 for families with financial hardship impacting access to and engagement in the education system for ACT students;
- > increasing the value of vouchers available through the Utilities Hardship Fund;
- > providing additional funding for community organisations, including Roundabout Canberra, Scouts ACT, Fearless Women and Women’s Health Matters to ensure their ongoing delivery of essential services to vulnerable Canberrans;
- > increasing funding support for emergency material, financial aid programs and food relief services; and
- > increasing assistance through the Taxi Subsidy Scheme.

More help with Energy Bills

The high price of energy and other utility bills can be a significant contributor to household financial distress. In a period of sustained cost-of-living pressures, the Government has used its available regulatory levers to ensure the price of regulated electricity prices are fair and reasonable. Together with the Commonwealth’s \$300 per household energy bill relief, this will lead to an overall reduction in average electricity bills in 2024-25 for customers on regulated standing offers. Those who engage with their retailer on different plans or choose to compare between retailers can save even more.

The Government has undertaken regulatory reforms that makes this process easier for consumers.

In 2024-25, the Government is returning \$61.3 million in surplus revenue from the Large-scale Feed-in Tariff scheme to households. This has reduced overall growth in regulated electricity prices by around 5 percentage points.

Further, in response to terms of reference issued by the Government, the ICRC has implemented a new, fairer approach to determining the maximum increase in safety net prices. The approved regulatory prices are around 3.8 percentage points lower than they would have been under ActewAGL’s preferred methodology.

In addition to increasing the Electricity, Gas and Water Rebate in 2024-25, we will also build on our previous contribution to the Utilities Hardship Fund, providing \$300,000 to increase the value of vouchers available from \$100 to \$300. These vouchers are provided by energy retailers to people who are in significant financial stress to assist with their energy bills.

In 2024-25, the Life Support Rebate will increase from \$128 to \$150 per year. This will offer further energy bill relief to eligible individuals who need electrically operated life support equipment in the treatment of a life-threatening condition.

Housing affordability

Along with utilities, housing remains the largest expense for households, as well as one of the biggest drivers of current inflationary pressures. Housing remains affordable in the ACT relative to average income levels, despite having the third highest median property and second highest median weekly rental price of all Australian capital cities as of May 2024.¹

¹ [CoreLogic - Hedonic Home Index June 2024](#)



In December 2023, the proportion of family income required to meet average loan repayments in the ACT was 35.2 per cent, the second most affordable jurisdiction, compared with 47.7 per cent nationally.

The ACT is the most affordable jurisdiction to rent. The proportion of family income required to meet average rent payments was 19.2 per cent, compared with 23.9 per cent nationally. However, many households in lower income quintiles struggle to find housing that is affordable which underlines the importance of continuing to increase housing supply, choice and access.²

Housing affordability is a priority issue for the Government and this budget includes several new and expanded initiatives:

- > The Government will increase the size of the Affordable Housing Project Fund from \$60 million to \$80 million to support the community housing sector to deliver more affordable rental properties.
- > The Home Buyer Concession Scheme income threshold will increase from \$180,000 to \$250,000.

- > The Disability and Pensioner Duty Concession Schemes will be expanded to help more households purchase a home that suits their needs.
- > Property price thresholds for the Off-the-Plan and RZ1 Unit duty exemption schemes will increase to \$1 million for 2024-25. This will incentivise the development of more homes below the median price.
- > A new Severe Disability Duty Exemption will be introduced from 1 July 2025, to further support people with a severe disability and their carers. This exemption will not be restricted by past property ownership nor require a special disability trust to buy the home.
- > The Rent Relief Fund will be extended, for a further year or until funds are expended, to help renters sustain their tenancies and prevent evictions owing to financial hardships.

Further information on the Government's housing initiatives is in the Budget Housing Statement.

2 Real Estate Institute of Australia - Housing Affordability Report March 2024

Cost of Living in the ACT

The Consumer Price Index (CPI) and income levels are used in the Wellbeing Framework to measure how much it costs to live in the ACT.

Other important indicators of cost-of-living pressures are the price of goods and services and income levels compared to household spending. Data on household spending and consumption shows that households are reducing their spending on discretionary items in response to cost-of-living pressures.

Price of Goods and Services

The prices of essential goods and services have continued to increase, albeit at a slower rate than previous years. Canberra households still need to spend more to maintain the same standard of living.

The ACT's Consumer Price Index (CPI) increased by 3.3 per cent over the year to the March quarter 2024, compared to 3.6 per cent nationally.³ Average monthly household spending has increased 4.1 per cent over the same period compared to 2.1 per cent nationally.

Further information on the prices of goods and services in the ACT is in Chapter 2.2 ACT Economic Outlook.

Income Levels

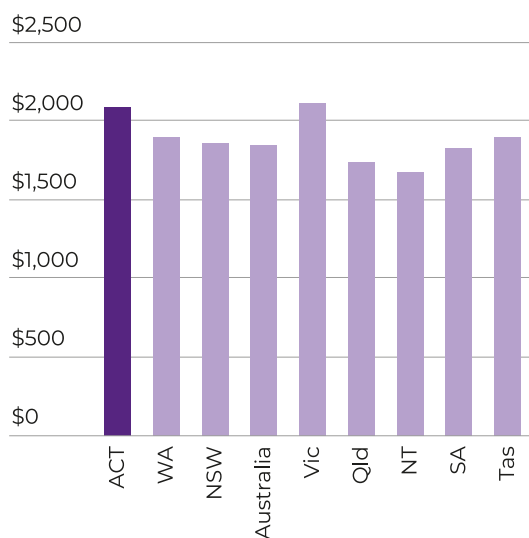
Income is a key measure of wellbeing as it is the main financial resource used to meet daily expenses and to provide social and economic freedom. Average income levels in the ACT are the second highest of all Australian jurisdictions. The Average Weekly Ordinary

Time Earnings (AWOTE) for full-time employed adults was \$2,088 in the ACT in November 2023, the second highest of all states and territories and higher than the national average of \$1,889 (see Figure 1)

AWOTE increased by 2.6 per cent per year on average in the ACT from November 2019 to November 2023.⁴

More recently, wages growth has accelerated and, along with easing inflation, will support a recovery in real wages and assist households to manage cost-of-living pressures.

Figure 1: Average Weekly Ordinary Time Earnings by State and territory, November 2023



3 [Consumer Price Index, Australia, March Quarter 2024 | Australian Bureau of Statistics \(abs.gov.au\)](https://abs.gov.au)

4 [Average Weekly Earnings, Australia, November 2023 | Australian Bureau of Statistics \(abs.gov.au\)](https://abs.gov.au)



Impact of ACT Government taxes and fees and utilities on households

The Government recognises our policies impact cost of living and we carefully consider all policy effects across all household groups.

The ACT Government collects revenue from the community and businesses through taxes and fees to fund the high-quality services and infrastructure Canberrans need and expect.

ACT Government taxes and fees

Overall, Government taxes, fees and charges are a relatively small proportion of household costs. Per capita taxation as a proportion of gross household disposable income in the ACT was 6.0 per cent in 2022-23, compared with 9.3 per cent in New South Wales and 11.1 per cent in Victoria. Most Government taxes and fees generally increase each year in line with the Wage Price Index (WPI) forecast to be 3.5 per cent in 2024-25. This ensures taxes and fees keep pace with the cost of providing Government services, while remaining affordable for the ACT community. General rates will increase by 3.75 per cent on average in 2024-25 – consistent with each year of stage three of tax reform. General rates provide a stable and secure revenue base to fund essential services into the future and a simpler, fairer tax system.

Property related taxes and fees

Average residential general rates will increase by 3.75 per cent in the ACT in 2024-25. The residential and rural Police, Fire and Emergency Services Levy (PFESL) will increase by \$21 in 2024-25 to \$396. The Safer Families Levy will increase by \$5 in 2024-25. Stamp duty will be reduced for owner-occupier purchases in 2024-25, for the thirteenth year in a row, and removed altogether for more transactions than ever before.

Car related fees

Car related fees, including driver licence fees, registration fees, and the road rescue fee will increase by 4 per cent, in line with the previous year's WPI. A fee for a full 5-year licence for a licence period commencing on or after 1 July 2024 has increased from \$219 to \$227.70. The Lifetime Care and Support Levy will increase to \$105 for 2024-25 and the Motor Accident Levy will be \$14. The increase in the Lifetime Care and Support Levy reflects the higher-than-expected number of participants entering the scheme and the associated cost of providing lifetime care.



From 1 July 2024, the ACT registration system is changing from a weight-based charge to an emissions-based charge. At introduction, 95 per cent of drivers will pay the same or less relative to the existing weight-based registration system. This change will support Canberrans to lower their vehicle and petrol expenses and transition to low- or zero emissions options as more options become available on the market. In the lead up to the change in the registration system, as part of previous budgets, 100 per cent registration concessions have expanded to ACT Service Access Card holders and Services Australia low income health care card holders. To make low-emissions vehicles more affordable for all Canberrans, stamp duty waivers were extended to eligible low-emissions hybrid and plug-in hybrid vehicles.

Public transport fares

From 1 January 2025, public transport fares will increase by CPI, currently forecast at 3.0 per cent.

Commonwealth Low-Income Health Care Card holders will be eligible for concessional fares from 1 July 2024, which will enable approximately an additional 1,500 individuals to access cheaper public transport.

Utilities

Utilities are a major household cost and ACT households typically have higher annual energy consumption compared with households in other states and territories due to climate conditions in the ACT. The Government does not set the price of electricity, gas, and other utilities. Water and sewerage prices are determined by the independent regulator. Other utility charges are primarily set by the market but incorporate the costs of generation and distribution, as well as the impact of various Commonwealth, state and territory energy and environmental programs.

Electricity

In the ACT, the Independent Competition and Regulatory Commission (ICRC) regulates the maximum allowable percentage change that ActewAGL can apply to its standing offer tariffs for electricity each year. This tariff applies, by default, to customers who do not choose a market price from an electricity retailer.

From 1 July 2024, standing offer tariffs are expected to rise by 12.75 per cent, which will translate to an annual bill increase of \$240 for a typical Canberra household consuming 6,500 kWh per year not eligible for concessions. This accounts for the Government's decision to return \$61.3 million in surplus revenue from the Largescale Feed-in Tariff scheme to households, the absence of which would have added a further 5 percentage points to the increase in the regulated electricity price. Further, the Commonwealth's \$300 per household energy bill relief will result in a decrease of \$60 for the typical household.

The average annual bill for Canberrans on standing offers will remain the lowest in Australia compared to the average standing offer bills faced by customers in New South Wales, Victoria, Queensland and South Australia.

Natural gas

Gas prices are expected to increase in 2024-25, noting the Australian Energy Regulator has approved a 10 per cent price increase to gas distribution charges, which comprises around a third of the eventual retail price. The ACT does not regulate gas prices and information on retail gas prices in 2024-25 was not available at the time of drafting. The statement assumes an increase in prices in line with CPI.

Water and sewerage

Water and sewerage prices are regulated by the ICRC. For a typical household using 200 kilolitres of water per year, the 2024-25 prices will result in their combined water and sewerage bill increasing by 7.1 per cent, which is around \$89 per year. This regulatory price increase is largely driven by high levels of inflation, as well as infrastructure investments needed to support sustainable water supply and network development in the Canberra region.

Concessions

The Government provides a wide range of concessions to households and individuals to assist with living expenses such as general rates, conveyance duty, utility bills, driver licence fees, motor vehicle registration fees, and public transport fares.

Table 1: Summary of available assistance and estimated annual take-up and costs

Assistance	Description	Estimated take up 2024-25	2023-24 \$'000	2024-25 \$'000
Electricity, Gas and Water Rebate	\$750 rebate on utility bills, additional \$50 in 2023-24 and 2024-25.	43,800 households	33,900	35,000
Pensioner General Rates Rebate, PFESL Rebate	50 per cent rates rebate up to \$750 per year, \$98 PFESL rebate per year.	15,700	11,600	11,900
Conveyance duty concessions	Up to 100 per cent discount on conveyance duty payable.	3,900	65,800	67,100
Apprentice and Trainee payment	A one-off \$250 payment to help with cost-of-living pressures.	5,700	n/a	1,400
Spectacles Subsidy Scheme	Subsidy up to \$200 on spectacle purchases once every two years.	11,000 spectacles	1,800	1,900
Taxi Subsidy Scheme	Assistance for people with a disability or significant mobility restriction.	118,700 trips	3,200	3,700
Motor vehicle registration concessions	Up to 100 per cent discount on motor vehicle registration fees.	66,750 registrations	12,400	12,700
Driver licence concessions	Up to a 100 per cent discount on driver licence fees.	4,700 licences	900	900
Public transport concessions	Reduced or free fares on Transport Canberra bus and light rail services.	Over 5.1 million trips	7,300	8,000
Total			136,900	142,600

ACT Household Scenarios

Under section 11(1)(f) of the *Financial Management Act 1996*, the annual Budget must provide a statement on the effect of ACT taxes and fees on households and the concessions that offset them. Examples of how ACT Government taxes and fees, utilities, and the offsetting concessions impact ACT households are in Table 2 below.

The Government is mindful that it is not possible to capture the impact of taxes, fees, and utility charges on every type of household, as financial circumstances or specific usage patterns of government services will vary. Therefore, eight scenarios are presented as a basis for highlighting the different impacts for various household types and circumstances.

Table 2: Estimated impact of territory taxes and fees, and utility charges on households in 2024-25

	Disposable income	Rates, PFESL, SFL	Rates and PFESL Concessions	Conveyance Duty	Conveyance Duty Concession	Vehicle Charges	Vehicle Concession	Public Transport Fares	Public Transport Concession	Utilities	Utilities concession	Net Disposable Income
1. Belconnen – Single, pensioner, in own unit, no car												
2023-24	\$27,700	\$1,772	\$848	\$0	\$0	\$0	\$0	\$1,533	\$1,533	\$3,778	\$800	\$23,798
2024-25	\$29,000	\$1,829	\$848	\$0	\$0	\$0	\$0	\$1,556	\$1,556	\$3,803	\$800	\$25,016
											Change	\$1,218
2. Bruce – Couple, pensioners, in own house, two cars, downsizing to unit in 2024-25												
2023-24	\$41,700	\$3,841	\$848	\$0	\$0	\$1,236	\$962	\$0	\$0	\$5,411	\$800	\$33,822
2024-25	\$43,800	\$2,330	\$848	\$10,571	\$10,571	\$1,307	\$1,001	\$0	\$0	\$5,549	\$800	\$37,263
											Change	\$3,441

	Disposable income	Rates, PFESL, SFL	Rates and PFESL Concessions	Conveyance Duty	Conveyance Duty Concession	Vehicle Charges	Vehicle Concession	Public Transport Fares	Public Transport Concession	Utilities	Utilities concession	Net Disposable Income
3. Banks – Single parent, first income quintile, in own house, one car, two children who catch the bus to school												
2023-24	\$33,700	\$2,608	\$0	\$0	\$0	\$618	\$0	\$766	\$0	\$5,411	\$800	\$25,097
2024-25	\$34,800	\$2,734	\$0	\$0	\$0	\$654	\$0	\$776	\$0	\$5,549	\$800	\$25,887
											Change	\$790
4. Cook – Single, fixed income retiree, in own house, one car												
2023-24	\$60,300	\$3,923	\$0	\$0	\$0	\$618	\$48	\$0	\$0	\$3,778	\$0	\$52,029
2024-25	\$63,400	\$4,014	\$0	\$0	\$0	\$654	\$50	\$0	\$0	\$3,803	\$0	\$54,979
											Change	\$2,950
5. Kingston – Single, second income quintile, in own unit, no car												
2023-24	\$57,500	\$2,430	\$0	\$0	\$0	\$0	\$0	\$1,533	\$0	\$3,778	\$0	\$49,759
2024-25	\$59,500	\$2,519	\$0	\$0	\$0	\$0	\$0	\$1,556	\$0	\$3,803	\$0	\$51,622
											Change	\$1,863
6. Turner – Single, third income quintile, one car, purchasing first unit in 2024-25												
2023-24	\$76,700	\$0	\$0	\$0	\$0	\$618	\$0	\$0	\$0	\$3,778	\$0	\$72,304
2024-25	\$79,400	\$2,484	\$0	\$17,646	\$17,646	\$654	\$0	\$0	\$0	\$3,803	\$0	\$72,459
											Change	\$155

	Disposable income	Rates, PFESL, SFL	Rates and PFESL Concessions	Conveyance Duty	Conveyance Duty Concession	Vehicle Charges	Vehicle Concession	Public Transport Fares	Public Transport Concession	Utilities	Utilities concession	Net Disposable Income
7. Ainslie – Couple, fourth income quintile, in own house, 2 cars, 2 children who catch the bus to school												
2023-24	\$197,600	\$4,277	\$0	\$0	\$0	\$1,236	\$0	\$766	\$0	\$6,949	\$0	\$184,372
2024-25	\$204,500	\$4,569	\$0	\$0	\$0	\$1,307	\$0	\$776	\$0	\$7,240	\$0	\$190,608
											Change	\$6,236
8. Forrest – Couple, fifth income quintile, in own house, 2 cars, 2 children who catch the bus to school												
2023-24	\$293,300	\$13,142	\$0	\$0	\$0	\$1,236	\$0	\$766	\$0	\$6,949	\$0	\$271,207
2024-25	\$303,500	\$13,168	\$0	\$0	\$0	\$1,307	\$0	\$776	\$0	\$7,240	\$0	\$281,009
											Change	\$9,802

Notes:

1. Disposable income is gross income minus income tax, the Medicare levy, and the Medicare levy surcharge. Disposable income levels are based on the ABS Survey of Income and Housing 2019-20, indexed by WPI.
2. Utilities include electricity, water, and gas. Household expenditure on utilities is based on the number of people in a household. Household bill has been reduced by \$300, in line with the Commonwealth announcement for their Energy Bill Relief.
3. For household 2, rates are lower in 2023-24 than 2022-23 as they are downsizing from a house to a unit.
4. Income from pension refers to Basic Age Pension only and excludes other benefits. Pension data by suburb is not available.
5. Non-pension income data for retirees is unavailable. Non-pension incomes are set at a level above the Age Pension income eligibility thresholds.
6. Conveyance duty calculations are based on median unit prices in Bruce and Turner as of May 2024.
7. Vehicle Charges include registration fees, road rescue fee, lifetime care and support levy, and licence fees, but excludes MAI premiums charged by private sector insurers. Pensioners are assumed to be eligible for registration concessions. The scenarios assume an emissions category C vehicle, with a tare weight between 1,155 kg and 1,505 kg.
8. Bus fares are calculated on the basis of monthly capped trips. Retirees are assumed to be aged 70+ and qualifying for free travel on Transport Canberra buses.





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