

MEDIA RELEASE**14 June 2022****ACT Taxi Subsidy Scheme**

Auditor-General, Mr Michael Harris, today presented a report on the **ACT Taxi Subsidy Scheme** to the Speaker for tabling in the ACT Legislative Assembly. The audit considers the activities of the ACT Revenue Office in managing the Scheme and assesses the extent to which the Scheme is meeting any policy objectives.

The audit found that the planning and delivery of the Scheme is hampered by a lack of clarity and specificity with respect to its purpose and objectives. The *ACT Taxi Subsidy Scheme Policy Paper* articulates a brief objective for the Scheme, the salient feature of which is to 'improve the affordability of essential services', while the ACT Revenue Office website states that the Scheme 'supports social inclusion and economic participation of community members who would otherwise be at risk of social isolation'. There is no further guidance or discussion that provides further detail on the intended outcomes of the Scheme and its impact on its members.

There is also no documented rationale for the Scheme's subsidy amounts and subsidy caps, nor is there documentation showing what information was used to establish the subsidy amounts and subsidy caps. There is no regular review of the Scheme's subsidy amounts and subsidy caps; the amounts were last updated in 2014.

Mr Harris said 'the lack of clarity associated with the purpose and objectives of the Scheme, combined with the lack of documentation associated with the Scheme's subsidy amounts and subsidy caps, means that no assurance can be obtained that the Scheme is meeting the needs or expectations of the community in any meaningful way'.

The summary of **ACT Taxi Subsidy Scheme: Report No 03/22**, with audit conclusions and key findings are attached to this media release.

Copies of **ACT Taxi Subsidy Scheme: Report No 03/22** are available from the ACT Audit Office's website www.audit.act.gov.au. If you need assistance accessing the report please phone 6207 833.

SUMMARY

The ACT Taxi Subsidy Scheme is part of the ACT Government's Concessions Program. The Scheme aims to provide subsidised taxi fares to permanent ACT residents with a severe or profound activity limitation which prevents them from using public transport.

The audit considered the activities of the ACT Revenue Office in managing the Scheme, including consideration of:

- the governance arrangements in place to administer the Scheme;
- processes to receive and assess applications for membership; and
- the management and monitoring of the Scheme usage by members.

Conclusions

PLANNING AND DELIVERY

The planning and delivery of the Scheme is hampered by a lack of clarity and specificity with respect to the purpose and objectives of the Scheme. At its most basic, the purpose of the Scheme is to 'improve the affordability of essential services', i.e. taxi costs. In the absence of further clarity with respect to the outcomes sought by the Scheme it is not possible to ascertain whether the subsidy amounts or subsidy caps are appropriate and the Scheme is effective.

Subsidy amounts and subsidy caps have not been reviewed or changed for at least eight years, while taxi fare costs have increased during this period. This indicates a deteriorating benefit of the Scheme to its members. Members of the Scheme who need to travel greater distances are also disadvantaged compared to members who travel smaller distances. To the extent that affordable housing and social housing is increasingly located in new suburbs on the outskirts of Canberra, there is likely to be a continuing and growing inequity associated with members' use of the Scheme.

ADMINISTRATIVE ARRANGEMENTS

The administration of the Scheme is generally sound. There are policies and procedures in place to guide the management and administration of the Scheme and the processing of applications is achieved on a timely basis. There is, however, an opportunity to make the application process more accessible and effective through the use of electronic form in an accessible format.

Key findings

PLANNING AND DELIVERY

Paragraph

Over the five-year period 2016-17 to 2020-21, there have been 8,675 members of the ACT Taxi Subsidy Scheme. The majority of those members (6,873 or 79.2 percent) have been permanent members of the Scheme. The majority of individuals who have applied to the Scheme (7,984 or 92.0 percent) have identified a mobility activity limitation which affects their ability to use public transport. Most members of the Scheme (7,495 or 86.4 percent) have been entitled to a 50 percent subsidy level, with the remaining being at the 75 percent level.

2.10

A total of 485,551 trips have been taken under the Scheme between 2016-17 and 2020-21. Notwithstanding there have been 8,675 members of the Scheme during this period, 3,546 of those members (40.8 percent) have not used the Scheme at all. 3,272 members (63.6 percent of the 5,140 active users) have taken less than 50 taxi trips over the five year period. A proportion of members of the Scheme are significant users of the Scheme, in some instances using the Scheme thousands of times over the five-year period.

2.19

A total of \$9,784,526 in subsidies have been provided to members of the Scheme between 2016-17 and 2020-21 against a total value of taxi fares of \$13,191,788. Members of the Scheme have therefore had to pay the remaining \$3,407,261 out of their own pocket. The majority of the active members of the Scheme between 2016-17 and 2020-21 (3,070 or 59.7 percent of 5,140) obtained less than \$1,000 in the value of subsidies from the Scheme. A small proportion of active users (130 or 2.5 percent) obtained more than \$17,000 in the value of subsidies from the Scheme over this period.

2.24

The most appropriate articulation of the purpose and policy objective associated with the Scheme was embodied in the *ACT Taxi Subsidy Scheme Policy Paper* (Policy Policy). The Policy Paper articulates a brief objective for the Scheme, the salient feature of which is to 'improve the affordability of essential services'. There is no further guidance or discussion that provides further detail on the intended outcomes of the Scheme and its impact on its members. The ACT Revenue Office's website states that the Scheme 'supports social inclusion and economic participation of community members who would otherwise be at risk of social isolation. The [Scheme] is intended to assist members attend essential activities such as medical appointments, employment commitments, and social and family gatherings'. There is no further detail or supporting documentation to support such an objective and it is unclear what is meant by 'social inclusion' or 'social isolation' and how those areas may be addressed by the Scheme.

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Since 2002, the flagfall rate and standard taxi fare rate have steadily increased, with the flagfall increasing from \$3.20 to \$5.00 in 2021 (56.3 percent) and the fare per kilometre increasing from \$1.409 to \$2.060 in 2021 (46.2 percent). Over the same period the 50 percent subsidy cap has increased from \$17 to \$24 (41.2 percent) and the 75 percent subsidy cap has increased from \$26 to \$37 (42.3 percent). Subsidy amounts under the Scheme have not kept pace with taxi fare increases over this period. The 50 percent subsidy cap of \$24 and the 75 percent subsidy cap of \$37 have remained unchanged since 1 July 2014, i.e. approximately eight years. Most recently, between 2016-17 and 2020-21 the average out of pocket expense incurred by a member entitled to a 50 percent subsidy has risen from \$11.41 to \$12.80 (12.1 percent) and the average out of pocket expense incurred by a member entitled to a 75 percent subsidy has risen from \$8.78 to \$10.74 (22.4 percent).

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Community advocacy group representatives identified the length of time since the subsidy cap amount had been raised as being a major barrier to the affordability of taxis and the use of transport. Community advocacy groups also noted that there is some inequity in the Scheme for those members who live further away from essential services or places of employment. Members of the Scheme who need to travel greater distances are disadvantaged compared to those members who travel smaller distances. To the extent that affordable housing and social housing is increasingly located in new suburbs on the outskirts of Canberra, there is likely to be a continuing and growing inequity associated with members' use of the Scheme.

2.49

There is no documented rationale for the Scheme's subsidy amounts and subsidy caps, nor is there documentation showing what information was used to establish the subsidy amounts and subsidy caps. There is no regular review of the Scheme's subsidy amounts and subsidy caps; the amounts were last updated in 2014. The lack of clarity associated with the purpose and objectives of the Scheme, combined with the lack of documentation associated with the Scheme's subsidy amounts and subsidy caps, means that no assurance can be obtained that the Scheme is meeting the needs or expectations of the community in any meaningful way.

2.55

The ACT Revenue Office has access to a range of quantitative data in relation to the operation of the Scheme. This includes demographic data on the members of the Scheme (collected and maintained by the ACT Revenue Office) and data on members' usage of the Scheme (collected and provided by Cabcharge by virtue of the Services Agreement). The data collected by Cabcharge could be a powerful source of information that could assist in the management of the Scheme, but inconsistency in the description of pick-up and drop-off locations makes it difficult to identify with any certainty the purpose of members' trips and their usage of the Scheme. It also impairs any analysis that might be done in relation to members' use of the Scheme in relation to their home address and any potential inequity that might be apparent in the operation of the Scheme for potential destinations.

2.73

The ACT Revenue Office does not maintain a formal feedback or complaints register of correspondence received through the contact address. In the absence of a formal feedback or complaints register the ACT Revenue Office cannot demonstrate that it: systematically reviews and analyses any feedback or complaints received; and identifies potential improvements to the operation of the Scheme. The ACT Revenue Office does not conduct surveys of members. By not conducting a survey the ACT Revenue Office does not have access to potentially useful and insightful information into the operation of the Scheme.

2.74

There are limited controls in place to safeguard against fraud and misuse. The Policy Paper provides for processes to review and verify the use of the Scheme by members; a key control is taxi operators (drivers) '[using] reasonable endeavours at the time of being presented with a Smart Card to verify that the person ... is the Scheme Member identified on the Smart Card'. The onus for implementing this control is on the taxi operator (driver). The ACT Revenue Office has not conducted any compliance checks in relation to this control.

2.79

ADMINISTRATIVE ARRANGEMENTS

Paragraph

The ACT Revenue Office's management and administration of the Scheme is guided by the *ACT Taxi Subsidy Scheme Policy Paper* and the *ACT Taxi Subsidy Scheme Internal Operating Procedures Manual*. Both documents are undated. Neither document provides any detail on when the document was prepared, who prepared it, when it was last updated or who approved it for use. The documents' lack of endorsement for use impairs their authority.

3.17

The Procedures Manual sets out detailed procedures to guide the activities required to administer the Scheme. The procedures are detailed and administratively specific, i.e. they provide a keystroke by keystroke guide on how to undertake the various activities associated with the Scheme. The Procedures Manual also sets out the roles and responsibilities for the administration of the Scheme. However, the roles and responsibilities do not reflect the administrative arrangements of the ACT Revenue Office. The lack of clearly defined roles and responsibilities increases the risk that activities associated with the administration of the Scheme are not undertaken effectively and that procedural fairness is compromised.

3.18

The application forms for initial membership and additional trips are paper based forms. The form is a PDF, which cannot be completed electronically without specialist software. Community advocacy group representatives identified the application forms are not easily accessible. Feedback was provided that it would be better practice to have the forms in an accessible format that could be read by a screen reader and/or completed electronically.

3.47

Recommendations

RECOMMENDATION 1 SCHEME PURPOSE AND OBJECTIVES

The Chief Minister, Treasury and Economic Development Directorate should:

- a) review and clearly articulate the purpose and objectives of the Scheme; and
- b) use this as a basis for identifying a policy for, and principles associated with, subsidy amounts and subsidy caps.

RECOMMENDATION 2 REVIEW AND EVALUATION

The Chief Minister, Treasury and Economic Development Directorate should periodically review and evaluate the operation of the Scheme. The review should assess the operation of the Scheme against its identified purpose and objectives and be informed by qualitative and quantitative data that is collected in relation to the operation of the Scheme.

RECOMMENDATION 3 POLICY AND PROCEDURAL GUIDANCE

The Chief Minister, Treasury and Economic Development Directorate should review and update the policy and procedural guidance associated with the Scheme.

RECOMMENDATION 4 APPLICATION FORM ACCESSIBILITY

The Chief Minister, Treasury and Economic Development Directorate should explore opportunities to make the application forms associated with the Scheme web-based and able to be completed on-line.

Response from entities

In accordance with subsection 18(2) of the *Auditor-General Act 1996*, the Chief Minister, Treasury and Economic Development Directorate was provided with:

- a draft proposed report for comment. All comments were considered and required changes were reflected in the final proposed report; and
- a final proposed report for further comment.

No comments were provided for inclusion in this Summary chapter.