Government Response to the Centre for International Economics Final Report

Review of the 2021-22 ACT Budget

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Treasurer
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Introduction

The Government remains committed to being open and transparent in its budget reporting, ensuring that our practices strengthen the integrity and accountability of the management of the Territory's public finances.

In the second Budget presented by the Government in the 2021 calendar year and its *Inquiries into the ACT Budget 2021-2022*, the Standing Committee on Public Accounts commissioned the Centre for International Economics (CIE) to review the 2021--22 ACT Budget. The CIE subsequently produced the *Final Report: Review of the 2020-21 ACT Budget* (CIE Report) for the Committee's consideration.

A copy of the CIE Report can be found on the Legislative Assembly website at [ACT Budget 2021–22 - ACT Legislative Assembly](https://www.parliament.act.gov.au/__data/assets/pdf_file/0008/1878929/CIE-Final-Report-Review-of-the-2021-22-ACT-Budget.pdf).[1]

The CIE Report undertook own-source modelling and analysis and included a well-considered review of the 2021-22 Budget. The CIE included a number of important observations regarding the Government's activities and provides a reasonable account of the Budget Outlook regularly assessing that "…assumptions in the ACT 2021-22 Budget appear reasonable".

The CIE's comments and assessment are welcomed, and the Government wishes to present this response in reply to certain matters raised in this report. The Government notes the CIE Report does not include many specific recommendations or questions posed, therefore this response has provided further clarification and expansion on points in the 2021-22 Budget where it was considered appropriate.

[1] https://www.parliament.act.gov.au/__data/assets/pdf_file/0008/1878929/CIE-Final-Report-Review-of-the-2021-22-ACT-Budget.pdf

The Centre for International Economics' Review of the 2021-22 ACT Budget

Economic outlook
(Chapter 1, pages 6 to 15)

Centre for International Economics (CIE).

Assessment of the outlook for GSP

Centre for International Economics (CIE): "The forecast of moderating growth in the ACT GSP is believed to be reasonable" (page 9).

Response:

The key risks, uncertainties and assumptions underpinning the outlook for Gross State Product (GSP) in the 2021-22 Budget are detailed on pages 34-37 of the 2021-22 Budget Outlook. The forecast for GSP is aligned with the population forecast for the ACT. Population growth and the uncertainty related to COVID-19 form the basis for the key risks and assumptions outlined in the 2021-22 Budget.

Employment growth and outlook

CIE: "…downside risks to the outlook for ACT employment, which could make it more difficult for the ACT Government to continue to support jobs" and "…the employment forecasts appear reasonable" (pages 9 to 11).

"The labour market in the ACT is weak, as soft economic conditions have resulted in weak demand for labour… and that Commonwealth Government employment is increasing more outside of the ACT than within it."[2]

Response:

The Government welcomes the comments from the CIE that the employment forecasts appear reasonable. We affirm the Government's key priority of growing Canberra's economy over the forward years and achieving a target of 250,000 local jobs by 2025 which is consistent with the Jobs and Recovery Plan.

The employment forecasts are contingent on high vaccination rates significantly reducing the risks of further lockdowns in the ACT and in other jurisdictions. This coupled with the gradual opening of state and international borders from late 2021, and an increased rate of overseas and interstate migration from early 2022, will support employment growth.

The decentralisation agenda of the Commonwealth remains a significant risk for the ACT employment market.

The 2021-22 employment forecasts are in-line with the central case population forecasts for the ACT. The return of international students and skilled migrants will support public and private sector businesses to fill job vacancies.

[2] The Commonwealth 2021-22 Budget Paper No.4, table 2.2, p. 166.

Outlook for inflation and wage growth

CIE: "Wage inflation represents a significant cost driver of cost pressure in the ACT, due to the significant labour cost component in the services delivered by government and that forecast ACT WPI is in line with the average pressure in Australian states and territories" (pages 12-13).

Response:

The Government agrees with the CIE's representation of the Wage Price Index (WPI) growth and acknowledges the impact of the improved private sector growth in the labour market and subsequent impact on wages in the ACT. The expected improvement in wages in the private sector is in part a result of lower population growth leading to a tighter labour market and wage pressures. As the economy recovers and borders reopen, employment is expected to rebound growing at ½ per cent in 2021-22 and then 1 per cent in 2022-23 before stabilising at 1¼ per cent.

Outlook for population

The CIE undertook data modelling of overseas student migration to the ACT and its analysis determined "the ACT 2021-22 Budget projections on the timing and rate of net migration recovery are conservative. That is, it may well be higher, and better, for the ACT Governments financial position, and the ACT Economy" (page 14).

Response:

The CIE view on population growth is broadly in-line with the upside scenario presented in the Budget. The key difference is that the CIE profile has a very sharp bounce back in Net Overseas Migration (NOM) based on a rapid return of international students. While this may be possible, ACT Treasury has a more gradual return to pre-pandemic levels of NOM across all immigration classes. Given the significant uncertainty that the Delta variant poses to international travel flows, and in particular for the willingness to travel, the 2021-22 Budget forecasts are more conservative than the CIE forecasts. The central case suggests the return of overseas migrants will take some time to normalise once international borders re-open. factoring in a slower return to stronger growth in both students and other migration categories rather than an immediate step up, relative to CIE.

It is ultimately the responsibility of the Commonwealth Government to safely open international borders and issue visas to those eligible students seeking to enter higher education at the universities and CIT campuses in the ACT.

Budget aggregates
(Chapter 2, pages 16 to 23)

The CIE notes the deficit on the forward estimates period as a result of the COVID-19 pandemic and the increase in superannuation liability and importantly recognises the "ACT has a high level of creditworthiness compared to other states, indicating there is confidence in the ACT Government meeting its current and future estimated debt obligations" (page 16).

Financial position of the ACT Budget remains in deficit

The CIE comments the Headline Net Operating Balance (HNOB) for 2021-22 and the forward estimates deterioration is due to ongoing and expanded economic supports resulting from the COVID-19 pandemic which have caused significant reductions in own-source revenue collections (page 17).

Response:

The Government agrees with the CIE's reflection on the causation of the forward deficits which have required the 2021-22 Budget to continue critical economic responses to support our vaccination program, healthcare system, our community and local businesses. Canberrans' wellbeing remains a key priority for Government as it understands its need to balance the principles of good fiscal management with the need to protect the health and welfare of the Territory.

The Government's plan to return the HNOB to surplus in the medium-term is supported by the temporary and targeted nature of the COVID-19 economic support measures that have been implemented. We remain focussed on restoring public finances for the longer-term needs of the community in a post-COVID-19 world as household consumption and business operations improve following an easing of lockdown restrictions, borders re-opening and combined Territory and Commonwealth support measures.

Net debt; Net financial liabilities; and Superannuation liability

The CIE Report identifies that the key indicators when measured as relative to GSP are comparative or better than other jurisdictions and that the increase in net debt is due to the expanded 2021-22 budget policy decisions. Also noted was the growth in the superannuation liability reason which has resulted in the increase in net financial liabilities. The CIE Report noted the projected superannuation liabilities are uncertain and sensitive to the assumptions used and are reliant on discount rates for the present value of payments and salary growth (pages 19-23).

Response:

The necessary 2021-22 economic support measures have increased the ACT's net debt associated with supporting the Territory during the pandemic. The Government maintains a commitment to return to a net operating balance over the longer term The Government recognises the importance of managing the Territory's finances in a sustainable way; however, as experienced by virtually every Government around the world, the local outbreak of the Delta variant has necessitated significant fiscal expenditure designed to reduce transmission rates, bolster health systems, and protect as many jobs as possible.

The increase in the projected defined benefit superannuation liabilities and expenses are as a result of the latest triennial liability valuation review and changes in the financial and demographic assumptions adopted for the defined benefit superannuation liability valuation estimates.

Revenue
(Chapter 3, pages 24 to 32)

The CIE Report states the revenue forecasts appear reasonable noting the analysis, commentary and conservative GST assumptions. The robust property market and Commonwealth Government Grants will support increased revenue in the forward estimates, whilst acknowledging own-source tax revenue is also forecast to increase noting duties are forecast to decrease. The CIE Report notes the general government sector revenue growth is not expected to return to pre-pandemic levels and makes the assertion that the ACT community experience higher taxes than any other jurisdiction (page 24).

Own-source taxation revenue

Payroll tax

The CIE Report identifies that payroll tax, general rates and land tax will increase own-source tax forecasts by 23 per cent until 2024-25, only offset slightly by the decreases in payroll tax revenue. The Government noted specific sectors such as construction, retail and tourism which affected economic activity and employment following the Delta strain outbreak and associated lockdowns in 2021-22. Payroll tax relief provided to eligible businesses included payroll tax waivers and deferrals; exempting wages paid to apprentices or trainees for prescribed periods; and offsets for government and utility fees and charges up to a maximum of $10,000 (page 27).

Response:

The ACT has the highest payroll tax threshold in Australia at $2 million. This means payroll tax is not charged until Australia-wide wages are over $2 million a year. Further, employers (or groups) can claim up to $2 million a year in ACT wages tax-free, with this claim decreasing proportionally with a lower proportion of Australia-wide wages in the ACT. In this way, the payroll tax system supports small and local businesses, with over 90 per cent of businesses operating in the ACT paying no payroll tax, while large, national and multinational businesses pay more.

In response to the ongoing impacts of COVID-19 on business, the ACT Government has provided over $475 million in economic support.

General rates

The CIE report notes the interim outcome for general rates revenue in 2020-21 is $2.2 million less than the forecasts predicted in the 2020-21 Budget, however the 2021-22 Budget reflects increases in average general rates of 3.75 per cent under Stage 3 of tax reform (pages 27-28).

Response:

The increase in average general rates for residential and commercial properties during the five years of Stage 3 of tax reform (2021-22 to 2025-26) is lower than the increase applied in Stage 2 (prior to COVID-19 household support measures) in light of the need to moderate the pace of general rates increases in response to expectations of lower wage growth and lower business income.

As noted on page 242 of the 2021-22 Budget Outlook, under the Government's tax reform program, increases in general rates above the growth in Wage Price Index (WPI) are used to fund reductions in own-source revenue from the abolition of inefficient taxes such as insurance and conveyance duties. This means the increase in rates revenue from increases above WPI is offset by a reduction in revenue from other taxes.

The Government recognises that for some households increases in general rates can place pressure on their budgets. This is why we offer pensioners a rebate on their annual rates ($750 in 2021-22) and generous rates deferral schemes that enable eligible homeowners to defer the payment of all or part of their rates each year at a very low rate of interest until the property is transferred or sold. The Government has also offered additional general rates assistance during the COVID-19 pandemic, including a $150 rebate for all households in 2020-21.

Taxation per capita across states

The CIE Report states "Per capita taxes are anticipated to increase across all Australian jurisdictions (table 3.6)[3]. However, the ACT's taxation per capita is higher than its interstate peers in 2020-21 and continues to maintain its top taxing position over the 2021-22 Budget and forward estimates period. This indicates lower competitiveness of ACT's taxation regimes in relation to other states and territories, posting downside risks on population growth and job creation" (page 29).

Response:

The analysis in the table above is not under a like for like basis as ACT taxes include municipal rates which are not included in the data for other jurisdictions. This is noted in the report, but does not facilitate a helpful comparison.

Recent and forecast growth in tax per capita in the ACT compared with other jurisdictions reflects differences in economic and property market activity. However, tax per capita does not take into account these differences as it only divides total taxation by total population. A better measure of tax competitiveness is tax as a percentage of Gross State Product (GSP), which accounts for these differences by dividing total taxation which includes municipal taxes (general rates) by total economic output.

The table below shows tax as a percentage of GSP for all Australian states and territories over the past ten years for which data is available. It shows that the ACT has a lower tax burden than all other jurisdictions except the Northern Territory and Western Australia in all years.

[3] CIE *Review of the 2021-22 ACT Budget*, page 29.

	2010-11	2011-12	2012-13	2013-14	2014-15	2015-16	2016-17	2017-18	2018-19	2019-20
NSW	4.65%	4.61%	4.81%	5.09%	5.40%	5.73%	5.87%	5.82%	5.73%	5.76%
VIC	4.93%	4.94%	5.09%	5.40%	5.69%	5.95%	6.13%	6.32%	6.33%	6.31%
QLD	4.29%	4.30%	4.35%	4.57%	4.81%	4.73%	4.77%	4.72%	4.98%	5.05%
SA	4.89%	4.94%	5.21%	5.26%	5.55%	5.62%	5.59%	5.64%	5.65%	5.76%
WA	3.61%	3.60%	3.84%	3.84%	3.88%	3.97%	3.88%	3.82%	3.82%	3.94%
TAS	4.09%	4.17%	4.39%	4.50%	4.67%	4.82%	4.92%	4.99%	5.01%	5.27%
NT	2.30%	2.27%	2.52%	2.84%	3.47%	2.99%	2.98%	3.06%	3.23%	2.42%
ACT	4.04%	3.68%	3.73%	3.89%	4.02%	4.39%	4.57%	4.46%	4.84%	4.77%

Source: ABS Taxation Revenue, Australia, 2019-20 (3101.0) and ABS Australian National Account: State Accounts (5220.0)

Expenditure
(Chapter 4, pages 33 to 49)

The CIE Report records the difference in the 2021-22 Budget forecast expenditure to previous ACT Budgets noting the profile of expenditure peaking in 2020-21 (sic) and then declining in 2022-23 and gradually increasing in 2023-24 onwards. Superannuation interest costs, supplies and services, grants and purchased services and other operating expenses are key expenditure drivers in 2021-22 which should taper off by 2024-25. New policy decisions increase expenses by a net value of around $1.4 billion (page 33).

Overview of major areas of substantial new spending

CIE: "New policy decisions are forecast to increase expenses by $2.0 billion over the Budget and forward estimates, or $1.4 billion after accounting for offsets. Most new expenditure occurs in the first year of the Budget, with $876 million ... and $561 million … of net service costs (table 4.2)[4]. The higher proportion of expenditure in 2021-22 is attributed to temporary COVID-19 associated health response and stimulus measures."

4.2 New policy decision expenditure

	2021-22 Budget	2022-23 Estimate	2023-24 Estimate	2024-25 Estimate	Total
	$'000	$'000	$'000	$'000	$'000
Total expenses	876 026	375 774	365 567	388 564	2 005 931
% of total new expenses	44	19	18	19	
Total offsets	-314 743	-115 731	-109 499	-106 087	-646 060
Net cost of service	**561 283**	**260 043**	**256 068**	**282 477**	**1 359 871**
% of total net cost of services	**41**	**19**	**19**	**21**	

Source: ACT Government 2021, 'ACT Budget 2021-22: Budget Outlook', Table 3.2.1 Financial impacts of new policy decisions, p. 105, October.

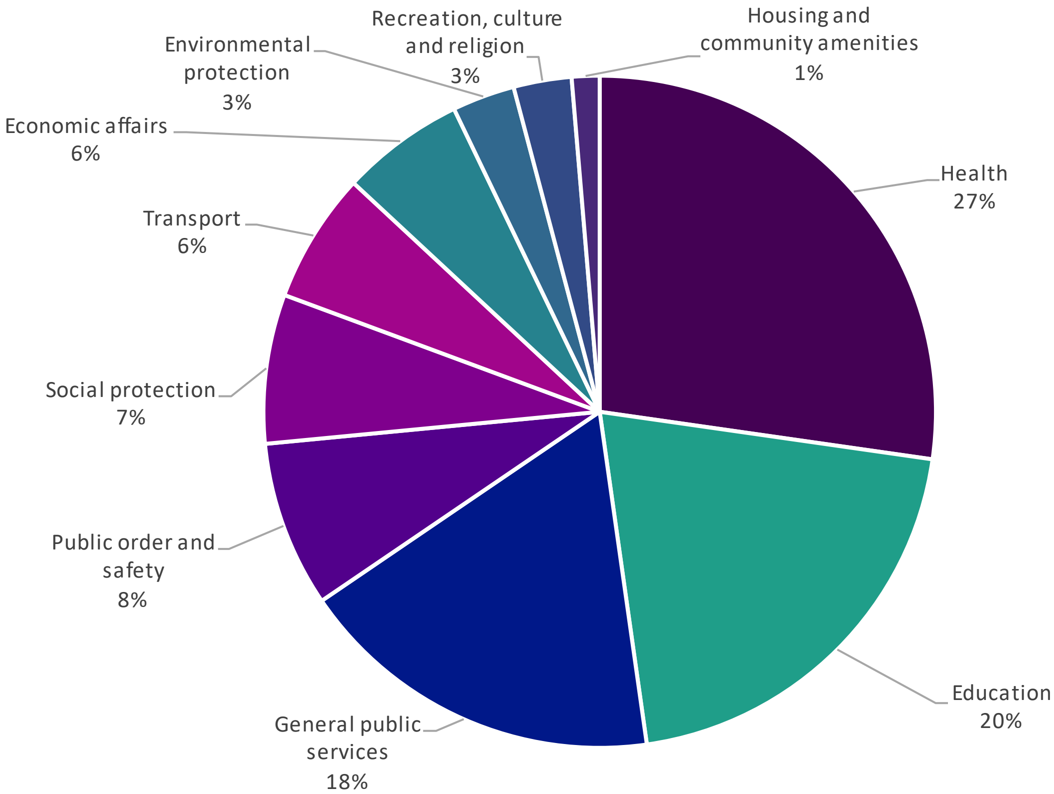
[4] CIE *Review of the 2021-22 ACT Budget*, page 34.

Response:

The Government agrees with this assessment in the CIE Report and notes the Report's table *4.3 Top five spending initiatives in 2021-22* are all COVID-19 support measures. We committed to the immediate wellbeing of the community by investing $500 million dollars over the forward years by boosting our public health services.

The 2021-22 Budget makes a significant investment in support for Canberrans impacted by the pandemic, with initiatives such as the COVID 19 Response Fund and COVID-19 Business Support Grants.

Figure 3.4.1: Components of 2021-22 General Government Sector expenses



Superannuation expenses

The CIE Report outlines the increase in superannuation expense in the 2021-22 Budget as a result of the triennial liability valuation review and the use of the lower long-term average discount rate assumption, which has decreased from 5 per cent to 4 per cent, offset by lower long-term salary growth and inflation assumptions. "It is unclear what the actual changed valuation review parameter changes, salary growth and inflation assumptions are" (page 37).

Response:

The valuation of the superannuation liability was impacted by changes to the financial and demographic assumptions following the latest triennial actuarial review using salary and membership data at 30 June 2020.

The main changes to the demographic assumptions which resulted in an increased superannuation liability included increased PSS member pension election, improvements in pensioner mortality, increased CSS member non-indexed pension election, increased CSS contributor resignation rates and increased PSS member contributions.

The main change to the financial assumptions which resulted in an increased superannuation liability was the reduction in the long-term discount rate assumption from 5 per cent to 4 per cent, to better reflect the outlook for interest rates to remain lower for longer, offset by a reduction in the long-term salary growth assumption, from 3 per cent to 2.75 per cent, and a reduction in the long-term CPI assumption, from 2.5 per cent to 2.25 per cent.

Table 3.8.1: Defined benefit superannuation liability valuation[5]

	2020-21 Interim Outcome $'000	2021-22 Budget $'000	2022-23 Estimate $'000	2023-24 Estimate $'000	2024-25 Estimate $'000
Opening liability	**12,053,516**	**13,230,023**	**10,101,593**	**10,344,651**	**10,566,258**
Service cost[1]	268,995	309,632	187,321	178,074	168,993
Interest cost[1]	210,537	302,379	404,714	413,652	421,708
Benefit payments	-297,952	-328,281	-348,977	-370,119	-392,814
Actuarial (gain)/loss[2]	994,929	-3,412,160	-	-	-
Closing liability[3]	**13,230,023**	**10,101,593**	**10,344,651**	**10,566,258**	**10,764,145**

Notes:

1. Service cost is the increase in the present value of superannuation benefits resulting from employee service in the current period. Interest cost is the increase in the superannuation benefit obligation related to employee service in prior periods.
2. The actuarial (gain)/loss is the change in the present value of the superannuation liability valuation resulting from changes in the financial and demographic actuarial assumptions.
3. The closing liability valuation estimate at 30 June 2021 used a discount rate assumption of 2.26 per cent (compared with 1.73 per cent used at 30 June 2020). From 30 June 2022 the liability valuation is estimated using a long-term average discount rate assumption of 4 per cent.

Interest expense

The forecast interest expense increases of $40.5 million in 2020-22 is mainly due to a projected increase in the outstanding level of borrowings as noted in the CIE Report and notes "interest expenses are in more of an upward trajectory for the ACT, SA, NSW and Victorian Governments compared to other states and territories" (page 38).[6]

[5] 2021-22 Budget Outlook page 298.

[6] CIE *Review of the 2021-22 ACT Budget*, page 38.

Response:

Interest expenses for borrowings are estimated to increase as a result of the projected increase in borrowings. The level of outstanding borrowings reflects the investment required in infrastructure and assets to generate economic growth; cash liquidity provisions to meet day-to-day and medium-term financial obligations; and the financial impacts of the COVID-19 pandemic including the Government's response to protect the health of the community, jobs and support the economy and the households. While borrowings are estimated to increase over the forward years, Australian interest rates are at historical lows reducing the impact of that increase on interest expenses.

Expenses by function

The CIE Report details growth in specific initiatives funding in the 2021-22 Budget and reports that "Many functions experience declining expenditure over the forward estimate period, including Social Protection, Environmental Protection, Recreation, Culture and Religion, and Housing and Community Amenity (sic)" (page 41).

Response:

The Government reports a significant increased investment of over $43 million in 2021-22 for Recreation, culture and religion. Social Protection also increases in 2021-22 by nearly $18 million and Housing and community amenities by over $11 million.

Variations across the forward estimates relate to:

- Social protection: higher expenses in the 2020-21 interim outcome and the 2021-22 Budget compared to the forward estimates is mainly due to funding for growing and renewing public housing that exists in the first two years;
- Environmental protection: the decrease is mainly due to the surrender of large-scale generation certificates being lower across the forward estimates period; and
- Recreation, culture and religion and Housing and Community amenities: the increase in 2021-22 compared to the 2020-21 interim outcome is mainly due to one-year funding for the COVID-19 response before returning to more normal levels across the forward estimates.

Table 4.2.2: General Government Sector expenses by function[7]

	2020-21 Interim Outcome $'000	2021-22 Budget $'000	2022-23 Estimate $'000	2023-24 Estimate $'000	2024-25 Estimate $'000
General public services	1,185,075	1,376,775	1,430,017	1,477,490	1,558,972
Public order and safety	550,900	620,084	603,609	612,149	617,205
Economic affairs	112,572	461,474	132,124	133,293	131,719
Environmental protection	311,579	233,584	206,008	181,042	173,779
Housing and community amenities	92,458	103,675	83,629	84,509	84,680
Health	1,907,561	2,116,739	2,087,864	2,141,483	2,201,385
Recreation, culture and religion	173,237	216,617	190,337	189,462	190,058
Education	1,462,307	1,591,604	1,627,189	1,666,653	1,735,100
Social protection	539,025	556,884	490,162	491,604	490,833
Transport	459,419	487,253	486,397	496,677	508,246
Total expenses	**6,794,132**	**7,764,689**	**7,337,336**	**7,474,360**	**7,691,977**

Note:
Numbers may not add due to rounding.

Discussion on ACT health expenditure

The CIE Report notes that ACT health services are comparatively more expensive and have experienced below clinical performance measures; long wait times for services; costs per admitted patients the highest in the country and non-admitted costs declined slightly. Underperformance linked to under-resourcing and balanced by the new expenditure boost of frontline health services (page 42).

Response:

The Government has responded to the COVID-19 health pandemic by investing over $2.1 billion into our to healthcare systems in the 2021-22 Budget and over $2 billion each year in the forwards increasing to over $2.2 billion in 2024-25.

Infrastructure and Capital (Chapter 5, pages 50 to 66)

The CIE notes the significant capital expenditure in the 2021-22 Budget including a total spend of $6.4 billion over the next five years. In comparison to the 2020-21 Budget, the increased investment is minor noting the fall in total investment in 2021-22 is driven by the reduction in capital provisions and notes a reallocation of investment from Transport ACT and City Services Directorate (sic) to Major Projects Canberra.

The CIE notes "Compared to the 2020-21 Budget, total infrastructure and capital investment expenditure is down by $153 million for 2021-22 and $12 million for 2022-23, but is higher in 2023-24 by $204 million" (page 50).

[7] 2021-22 Budget Outlook page 314.

Response:

These figures, including the reduction of $153 million in 2021-22, reflect the net impact of:

- the reprofiling of funding for projects into the forward years which does not affect total funding over the life of the projects;
- additional investment introduced in the 2021-22 Budget;
- the allocation of central capital provisions set aside in the 2020-21 Budget to projects which are now ready for implementation;
- an increase in investment by Public Trading Enterprises (PTEs); and
- the effect of the 2020-21 capital works reserve and the capital delivery provisions.

The capital works reserve and capital delivery provisions should not be included in the calculations as they do not reduce the amount available for investment and are budget neutral over the budget cycle. Further, the reprofiling of funding into forward years does not affect total funding over the life of the project, noting also the ability of agencies to access the capital works reserve to accelerate project delivery allows for faster-than-budgeted delivery of projects.

For these reasons, a more appropriate comparison is the change in available funding (which excludes the capital works reserve and capital delivery provisions) over the period 2021-22 to 2023-24 (the last forward estimate published in the 2020-21 Budget).

Compared to the 2020-21 Budget, the 2021-22 Budget increases funding for public sector infrastructure investment in the ACT by $489 million for the three years to 2023-24.

Central capital provisions

The CIE Report identified "Over the forward estimates, $1.5 billion has been set aside for 'significant capital works projects for which budgets or other details are yet to be settled, or which are commercially sensitive'.

These projects are not specified in the Budget." (page 57).

Response:

Central provisions represent those major projects where the government is committed to delivery of the infrastructure, but further development and planning is needed before formalising the funding arrangements and associated business case. Consistent with previous budgets, provisioned works remain a significant component of the program due to:

- the high value and complex nature of the projects the Government is progressing, which therefore require extensive pre-planning prior to being formalised;
- significant Commonwealth Government funding allocations where the final project requires Commonwealth agreement prior to project commencement; and
- the general works provision, which is a budget allowance for new initiatives over the forward years and is not allocated to any specific project.

Impact of the budget on the cost of living
(Chapter 6, pages 61 to 66)

The ACT Budget cost of living statement

The CIE reports that it is reasonable that the most vulnerable households should not be worse off as a result of the 2021-22 Budget measures. The CIE Report notes that ACT residents have, on a*verage*, incomes above the national average and the Cost of Living Statement acknowledges the uneven distribution of income and uneven impacts of the Budget on the population in the ACT. Also noted is that "on average, the cost of living in the ACT has improved and/or is less of a burden than in other jurisdictions. However, this reflects the ACT population *on average*, and does not examine changes in the cost of living for those in the lower income quartiles, who are more vulnerable to increases in costs." (pages 61-62).

Response:

As highlighted by the CIE Report, the cost of living statement acknowledges the average experience for Canberrans, and highlights how costs for housing, utilities, and transport have changed since the previous financial year.

The inclusion of the eight case studies provides a richer illustration of the impact of assistance measures on the net disposable income of lower income households. The CIE Report notes the ACT is the only state and territory that provides information on net income by household type and income quintile.

The statement also seeks to provide the key information on what the Territory is doing to support lower income households and households that are vulnerable to cost of living increases and reports on the number and cost of key concession and assistance measures. This reporting on the number of and value of concessions communicates a good understanding of the concessions program and how it assists those Canberrans that are more vulnerable to increases in costs.

International students
(Part A, pages 67 to 81)

The CIE conducted independent analysis of the impact of COVID-19 on the international education in the ACT and in conjunction with the planned recovery of the pandemic, the outlook for international education and population growth in the ACT (page 67).

Response:

See the Government response on outlook for population.[8]

[8] Response to the Centre for International Economics final report *Review of the 2021-22 ACT Budget* pages 5-6.

Discussion on JobKeeper and COVID-19 Disaster payments in the ACT context (Part B, pages 82 to 87)

The CIE conducted independent analysis on the appropriateness of COVID-19 expenditure, policy intent, public health risks and economic consequences of public health actions, all of which were dependent on the ACT's COVID-19 context in conjunction with the Commonwealth Government support payments JobKeeper and the COVID-19 Disaster payment (page 82).

Response:

According to the Commonwealth Treasury, the ACT received 1.1 per cent of all JobKeeper payments, this aligns with what the CIE has estimated. The conclusions made by the CIE align with the assumptions around the economic forecasts.