

**2020**

**THE LEGISLATIVE ASSEMBLY  
FOR THE AUSTRALIAN CAPITAL TERRITORY**

**Government Response to the Legislative Assembly resolution of 3 April 2019  
flexible payment options for fees and charges**

**Presented by  
Mr Andrew Barr MLA  
Treasurer**

**February 2020**

On 3 April 2019 the Legislative Assembly passed a resolution for the Government to report back in the first sitting week in 2020 in relation to flexible payment options for fees and charges. The Assembly asked the Government to further develop flexible payment options for fees and charges, including investigating:

- extending the payment period for fines to up to six months;
- incremental payment options for vehicle registrations; and
- removing any surcharge applied to payments made on an incremental basis.

In response to the resolution, the Government notes the importance of smoothing out peaks in household bills for many Canberrans and is committed to continue to investigate this issue, especially with advances in technology. In particular, the Government recognises that flexible payment options improve people's ability to manage the cost of living and to arrange finances to accommodate individual circumstances.

The Government also notes that unexpected fees and charges, as well as fines, may hinder some people's ability to pay for essentials, and already offers flexible payment options and financial hardship arrangements where appropriate.

In addition, the Government funds a range of assistance measures to eligible low-income earners, including utilities concession, public transport concession and free off-peak travel, driver license discount, rental bond help for the private market and a spectacle subsidy scheme. As part of the 2019-20 Budget Review process, the Government announced the Seniors card eligible age will be 60 from 1 July 2020.

## ACT Fines

In the ACT there are a range of fines, including traffic and parking infringement fines, court fines and other fines, with traffic and parking related fines accounting for most of the fines in ACT that impact on Canberrans.

In response to the call to extend the period of time in which fines have to be paid by up to six months, the Government considers the current arrangements for fines are adequate as they allow a person to extend the payment period to six months or longer, should it be appropriate.

## ACT Traffic and Parking Infringement Fines

For traffic and parking fines, the Government provides a range of payment options, which include: extending the payment period; applying for an infringement notice management plan (which includes an option to complete approved community work or social development program in place of paying a fine); and seeking withdrawal or waiver in applicable circumstances.

In recognition of the disproportionate effect of fixed fee fines and penalties on those with low incomes, the Government takes into account a person's financial circumstances in providing access to infringement notice management plans for traffic and parking related fines.

Further, under section 31B of the *Road Transport (General) Act 1999*, people who hold a health care card, pensioner concession card or a Department of Veterans' Affairs pensioner concession card, or Repatriation Health Card 'gold card', and apply for an infringement notice management plan must have their application allowed. The legislated minimum instalment amount that the administering

authority can accept is \$10 a fortnight, regardless of how often instalments must be paid, with instalment amounts based on a person's individual circumstances. There is no limit on the length of time that an infringement management plan can be in place for and there are no administrative fees associated with entering into an infringement notice management plan. The approach in ACT is similar to Victoria and New South Wales and is regarded as more practical than many other options, which could result in higher administrative costs.

As part of amendments to the *Road Transport (General) Act 1999* in August 2019, the definition relating to a person's relevant circumstances to be taken into consideration by the Government has changed from must 'significantly affect' to 'contributes to' a person's ability to pay.

This change aligns with recommendations in a 2016 report from Justice Connect in Victoria entitled "*Fair's fare: Improving access to public transport for Victorians experiencing homelessness*" and the Australian Law Reform Commission Report 2018 – *Pathways to Justice: Inquiry into Incarceration Rate of Aboriginal and Torres Strait Islander Peoples* in relation to fines and driver licences.

### Vehicle Registration – Incremental Payment Options

The cost of renewing vehicle registrations in the ACT currently contains three components: the Compulsory Third-Party (CTP) / Motor Accident Injuries (MAI) insurance premium; registration fees; and Government fees. The Government fees component includes the lifetime care and support levy, the CTP insurance regulator levy (replaced with the Motor Accident Levy for most vehicles from 1 February 2020) and other Government fees.

The Motor Accident Levy is required to fund the MAI Commission in performing its role to regulate, administer, oversee, review and monitor the MAI scheme.

The MAI Scheme replaces the CTP scheme from 1 February 2020, and will lead to a reduction in passenger vehicle premiums.

The key cost component of registration is generally the CTP/ MAI insurance premium, followed by the registration fee. For example, for a class 1 passenger vehicle the CTP insurance for 12 months, non-input tax credit entitlement premium accounts for at least 40 per cent of total costs, while registration fees component account for at least 30 per cent of total costs, depending on the weight of the passenger vehicle – with heavier vehicles attracting a higher registration fee, while the CTP/MAI insurance premium remains the same regardless of the weight of the vehicle.

The Government currently allows Canberrans to access either 3, 6 or 12 month registration renewal periods, which provides more flexibility than some other jurisdictions who only provide 6 or 12 months registrations.

The introduction of competition the provision of for CTP insurance in July 2013 has delivered significant savings for Canberrans, with passenger vehicle premiums falling from a high of \$644 in today's dollars to an average premium of \$458 effective from 1 February 2020. This is an average premium reduction of \$186 or 28.9 per cent.

While the Government notes the savings from falling CTP insurance premiums since 2013, it is important to recognise that more flexible payment options for this component would assist households to better smooth and manage bills for their particular circumstances. Therefore, the Government intends to explore the

feasibility of implementing a monthly payment option for vehicle registrations, with consideration being given to other well-established systems, such as those in either South Australia or Northern Territory. The Government will determine the feasibility of adopting such an option, which will be considered in conjunction with the Government's broader digital strategy.

The Government will also consult with industry stakeholders and other jurisdictions over the next year, with a further update provided in 2021.

### Incremental Payment Surcharges

The Government notes that, while some components of the vehicle registration fees include surcharges for registration periods less than 12 months, other fees and charges by the Government do not generally attract surcharges when paid on a more frequent basis.

In June 2015, the Government reduced the surcharge for the registration component for short term vehicle registration renewals from \$25 to \$10, saving Canberrans up to \$60 per year if renewed quarterly.

New vehicle registrations and renewals for a period less than 12 months, and re-establishment of lapsed vehicle registration, attract a surcharge on the registration component to recover the administrative costs and other relevant vehicle costs. In addition, the CTP/MAI insurance premium component also attracts a surcharge of about 1.5 to 3.5 per cent on short term registration periods. The Government recognises that surcharges do place additional costs on households paying for vehicle registrations more frequently than 12 months, and also notes that there are additional costs incurred by CTP/MAI insurance providers and the Government by providing more flexible payment options.

Further, surcharges for incremental payments of vehicle registration are commonly included by other jurisdictions in Australia or are a component of the total costs with an upfront discount applied for those that pay in advance for a 12 month period or longer.

Given that surcharges are required to help cover the costs of providing more flexible options, updating vehicle records and to cover the supply of standard numberplates, the Government considers it to be appropriate to retain such charges for the time being. However, as with any fees and charges in the ACT, the Government will periodically review fees charged to ensure they remain suitable and set at an appropriate level.