

# **CPSA submission to the Independent Pricing and Regulatory Tribunal**

## **Review of the council financial model in NSW Draft Terms of Reference**

15 March 2024

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**Combined Pensioners & Superannuants Association of NSW Inc (CPSA)**

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CPSA receives funding support from the New South Wales Government

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## **Combined Pensioners and Superannuants Association of NSW**

Combined Pensioners and Superannuants Association of NSW Inc (CPSA) is a non-profit, non-party-political membership association that promotes the rights and interests of pensioners of all ages and older people on low incomes.

Founded in 1931, our aim is to improve the standard of living and well-being of CPSA's constituents. Our services are free to all members of the public, regardless of association membership or affiliation.

CPSA's core work is:

- Systemic advocacy on issues that impact our constituents, as identified through engagement and consultation.
- Providing information and referrals to the public through our information line and other communication channels.
- Publishing news, commentary and informational articles on our website that are circulated through a regular e-newsletter and monthly print publication, 'THE VOICE of Pensioners and Superannuants'.

CPSA's 48 local branches provide members with the opportunity to have a say in their local community, as well as shaping the policy and advocacy work of the organisation. The majority of our membership branches are located in regional or rural areas, and CPSA is proud to be a voice for our constituents across NSW.

CPSA receives funding support from the NSW Department of Communities and Justice under the Ageing Peaks program.

### **Contact**

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Combined Pensioners and Superannuants Association of NSW (CPSA) appreciates the opportunity to comment on the draft terms of reference for the IPART investigation of the council financial model in NSW.

As one of NSW's Ageing Peaks, CPSA is concerned with the impact of increased costs of living on pensioners and low-income retirees. Increasingly, we are hearing from pensioners who are having a difficult time keeping up with increases to their council rates. Whilst this comes in the context of rising expenses across many categories, it is also true that the pensioner council rate rebate has not been adjusted for inflation since its introduction.

CPSA is hearing that many pensioners are already paying by instalments and are struggling to keep up with rates alongside increased home insurance premiums and other essential expenses.

This steep rise in rates is the consequence of increased costs for local councils, resulting in a high volume of Special Rate Variation (SRV) applications. This led to the recent Independent Pricing and Regulation Tribunal (IPART) review of the rate peg methodology<sup>1</sup>. We expect to see further strain on vulnerable ratepayers when the new rate peg methodology takes effect in 2024-25.<sup>2</sup> Nine councils have already applied for a SRV over and above the new rate peg, three of which have also applied for an increase to their minimum rate.<sup>3</sup>

The existing pensioner council rate rebate is legislated in the *Local Government Act 1993* (NSW). It has remained unchanged since it came into effect more than thirty years ago. The legislation outlines that the reduction for eligible pensioners should be "one-half of the rate or charge", not to be reduced below \$250.

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<sup>1</sup> [IPART 2023, Review of the Rate Peg Methodology: Final Report](#)

<sup>2</sup> [IPART 2023, Rate Peg for NSW Councils for 2024-25](#)

<sup>3</sup> [IPART 2024, Special Variations & Minimum Rates 2024-25](#)

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At this point in time, very few ratepayers can expect to pay less than \$500 per annum in rates. The 50% discount has become largely defunct, resulting in a concession that offers only a fraction of the value that was initially intended in 1993.

Less pensioners in NSW own their own homes than ever before,<sup>4</sup> and it is unconscionable to think of older people being forced into housing insecurity because they can no longer afford to pay rates. For many, there are limited options for where to go.

In a recent letter to the Minister for Local Government, CPSA raised these concerns. In response, we were told that it is up to councils to offer higher concessions at their own discretion and to provide suitable hardship provisions.

In CPSA's view, it is not reasonable to leave it to councils to provide further rate relief at the expense of other ratepayers in a concentrated area. The City of Sydney offers a 100% concession rate for pensioners, but only 3% of its residential ratepayers are eligible. By contrast, 20% of ratepayers on the Central Coast are pensioners. There is no way to gain parity and this distribution of cost to ratepayers is inequitable.

Whilst there are hardship provisions in *the Act*, these provisions are not designed to address long-term financial hardship caused by ongoing unaffordability. These policies are inconsistent between different LGAs and there is limited transparency around outcomes.

CPSA strongly recommends that the best way forward is to put measures in place to prevent hardship. This should also consider the possibility of expanding any concessions to include all people who receive an income support payment.

The 2024 IPART final report on *Review of the rate peg methodology* recommended “a comprehensive state-wide evaluation of existing pensioner concessions”. CPSA supports this recommendation and asks for the current review to address both concessions and hardship provisions.

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<sup>4</sup> [Housing for the Aged Action Group 2023, NSW staring down crisis](#)

