

Review of the Local Government Rating System (Draft Report)

Submission to the
Independent Pricing and Regulatory Tribunal
(IPART)

14 October 2016

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CPSA is a non-profit, non-party-political membership association founded in 1931 which serves pensioners of all ages, superannuants and low-income retirees. CPSA has 117 branches and affiliated organisations with a combined membership of over 31,000 people living throughout NSW. CPSA's aim is to improve the standard of living and well-being of its members and constituents.

CPSA will again limit its submission on the Local Government Rating Revenue review to the pensioner council rebates.

CPSA is disappointed that IPART has recommended the abolition of the pensioner concession rate concession and its substitution by a rate deferral scheme. CPSA notes that, in public statements on the day of the draft report's publication, the Local Government Minister Paul Toole was at pains to point out that the Government would "not be doing anything that disadvantages pensioners." Minister Toole is clearly aware that pensioners would consider a rate deferral scheme to replace a rebate scheme as something that disadvantages them.

CPSA again points out that a rate deferral system would encumber owner-occupied property and complicate, if not prevent in many cases, a move to ageing-friendly housing, including residential aged care. It should be noted that recent reform in the aged care sector has strengthened the ability of residential aged care providers to demand accommodation bonds. These bonds are generally funded through the sale of owner-occupied property. Encumbering a property with potentially twenty to thirty years of council rates is likely to make it very difficult to impossible for people to move into residential aged care or to downsize.

The commencement date of the Strata Development Act 2015 is expected to be proclaimed in the near future. Under this new legislation strata-titled buildings (both residential and commercial) in NSW will no longer require unanimous agreement by owners to be sold. It will only require 75% of owners to agree, meaning that dissenting owners will be forced to sell. Such a forced sale by a pensioner who uses the proposed rate deferral scheme would trigger an obligation to pay deferred rates, further complicating an already difficult situation.

However, the main objection to IPART's proposed rate deferral scheme is that it would entirely remove a pensioner concession on a utility payment, where every other utility payment in New South Wales comes with a pensioner concession. The rate deferral scheme proposed by IPART is therefore significantly out of step with current practice.

What is also disappointing about IPART's draft recommendation is that there has been no attempt by IPART to view the pensioner council rate rebate in the wider context in which it is seen by the rebate's beneficiaries. CPSA has and will continue to make the point that the council rate rebate and the water and wastewater service charges rebates provided by water authorities are seen as a single rebate, certainly by pensioners in country New South Wales, where the council is also the water authority.

CPSA appreciates that the terms of reference for this review prevent IPART from making recommendations on council rebates for water wastewater service charges. However, in view of the importance of the council rebates to particularly low-income retirees, it borders on the disrespectful for IPART to recommend a quite drastic reform of 60 per cent of the council rebate system, without reference to the framework in which the rate rebate exists.

CPSA refers to its first submission to IPART's review for its policy position.