



**COMBINED PENSIONERS AND SUPERANNUANTS
ASSOCIATION OF NEW SOUTH WALES INC.**

Serving the community since 1931.

Consumer Protection Awards – 2002, 2003, 2004, 2005

SUBMISSION

29 August 2008

IRL:001

Response to the Independent Pricing and Regulatory Tribunal's 'Revenue Framework for Local Government'

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Combined Pensioners and Superannuants Association of NSW Inc (CPSA) was founded in 1931 in response to pension cuts. CPSA is a non-profit, non-party-political membership association serving the interests of pensioners of all ages, superannuants and low-income retirees.

CPSA has approximately 130 branches and affiliated organisations with a combined membership of over 15,000 throughout NSW. CPSA serves the interests of its membership and broader constituency at the local, state and federal levels.

Whilst CPSA has no detailed position on institutional and regulatory arrangements that form the framework in which local governments operate, it takes a keen interest in the removal of rate pegging and delivery of pensioner rebates.

CPSA has concerns about the socio-economic impacts of rates and charges, specifically regarding the ability of pensioners to meet their rate payment obligations.

Pensioner rebates are an essential part of a pensioner's income package. As pensioner incomes are generally very low, rebates are like 'hard cash' to pensioners. It is CPSA's view that rebates should reflect the actual cost of the expense they were designed to offset. Rebates are, after all, in place to alleviate out-of-pocket expenditure for those on very low incomes.

Despite increases in rates, the pensioner rebate has not been increased since its inception in 1989. Pensioners have endured 15 years of rate rises without appropriate concessions put in place.

For this reason, CPSA fears that the removal of rate pegging will worsen the failure to properly index pensioner rate rebates. CPSA receives many accounts of pensioners not being able to meet their rate payments as they are in severe financial stress. CPSA recently spoke to a single age pensioner living on just over \$14,000 per year faced with annual rate payments of just under \$2000 per year. If lack of indexation is hurting pensioner hip pockets now, the removal of rate pegging will potentially be extremely detrimental to a pensioner's income.

In 2004, there were almost 900,000 pensioners in NSW. Rises in rates that are not accompanied by a rise in rebates will impact severely on pensioner households because their income is so low.

Victorian rate payers have experienced a sharp increase in rates since the removal of rate pegging. The pensioner rebate was not increased to alleviate increased costs for pensioners. Whilst the increases in rates is cited as necessary to address the backlog of expenditure, it ignores the impact that such rate rises have on low income households, particularly pensioners whose livelihoods depend on adequate rebates.

New South Wales must not follow Victoria's lead. To mitigate negative social-economic impacts regardless of whether rate pegging is removed or not, pensioner rate rebates must be indexed in accordance with rate prices.