

From: John McFarlane [mailto:jmcfarlane@iprimus.com.au]  
Sent: Wednesday, 16 September 2009 9:48 AM  
Submission to the Review of Regulatory Framework of Local Government-Draft  
Report Independent Pricing and Regulatory Tribunal (IPART)

Attention Mr Michael Seery

National Seniors primary concern in relation to the revenue framework for Local Government Authorities is that, as a result of any changes following its review the position of pension concession card holding rate payers should not be compromised, specifically the rate rebates to which the pension concession card entitles those rate payers.

As National Seniors pointed out in its initial submission to this review last year In 1994/1995, a single pensioner spent 6.5 per cent of their budget on rates, but in 2005/2006 this had gone up to 8.7 per cent, i.e. by more than 2 per cent. In 1994/1995, a pensioner couple spent 3.9 per cent of their budget on rates, but in 2005/2006 this had gone up to 5.2 per cent, i.e. by more than 1 per cent. Given that full rate pensioner budgets are extremely tight with little or no room for discretionary spending, particularly in later retirement, it is obvious that pensioners are forced to cut spending on other essentials (food, mostly) to pay their council rates.

National Seniors notes that IPART regards the issue of council rate pensioner rebates as outside the scope of this review and that IPART has not included a section on council rate pensioner rebates in the current draft document. However, we note that the terms of reference for this review includes an obligation that IPART is to have regard to: "the socio-economic impacts of rates and charges, including the ability of families and pensioners to meet their rate obligations, and local government hardship and concession policies." It is our opinion that the terms of reference do allow IPART to make recommendations on pensioner rebate policy.

It is understood that around 45% of pensioner rebates are funded by councils. In effect this means that rate payers not eligible for this rebate cross-subsidise those that are eligible. Given IPART's continuing aim to reduce and eradicate this type of cross-subsidisation in the operations of government monopolies, National Seniors argues that this review should recommend to the State Government that it should fund council rate pensioner rebates completely.

If IPART were to make recommendations about the operation of rebates within the regulatory framework for councils, National Seniors urges IPART to address the issue of indexation of the rebate. It is noted here that the current rebate is set as an absolute amount in the Local Government Act and that that amount has not changed for twenty years or so, during which time council rates have steadily increased. National Seniors has a preference for automatic indexation of the rebate by setting it at a percentage of the overall rate. However, National Seniors recognizes that some form of means-testing may be appropriate to ensure the sustainability of an indexed rebate.

Finally, National Seniors is concerned that the community consultation that would be required under option B is undertaken robustly. National Seniors considers that IPART should provide clear design guidelines for these surveys

and require surveys to be developed and carried out by appropriately qualified agencies to ensure the discovery of all sections of the community. Where on a head-count basis a community appears to favour certain work under option B to go ahead, National Seniors argues that IPART should take into consideration the ability of those sections of the community who did not come out in favour of such work to pay additional rates.

Dr John McFarlane  
Chair