MOTION

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COUNCIL RATE CONCESSIONS

Mr BROCK (Frome) (11:33): By leave, I move my motion in amended form:

That this house strongly urges the state government to undertake a complete review of the current pensioner concessions for local government rates to assess the viability of—
(a)increasing the rate of concessions that are currently paid on local government council rate notices to a more realistic level, based on today's cost of living; and

(b)any new concessions to be made available to self-funded retirees and other Centrelink income support beneficiaries and be indexed to the CPI.

I rise to speak on this motion and strongly request that the state government review the current position of the amount of concessions that are afforded to eligible persons in relation to local government council rates. I note that the value of this concession provided by the state government in 2010-11 provided approximately $33 million to assist almost 160,000 South Australians with the payment of their council rates. Given this and the fact that the number of people receiving these concessions continues to rise, I do understand that any increase in rates concessions would have a serious impact on the state government budget. However, our constituents' budgets are also being greatly impacted.

South Australian councils have previously made repeated calls for indexation of state government concessions, particularly following the 2010 state election. The maximum concession paid for rates is currently $190 in any financial year and has not been increased since 2002. Consequently, the original concession has failed to keep pace with inflation, eroding the true value of the concession paid to the recipients.

Prior to this increase, the concession remained constant at $150 for 23 years, albeit that the quantum paid by the state government has been steadily increasing due to the significant increase in eligible ratepayers. I note that if you take that over the last 30 years, it has gone from $150 per annum to $190. The concession has increased by $40 per annum, yet council rates and other associated expenditure for these people has increased dramatically.

I note that in 2010 the state government increased a range of pensioner concessions including energy, water and sewer and emergency services bills, but excluded council rates concessions. Once again this issue was the subject of the Local Government Association of South Australia (LGA) October 2012 AGM and it has also been a discussion at subsequent LGA meetings. Following discussion on this issue, the following resolution was passed at the LGA AGM in October 2012, and I quote:

That the Annual General Meeting request the LGA to increase pressure on the State Government to increase the pension concessions on rates to a level that maintains the real value of the concession set in 2002, and is indexed annually thereafter.

I understand that through its local government research and development scheme, the LGA engaged the South Australian Centre for Economic Studies to undertake a review of the rates and land tax remission scheme and other rate options in 2011. This review sought to:
·investigate the land tax remission scheme which provides concessions to ratepayers;

·review the recommended outcomes of the 2006 state government select committee report investigating the collection of property taxes by state and local government including sewerage charges by SA Water;

·trend mapping of the cost of living from 2002 to 2015 and provide the net present and future value of $190 in 2002 to 2015; and

·the resultant impacts and relativity of the $190 over time on low and fixed income earners.

Recommendations within the report included:
·a rise in the maximum concession to pensioners and low income households as the real value of the $190 available has significantly eroded since 2002. This would require amendments to the Rates and Land Tax Remission Regulations 2009 under the Rates and Land Tax Remission Act 1986;

·providing more flexible payment arrangements for council rates to spread the lumpy nature of council rate payments;

·increase promotion of the measures which allow seniors to postpone most of their council rates; and

·advocate for a review of the Australian concessions system to be carried out by the Productivity Commission, as recommended by the Henry Report.

The SACES report also suggested that one basis for determining the level in the rise of concession rates would be the change in the Adelaide CPI since 2002. This methodology would simply imply a maximum concession of approximately $252 in 2012-13—and that is a far increase, even though it is not dramatic, of $62 compared to what is currently being paid. While such a rise would not compensate for the level of real rate increases over this period, doing so would leave room for discretion at the council level in terms of providing additional support for ratepayers. Analysis undertaken by SACES on the Household, Income and Labour Dynamics in Australia (HILDA) survey also indicates that, while the concession for pensioners is relatively well targeted, the concession for people who qualify on the basis of their state Seniors Card eligibility performs poorly. Households who qualify for the $100 concession were found to have a mean equivalised gross household income above the average for all households in South Australia and well above the average for households who qualify for the $190 concession.

It is suggested that any increase in the rates concession should consequently focus on the $190 concession for pensioners and other Centrelink beneficiaries on low incomes. I also understand that in this report a survey was carried out by Onkaparinga council in 2008-09, which stated that approximately 21 per cent of the 67 councils contacted provided some form of additional consideration for pensioners, but all this does is either mean that others need to pay for the shortfall, or there is a reduced service that the council can provide.

I further understand that copies of this report have previously been provided to all councils throughout South Australia and also to the then treasurer Hon. Jack Snelling, the then minister for state/local government relations Hon. Russell Wortley, and the then minister for communities and social inclusion Hon. Ian Hunter. I ask: has this been progressed to any degree?

As we are aware, most councils calculate their rates on the capital value of properties, and these capital values are independently assessed by the Valuer-General which, I believe, and I think everybody else agrees, is the way to go. However, these values are book figures only, they do not give any increased monetary gain in daily terms to the pensioners who own these houses. The councils will set the cents in the dollar on the capital values for all residences across their council areas and apply the final rate on the ever-increasing capital value. I question how the pensioner affords to pay for these increases which are forced upon them without any extra income or rebates being allowed to offset this?

I might also add that not only are council rates based on capital values but also other government charges including SA Water sewerage rates and such like. Lastly, I note that during the 2005 parliamentary session, a select committee was established by the Legislative Council to inquire into 'all matters relating to the issue of collection of property taxes by state and local government'. During the 51st session of parliament, this select committee was re-established, and towards the end of the 51st session of parliament the committee issued an interim report.

The 52nd parliament has not re-established this committee, therefore, the select committee has only summarised the process of the original select committee but has not presented any analysis or conclusions. Where is this process going? Why have a select committee if it does not have a final report with recommendations? I think if we are going to do these things, we need to have some outcome and, if the outcome is not there, we should not have these select committees.

I wholeheartedly support the LGA's lobbying for such an increase and this motion seeks to investigate this. The October 2011 South Australian Council of Social Service (SACOSS) Cost of Living Summit Post-Summit Report states:

Utilities such as electricity, gas, water and sewerage are an essential household cost, but price rises over the last 10 years have meant that they are also one of the key drivers of cost of living pressures. This is particularly the case for low income households for whom utilities form a much greater proportion of household expenditure.

In this report on page 6, table 5, it states that utilities increases over the last 10 years for the following were: electricity, 137.1 per cent; gas, 100.3 per cent; water, 114.4 per cent; utilities, 124 per cent; and CPI, all groups, 33.3 per cent. The ABS 2003-04 Household Expenditure Survey states:

Indicators of financial stress occurred in greater proportions among low economic resources households than other households in 2003-04. For example, 38% of low economic resources households reported that within the last 12 months they could not pay utility bills on time and 26% had sought financial assistance from friends or family [or NGOs] while for other households the proportions were 11% and 8%...

The same report went on to say:

Going without meals in the last 12 months due to a shortage of money was experienced by 12% of low economic resources households, compared with 2% among all other households.

As can be seen, expenditure outside of the control of pensioners has risen dramatically, and these costs, together with the ever increasing council rates, are causing greater financial distress for those people on pensions on low fixed incomes.

When I first mentioned my intentions to members on both sides, the first question I was asked was: what is the effect going to be on the budget? It is a relevant question, but at the same time, I say let us be compassionate and at least review the current system. The current system, as with any other system, needs to be reviewed on a regular basis. To have no review for the last 10 years and one in the last 23 years prior to that begs the question. I strongly request that the state government and my fellow parliamentary colleagues support a review into this area. Let us look at how we can try to assist the less fortunate in our communities.

Debate adjourned on motion of Mrs Geraghty.