

Combined Pensioners
& Superannuants Association

OF NEW SOUTH WALES INC



SUBMISSION

Review of the Local Government Act 1993

December 2012

CPSA was founded in 1931 in response to pension cuts. CPSA is a non-profit, non-party-political membership association which serves pensioners of all ages, superannuants and low-income retirees. The aim of CPSA is to improve the standard of living and well-being of its members and constituents. CPSA has approximately 140 Branches and affiliated organisations with a combined membership of over 29,000 people living in all parts of NSW.

The NSW Local Government Act 1993 provides a rate rebate of 50% of rates charged (up to a maximum of \$250 per annum) to all pensioners who own their home. This rebate has remained unchanged since 1993 and, consequently, has lost its value in real terms over 20 years.

Average rates in 1994/1995 were just over \$500, making the pensioner rate rebate, for most pensioners, equivalent to 50% of rates charged. In 2010/2011, average rates for NSW were \$812¹ - 62% higher than in 1994. The value of the rate rebate has therefore fallen to 30% of average rates charged.

In 1993, indexation of the pension against Male Total Average Weekly Earnings (MTAWE) commenced, to better enable the pension to cover the cost of living. In 1994, the average of Council rates was 3.02%² of the single pension, (after the application of the rate rebate) In 2011, average rates (after the rate rebate) equalled 2.9% of the single pension, or 0.12% lower than that in 1994.⁴ Pensioners paying high rates, however, have seen post-rebated rates (as a percentage of the single pension) rise from 4.9% in 1994 to 5.3% in 2011.⁵

Although MTAWE has increased the pension beyond what would have been achieved through CPI-only indexation, the rate rises in NSW, notably those at the higher end, have diminished MTAWE's function of maintaining the pension at a level that keeps pace with the cost of utilities. Many of the Local Governments that have high rates (such as Kiama, Orange, Wollongong and the Tweed) have high pensioner populations. There is, therefore, a considerable proportion of NSW pensioners whose income is being eroded by rate rises, because regular pension indexation fails to cover such increases.

For this reason, the Local Government Act 1993 should be amended so that the pensioner rate rebate is set at 50% of rates charged. This would ensure that the rebate is once again equitable for all pensioners and that it maintains its value in real terms over time. This ties in with this Review's objective of ensuring the Local Government Act "meets the current and future needs of the community"⁶.

¹ Division of Local Government, *NSW Local Government Comparative Information - Department of Local Government 2010/2011*, 26.

² Department of Families, Housing, Community Services & Indigenous Affairs, "5.2.2.10 Rates of Pension - July 1909 to Present Date."

⁴ Ibid.

⁵ Ibid.

⁶ "Local Government Acts Taskforce - Division of Local Government."

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