

COMMUNITY HOUSING COUNCIL OF SA INC.

REBATES AND CONCESSIONS PROJECT

FINAL REPORT TO SACHA

JULY 2004

1. Introduction

This is a final report on the work and outcomes of the Rebates and Concessions Project. This project was funded by SACHA and managed by the Community Housing Council of SA Inc.

The Rebates and Concessions Project developed out of longstanding concern among stakeholders in the community housing sector that eligible community housing organisations (CHOs) can experience difficulty in accessing various rebates and concessions for Council rates, water and sewerage rates and the Emergency Services Levy. Concern was deepened by the introduction in 2003 of the Save the River Murray Levy.

Various stakeholders endeavoured over the years to achieve a fairer and simpler system which would streamline access for eligible CHOs to these rebates and concessions. However progress was unsatisfactory and it was agreed between SACHA and CHCSA that the best way to achieve progress would be for SACHA to fund a purpose-built project for a period of 12 months with the aim of implementing a streamlined system of access. It was agreed that CHCSA would manage the project with the support of a Reference Group of key stakeholders.

The Reference Committee was comprised of the following persons :

Organisation/Sector	Person
Office of Local Government	Ms Sue Forder
Local Government Association	Mr Stuart Matthews (Until Nov 2003) Mr David Hitchcock (from Nov 2003)
Housing Associations	Ms Ruth Burford
Housing Co-operatives	Ms Jeanette Hanney
SACHA	Mr Trevor Fleet
Community Housing Council	Mr Ciaran Synnott
Community Housing Council	Mr Matt Fisher
Community Housing Council	Mr David Kilner (Project Officer)

The Reference Committee met on five occasions and provided valuable support, information, connections and advice.

A Project Management team within the Community Housing Council was established which handled day-to-day management. It comprised Ciaran Synnott (Executive Officer), Matt Fisher (Policy Officer) and David Kilner (Project Officer).

The project ran from July 2003 to July 2004.

Note : The Department of Human Services was abolished on 1st July 2004 and replaced by the Department of Families and Communities. The Family and Youth Services (FAYS) has become Children, Youth and Family Services (CYFS) within the Department of Families and Communities. Throughout this report, the acronym CYFS has been used rather than FAYS, even though the reference may be to an event which occurred before the change of name.

2. Project Activities

Because of the complex, multi-faceted and interacting nature of the Project, it was decided to adopt a staged approach. The following stages were identified in the project brief adopted with the Reference Committee in August 2003 :

Stage	Timeline	Activities
1	August 2003	<ul style="list-style-type: none"> • Develop foundation documents – publicity; data collection instruments
2	August - October	<ul style="list-style-type: none"> • Data collection from CHOs and Councils • Consultation with stakeholders • Analysis of data • Development of first Discussion Paper
3	November	<ul style="list-style-type: none"> • Consultation around proposals in Discussion Paper
4	December	<ul style="list-style-type: none"> • Development of proposals for change
5	January - March	<ul style="list-style-type: none"> • Consultation on proposals for change
6	April – July 2004	<ul style="list-style-type: none"> • Development of Information Kit for CHOs and Local Government • Closure – Final Report

In practice this project had a number of components, although there was overlap and a degree of interaction between the components. The components followed the type of rebates and concessions available and included :

- Rebates under the Local Government Act
- Concessions under the Rates and Land Tax Remissions Act
- Exemptions under the Waterworks and Sewerage Acts (charitable exemptions)
- Concessions available under the Emergency Services Funding Act

The Project Officer conducted the following activities :

- Provision of publicity in writing and/or in person to all stakeholders including community housing organisations (CHOs), Councils, SA Water, CYFS and Revenue SA
- Investigation of the current position in regard to provision of rebates and concessions
- Collection of information about current practices in regard to rebates under the Local Government Act from Councils
- Collection of information from SA Water, CYFS and Revenue SA in regard to various aspects of rebates and concessions
- Collection of information about current knowledge and activities from CHOs in regard to all the components of the Project
- Extensive research into various aspects of, and queries relating to rebates and concessions
- Compilation and circulation of a major Discussion Paper which summarises the current provisions for rebates and concessions, explores the current views and situation of Local Government and CHOs, and discusses various options for streamlining the current processes
- Meetings with representative bodies from Local Government (SA Rate Administrators Institute and Local Government Financial Management Group) to explore issues and possibilities relating to Local Government rebates
- Consultation with CHOs re various options for streamlining current systems
- Meetings with individual Councils to collect further information and explore options for streamlining the current system

- Meetings with SA Water, Centrelink and CYFS to explore issues and options for streamlining the current system
- Provision of individual assistance to many CHOs to facilitate access to rebates and concessions, either in person, by telephone or by e-mail
- Negotiation of an improved system of access to concessions under the Rates and Land Tax Remission Act with CYFS by which CHOs become de-facto District Centres for the purposes of processing applications for remissions under the Rates and Land Tax Remissions Act – tenants no longer required to visit Centrelink, obtain a JP's signature or lodge forms at a CYFS office
- Development of four Information Kits to assist CHOs in understanding and negotiating the rebates and concessions systems
- Provision of several Information Sessions for CHOs to assist them in accessing the various systems, including training sessions on accessing the new CYFS system, which were run in conjunction with CYFS
- A briefing session on rebates and concessions in August 2004 for CHO services staff in SACHA.

3. Outputs/Outcomes Of The Project

The project had the following outcomes :

- A simplified system for accessing concessions under the Rates and Land Tax Remission Act was negotiated with CYFS and introduced from 19th July 2004
- The community housing sector was provided with a wide range of information about rebates and concessions which will assist them to understand the various systems and make it easier to lodge applications where appropriate
- A major Discussion Paper outlining the current situation and requirements in respect of rebates and concessions, and proposing ways of streamlining systems, was written and circulated to stakeholders
- Four Information Kits dealing with various aspects of rebates and concessions were prepared and circulated to CHOs, with the Kit on Local Government Act rebates also being circulated to local government authorities with community housing within their boundaries
- Many CHOs were given individual assistance to understand the various systems and where appropriate to develop applications
- The uptake rate for rebates and concession improved especially for Local Government Act rebates.

4. Areas Where Further Work Is Required

a. Council Rates – Multiple Dwellings/Single Meter

No concessions are available on council rates when the ratepayer does not have separate VG numbers on a group of properties (eg a block of flats with only one water meter). However in some cases separate Council accounts are still charged by Councils for each property. The only solution may be to apply for separate VG numbers but if only a percentage of tenants are eligible, this may be disadvantageous to the CHO. This result appears unfair. CHCSA should advocate to address this issue.

b. New CYFS System

Although a paper-based system has been negotiated with CYFS which substantially improves the ease with which CHOs can access concessions under the Rates and Land Tax Remissions Act, it was agreed with CYFS that an electronic system would be a further improvement. Under this proposal, CHOs would submit a spreadsheet in an approved format to CYFS with defined information concerning the tenant and the property involved. CYFS would then electronically confirm eligibility of the tenant with Centrelink, process the file and pass on the necessary information to SA Water and Councils. These developments could further reduce the workload for CHOs, increase income from concessions and improve viability.

The following refinements are anticipated by CYFS over the next twelve months :

- Electronic lodgement of applications
- No need to lodge beneficiary and low-income applications every quarter
- No need to include original accounts with applications
- No need to include a photocopy of the tenant's concession card.

It was agreed that it would be desirable to ensure the successful operation of the new paper-based system before moving to the electronic system later. It is suggested that the paper-based system should be allowed to operate for six months to a year before attempting to move to the electronic system. CYFS have proposed a review of the new system after 6-12 months.

It is proposed that CHCSA be funded in mid-2005 to conduct the review with CYFS and assist in the transition to the new electronic system. A part-time project of approximately 160 hours spread over 3 or 4 months would be appropriate. It is suggested that a budget of \$6,500 should be sufficient, including labour and on-costs.

c. ESL

CHOs are not eligible for a concession on the ESL as they are with the Rates and Land Tax Remissions Act. It is a policy decision for the Government whether this concession should be extended to CHOs. It may be desirable to advocate to Government that the concession be extended to CHOs. (Some CHOs have been able to access a form of concession by having land classified as Special Community Use. This can only happen when it is not desired to claim concessions under the Rates and Land Tax Remissions Act).

d. Follow Up – Local Government Act Rebates

It was found that there was little prospect of introducing an automated or uniform system by which CHOs could access rebates under the Local Government Act. Councils are autonomous bodies who must assess applications on their merits. They were strongly resistant to a centralised system of application or approval. Over 40 Councils in South Australia have community housing within their boundaries.

Through the project a number of CHOs were encouraged and assisted to develop successful applications, however there were many more who lacked the time or knowledge to develop applications. Overall it is believed that about half of all housing associations have now lodged applications, mostly successfully, although results vary from Council to Council.

CHCSA proposed an extension of the project whereby the Project Officer would work closely with CHOs to develop applications or to pursue previously unsuccessful applications. This submission was rejected by SACHA which suggested group training instead. Group training as well as individual training has been carried out.

Progress should be reviewed by CHCSA in a few months by surveying CHOs, and a further submission prepared if necessary. The potential to include housing co-operatives in this scheme should not be ignored.

The cost of funding such a project is small in comparison to the benefits obtainable and the consequent improvement to CHO financial viability, which in turn will relieve pressure on SACHA. It is estimated that there could be up to 20 housing associations requiring assistance. To assist each would require two days of consulting time at a cost of \$500, making a total of \$10,000 maximum. A scoping exercise with housing co-operatives needs to be carried out and it is estimated this would cost \$2,000. Therefore the total cost would be \$12,000. However this could grow if it turned out that several housing co-ops could lodge applications with a prospect of success.

e. Duplication Problem (RRA, Waterworks and Sewerage Acts, and Local Government Act)

In 2001 SA Water raised concerns around potential ‘double-dipping’ by ratepayers. This could occur if a rebate was granted under the Local Government Act 1999 as well as concessions being provided under the RRA. SA Water referred its concerns to the Department of Human Services which then sought legal advice from the Crown Solicitors Office. The legal advice was that CHOs can claim both the rebate under Section 161 of the Local Government Act and the concession on Council rates under the RRA. CHOs do appear to be unique in that they can apply for both rebates under the Local Government Act and concessions under the RRA.

It was a requirement of the project brief that the Project Officer “Negotiate with relevant Local Government offices to ensure CHOs are eligible for only one source of rebate on Council rates, including recommendations for the appropriate legislative amendments.” As will be discussed below, regulatory action is required which must be initiated by Government not CHCSA.

CHCSA’s view is that CHOs should be entitled to one concession or rebate in respect of each supplier ie SA Water and the relevant Council. Mechanisms should be in place to ensure that double-dipping does not occur. However CHOs should not be prevented from obtaining a concession under the RRA in respect of the second supplier simply because the first supplier has granted a rebate under alternative legislation. In other words, if a CHO obtains a rebate under the Local Government Act this should not prevent a concession under the RRA for water and sewer rates, while a rebate under the charitable exemption provisions of the Waterworks and Sewerage Acts should not prevent a concession under the RRA in respect of Council rates.

Some CHOs have in fact reported that when a Charitable Exemption for water/sewerage has been obtained from SA Water, the RRA concession on Council rates has been denied to the CHO. Informal discussion with senior staff of both SA Water and CYFS suggests that this should not be the case, as only one concession is being received in respect of each supplier (SA Water and the Council).

This matter has not so far been resolved with SA Water and CYFS and should be pursued.

It came to light that SA Water have taken administrative steps to prevent CHOs from accessing both water rate concession and the charitable exemption rate for water rates.

In correspondence to a CHO regarding the charitable exemption rate for water rates SA Water stated : “Should an exemption be granted on a property which also receives a pensioner concession, the concession will be cancelled”. In the light of the above Crown Solicitor’s advice, it would be interesting to know if this action has sufficient legal basis.

This however appears to leave Council rates still subject to double dipping, in theory. No examples of actual double dipping came to light during the project. The Discussion Paper offered a way forward and this did not generate any adverse reaction among Local Government staff when consulted. It appears that some years ago SA Water issued a request to Councils to be advised when a Council grants a rebate under the Local Government Act. A small telephone poll of Councils suggested that practice varies from Council to Council. Some Councils send written advice to SA Water, more probably do not. On the other hand SA Water does not advise Councils when a Charitable Exemption on water and sewerage rates is granted, although one local government officer suggested this would be useful to the Council as a way of triggering contact with local community groups and possibly a rebate application. If a Council does not advise SA Water of a rebate then there may be a need for follow up contact between the two organisations to clarify the status of the ratepayer.

The critical issues regarding double dipping are :

- 1) SA Water does not know when a CHO is receiving a Local Government Act rebate and Councils do not know when SA Water have granted a charitable exemption on water and sewerage rates.
- 2) There is a lack of a legal basis for the rating authorities to provide one form of rebate but not the other.

In regard to the first issue, if Councils advised SA Water and CYFS of the details each time a rebate was granted, SA Water or CYFS could then remove the RRA concession as happens with the water concession. Vice versa, SA Water could advise Councils when a Charitable Exemption on water and sewerage rates is granted. These arrangements could be the subject of a Memorandum of Understanding between SA Water and Councils.

In regard to the second issue an amendment to the Rates and Remissions Act Regulations should be sufficient. A new regulation could specify that the CHO :

- is not entitled to a remission of Council rates under the RRA in respect of a property if it is receiving a rebate of Council rates under the Local Government Act for that property; and
- is not entitled to a remission of water and sewerage rates under the RRA in respect of a property if it is receiving a rebate on water and sewerage rates under the Charitable Exemption provisions of the Waterworks and Sewerage Acts for that property.

This would then cover rebates under the Local Government Act and also exemptions under the Waterworks and Sewerage Acts. It would be important to make clear that :

- receipt of a remission under the Charitable Exemption provisions does not invalidate a concession under the RRA on Council rates, and
- receipt of a rebate on Council rates under the Local Government Act does not invalidate a concession under the RRA on water and sewerage rates.

f. Non-Compliant Tenants – Letter to Centrelink

CYFS have always required that even though the ratepayer is the CHO, an application form must be signed by the tenant who resides in the CHO property. Under the old system, tenants were required to obtain an Income Statement from Centrelink and to visit a CYFS office in order to lodge the application. Some tenants were not capable of these steps due to ill-health, social dysfunction or a disability. Others simply refused to comply.

Under the new system, there is no need to visit Centrelink or a CYFS office and this hopefully will improve the application rate. However the new application form requires that the tenant gives permission to CYFS, SA Water and Centrelink to release personal information about the tenant to other government bodies. It appears that some tenants will refuse to grant this permission despite the benefit to the CHO. This means the CHO will miss out on the concession.

One possible way around this problem is for tenant to obtain an Income Statement from Centrelink personally and submit the Statement to CYFS. The tenant would still be required to authorise the release of information to SA Water and Councils.

CHCSA should negotiate this possibility with Centrelink.

g. Briefing SACHA

Discussions were held between staff of SACHA and the CHCSA about the Project Officer briefing SACHA on rebates and concessions. This briefing would use the four Information Kits produced by the Project Officer as a basis and would aim at improving the knowledge of relevant SACHA staff of how concessions and rebates operate in South Australia. This would enable them to provide advice to CHOs. It was agreed that this should be a session paid for by SACHA. It is suggested that the budget for this session be \$400.

h. Assisting CHOs to Assess Options

CHO's can sometimes be faced with complex choices when assessing their options for rebates and concessions. For example, there are two systems for each of council rates and water and sewerage rates. Factors such as the treatment of concessions for a property with a shared water meter can also create complexity. It would be useful for CHOs to have software available with which to assess various options. For example, is the charitable exemption rate the better option ? should the CHO apply for separate assessment numbers for a group of units on a shared water meter ? The software would allow a CHO to input various information to a computer and have the costs associated with option assessed. Variables which would be assessable could include :

- How many properties are on a single assessment number (sharing a common water meter) ?
- Capital values
- Number of eligible tenants involved
- Water consumption
- Whether separate Council rates are being charged even though a group of units has only one assessment number ?
- Is the CHO receiving a rebate under the Local Government Act ?

It is difficult to estimate how much programming time would be required to develop the appropriate software. Commercial software developers quoted between \$88 and \$150 per hour for development but cautioned that development time can be much longer than anticipated. The initial assessment by the Project Officer is that 20 hours would be required but this could prove to be a considerable underestimate judging by advice from the industry.

A scoping exercise is required first in order to firm up the cost. This would take 5 hours of Project Officer time at a cost of \$200. The Project Officer would then negotiate with three software developers to provide a detailed costing for SACHA's consideration.

In addition to the programmer, it would be desirable to employ the Project Officer to assist the programmer to develop the package, as considerable background knowledge of the rebates and concessions environment is required. It is estimated that 10 hours would be required at \$40 per hour, making \$400.

The justification for this package is that it will assist CHOs to make rational decisions about which path to follow. These decisions could be of considerable benefit to the financial viability of CHOs and this in turn will be of benefit to the community housing program and SACHA.

5. Recommendations for CHCSA

It is recommended that CHCSA :

- Advocate to SA Water and CYFS that where Councils charge separate rates on properties which have a common water meter and a single VG number, concession is allowed to the CHO in respect of Council rates for those separate units occupied by eligible tenants
- Review in consultation with CYFS the operation of the new paper-based system for accessing RRA concessions in March 2005
- Consider advocating to the SA Government that CHOs be granted concessions in regard to the ESL on a similar basis to RRA concessions
- Carry out a follow-up survey in February 2005 of progress made by CHOs in accessing Local Government Act rebates and seek further funding from SACHA to assist CHOs in developing applications
- Advocate to SA Water that CHOs which access the Charitable Exemption rate for water and sewerage rates do not lose entitlement to RRA concessions for Council rates.
- Advocate to Centrelink to ensure that by some means non-compliant tenants do not jeopardise CHO entitlement to concession
- Approach the LGA and SA Water to develop a Memorandum of Understanding between SA Water and Councils whereby Councils would advise SA Water every time a rebate was granted under the Local Government Act to a CHO and SA Water would advise the respective Council every time a rebate is offered on water and sewerage rates under their Charitable Exemption provisions.
- Write to SACHA enclosing a copy of this report and making the following recommendation for SACHA to pursue

6. Recommendations for SACHA

It is recommended that SACHA :

- Approach the Treasurer in regard to a new Regulation under the Rates and Land Tax Remissions Regulations aimed at preventing double-dipping under various provisions for rebates and concessions, as discussed above
- Provide funds for CHCSA to work with CYFS and CHOs on the introduction of an electronic system for RRA concessions and associated improvements as discussed above, at an estimated cost of \$6,500.
- Provide funding to CHCSA to assist CHOs to develop and lodge applications under the Local Government Act, following a review in a few months time, at an estimated cost not exceeding \$12,000.
- Engage the Project Officer to provide a briefing session for relevant SACHA staff on the outcomes of the project including explanation of rebate and concession provisions as documented in the Information Kits, at an estimated cost of \$400.
- Provide funding to scope out the cost of developing a computer-based options assessment package for CHOs, at a cost of \$200.

7. Conclusion

The Rebates and Concessions Project made considerable progress in assisting CHOs to access rebates and concessions under various South Australian legislation.

However it is clear that considerable further improvements could be implemented and this will require further effort by stakeholders.

Yours sincerely,

Ciaran Synnott
Executive Officer
July 2004