

COMMUNITY HOUSING COUNCIL OF SA INC.

CONCESSIONS AND REBATES PROJECT

DISCUSSION PAPER

DECEMBER 2003

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Disclaimer : This paper contains statements and calculations which have not been verified with the relevant authority and which therefore cannot be relied upon to be accurate. Information in this paper should be checked with the appropriate authority before being used.

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GLOSSARY

Abbreviation	Meaning
CHCSA	Community Housing Council of SA Inc
CHO	Community Housing Organisation ie A Housing Association or Housing Co-Operative
DVA	Department of Veterans Affairs
ESL	Emergency Services Levy
FAYS	Family and Youth Services
GST	Goods and Services Tax
ITEC	Income Tax Exempt Charity
LGA	Local Government Association
LGFMG	Local Government Financial Managers Group
OLG	Office of Local Government
PBI	Public Benevolent Institution
RRA	Rates and Land Tax Remission Act 1986
SACHA	South Australian Community Housing Authority
SAIRA	South Australian Rates Administrators Institute of Inc
SCU	Special Community Use (land use)
SRML	Save the River Murray Levy
VG	Valuer General

1. Introduction

The Rebates and Concessions Project developed out of longstanding concern among stakeholders in the community housing sector that eligible community housing organisations (CHO's) 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 have endeavoured over the years to achieve a fairer and simpler system which would streamline access for eligible CHO's to these rebates and concessions. However progress has been unsatisfactory and it was agreed between the South Australian Community Housing Authority (SACHA) and the Community Housing Council of South Australia (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 objectives of the project are to ;

- Clarify current issues and practices by CHO's in accessing rebates and concessions, in liaison with CHO's and other stakeholders;
- Negotiate with CHO's and other stakeholders a more accessible and streamlined set of processes to ensure that SA Water and council rebates and concessions are available to all CHO's, where householders are eligible for such rebates;
- Identify concessions available to CHO's in relation to the Emergency Services Levy (ESL) and negotiate an accessible process for their application.

The Reference Group is comprised of nominees of the following :

- | | |
|-------------------------------|---|
| • PEACH Co-op (Co-ops sector) | • The Women's Housing Association (Associations sector) |
| • CHCSA | • Local Government Association |
| • SACHA | • Office of Local Government |

It was decided that the work of the project would proceed in two phases – a research phase and a change phase. Details of the proposed work are shown in the following list :

1) Research Phase

- Map out the extent to which CHO's are currently accessing rebates and concessions to which they may be entitled
- Include research into Strata Titles, Community Titles, Multiple Dwellings in this phase
- Identify reasons why CHO's may not be accessing entitlements
- Accurately describe difficulties which CHO's may be having in accessing these rebates and concessions
- Document levels of consistency between Councils in assessing eligibility for rebates and concessions
- Document FAYS involvement in the processes of obtaining rebates and concessions
- Estimate time taken to receive rebates and concessions
- Explore economic cost of changes to current system

2) Change Phase

- Develop easier and more streamlined processes for CHO's to use in accessing rebates and concessions
- Negotiate with stakeholders to ensure the introduction of new processes
- Promote consistency in legislation conferring rights to concessions and rebates
- Ensure any proposals incorporate action on respect of Strata Titles, Community Titles, multiple dwellings on one title and contiguous land
- Negotiate with relevant Local government Authorities to ensure CHO's are eligible for only one source of rebate on Council rates
- Make recommendations for appropriate legislation to ensure consistency and prevent CHO's accessing more than one source of rebate or concession.

The project has been divided into stages as follows :

Stages of the Project – Overview 2003-2004

Stage	Timeline	Activities
1	August	<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 CHO's 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 – June	<ul style="list-style-type: none"> • Development of Information Kit for CHO's and Local Government • Closure – Final Report

The expected outcomes of the project, together with key performance indicators for each outcome are shown in the following table :

Outcome	Key Performance Indicator(s) (KPI)
1. Economic and redistributional issues especially for Local Government are taken into account in effecting changes	<ul style="list-style-type: none"> • Acceptance of change by relevant stakeholders • Development of an Inter-Governmental Agreement regarding roles in relation to rebates etc
2. Uptake of concessions and rebates by CHO's increases substantially	<ul style="list-style-type: none"> • Percentage applying increases by 50%
3. Consistent interpretation of eligibility criteria by Local Govt	<ul style="list-style-type: none"> • CHO's with properties across Council areas are uniformly successful; • SA adopts proposed Commonwealth statutory definition of a charity.
4. Process of application simplified for CHO's	<ul style="list-style-type: none"> • CHO's report process is satisfactory
5. Eligibility extended to ESL fully	<ul style="list-style-type: none"> • Regulations enacted to cover charities
6. Rebates are equitable	<ul style="list-style-type: none"> • Rebates granted do not exceed rates payable
7. Legislation is consistent in its treatment of rebates and concessions	<ul style="list-style-type: none"> • Legislation amended to ensure consistency
8. Issues involving Strata Titles and Community Titles, multiple dwellings and contiguous land are resolved	<ul style="list-style-type: none"> • Stakeholders indicate satisfaction with outcomes
9. Information Kit for CHO's & Local Government developed	<ul style="list-style-type: none"> • Kit available and agreed

2. Purpose of this Discussion Paper

This Discussion Paper summarises the work undertaken to the end of Phase One. It also sets out a range of options for change designed to streamline the current system.

3. Research Methodology

The early stage of the project involved the collection and analysis of various 'foundation' documents including :

- Any relevant background papers held by Reference Group members
- Relevant legislation
- Commonwealth documents concerning proposed legislation for charities.

Discussions were held with State Government officers with a background in this area. A Reference Group meeting was held to introduce the project and help develop the workplan, project brief and research instruments.

It was agreed with the Reference Group to collect information from CHO's by a variety of methods :

- One-to-one interviews for larger housing associations
- Postal questionnaires for remaining CHO's
- Presentations and discussion at regular CHO forums.

Separate questionnaires were designed to research the experience of housing associations and housing co-operatives as their circumstances and opportunities are different from each other.

It was also agreed with the Reference Group to collect information directly from Councils by means of a postal questionnaire. The questionnaire was settled following consultation with the Local Government Association.

The Project Officer made presentations at the following Community Housing Forums which are auspiced by the CHCSA :

- Associations Forum
- Southern Forum
- Central Forum
- Disability Focus Group
- Northern Forum
- Spanish Speaking Forum.

Valuable information and feedback was obtained from these sessions.

4. The Legislative Policy and Administrative Framework for Concessions and Rebates

a. Introduction

Rebates and concessions in respect of various types of rates are authorised by legislation in South Australia. This is because the granting of rebates and concessions relate to a variation in the amount of rates to be charged for a particular purpose, and authority for charging rates is itself contained in legislation (Acts of Parliament and Regulations imposed under Acts).

However legislation is not the only source affecting the granting of rebates and concessions. The Authority which administers the imposition and collection of a particular rate is required to implement this through policy guidelines and administrative processes, which can add substantially to the legislative framework and can lead to differences in the application of the law between different rating authorities and branches of the same authority. In South Australia, the framework can be summarised as follows :

Type of Rate/Levy	Act of Parliament	Rating Authority
Council rates	Local Government Act 1999	Local Council
Water and sewerage rates	Waterworks Act 1932 Sewerage Act 1929	SA Water
Emergency Services Levy	Emergency Services Funding Act 1998	Revenue SA
Save the River Murray Levy	Waterworks Act 1932	SA Water

(In some country districts, provision of sewerage may be a Council responsibility rather than SA Water).

There are several different ways in which CHO's may be able to obtain a reduction in the amount of rates payable under these various requirements.

b. Language

One of the difficulties facing CHO's is the language used to describe reductions in the amount of rates payable under these different requirements.

At present the following terms are used in various places :

- Concessions
- Exemptions
- Rebates
- Remissions.

The Concise Oxford Dictionary offers the following definitions of these terms :

Concession	•	A reduction in price for a certain category of person.
Exemption	•	Freedom from an obligation, especially one imposed on others.
Rebate	•	A deduction from a sum to be paid; a discount.
Remission	•	The remitting of a debt or penalty etc.
Remit	•	Cancel or refrain from exacting or inflicting (a debt or punishment etc.).

Essentially the terms all have a similar underlying meaning – a person obliged to pay a given sum will be allowed to pay less than the full amount. The only difference is in regard to the definition of ‘exemption’ which suggests that the person is relieved of all obligation to pay the debt. Standardisation of the language used in various legislative frameworks would assist community understanding.

c. The Rates and Land Tax Remissions Act 1986

For the purpose of brevity this will be referred to as the RRA throughout this paper.

The purpose of this Act is to confer an entitlement for eligible ratepayers in respect to rates payable under the following legislation :

- | | |
|--------------------------|--------------------------------|
| • Local Government Act | • Renmark Irrigation Trust Act |
| • Waterworks Act | • Sewerage Act |
| • Crown Lands Act Part 8 | • Irrigation Act Part 7 |
| • Land Tax Act. | |

The detail of the remissions available are left to regulation. Section 4 states that :

4. (1) The Governor may, by regulation--

(a) prescribe the criteria on which ratepayers are entitled to remission of rates under this Act; and

(b) fix the amount of, or prescribe the method of determining the amount of, the remission to which a ratepayer is entitled in relation to rates of a kind specified in the regulations.

Hence the 1990 Regulations under the Act specifies detailed conditions of eligibility for entitlement to remissions. The regulations also specify that the amount of the remission will be the lesser of three-fifths of the rates or the ‘prescribed amount’. The prescribed amount at present is generally \$90 for water rates, \$95 for sewerage rates and \$190 for council rates, although for some categories of ratepayers these amounts can be lower.

Conceptually, the RRA is designed to apply to individual householders and by far the largest group of beneficiaries must be owner-occupiers. This includes proxy forms of owner-occupation such as residence in a retirement village and the old moiety or shareholding form of ownership in a block of home units.

There are too many classes of eligible ratepayers to list them all in this Paper – primarily the target is people in receipt of Centrelink pensions or benefits, or a repatriation pension, with possession of the relevant Centrelink or DVA Card the usual trigger for eligibility. Possession of a State Concession Card can also create eligibility. The eligible person must occupy the rateable premises as their principal place of residence on a specified day in order to qualify for a remission.

d. The SA Co-operative and Community Housing Act

The SA Co-operative and Community Housing Act was passed in 1991 and originally covered only housing co-operatives. It was extended to Housing Associations in 1995. In regard to remission of rates, the intention behind the original Act was to put the co-operative in the same position as it would be if it were the owner-occupier of the property.

This is achieved in Section 104(1) of the Act which states :

A registered housing co-operative that is liable for the payment of rates charged with respect to residential premises of which the co-operative is the owner is entitled to claim a remission of rates under the *Rates and Land Tax Remission Act 1986* equal to any remission of rates under that Act that a tenant-member of the co-operative who is in actual occupation of the premises could.

It is interesting to note that the Act confers the right to claim on the co-operative not the individual. The focus is on the co-operative not the tenant because it is the co-operative which is the ratepayer and legally required to pay the rates.

In practice SA Water has interpreted the provision to mean that the individual has to apply, in order to establish eligibility. The CHCSA wrote to SA Water to clarify this point and was advised :

“Section 104 of the SA Cooperative and Community Housing Act 1991 shows that it is the tenant who must ‘claim’. Ordinarily, an eligible pensioner fills out SA Water’s application as owner/part owner of a property or by the conditions outlined in the 1990 Regulations. When a tenant from a Housing Co-operative fills out the form they are not the registered owner of the property, so in order to receive the concession Section 104 shows that:

- if they qualify for concession in all other areas except ownership, then
- they are eligible to receive the concession entitlements despite this. This is special status for residents of registered Housing Co-ops.

The resident must apply for the concession, which is allocated to their assessment/account number and which will reduce the bill for which the housing co-operative is responsible.”

Section 104 is applied to registered housing associations by means of Clause 15 of Schedule 1 of the Act.

e. Council Rates

Council rates are imposed under the Local Government Act 1999, in order to meet part of the costs of providing Council services. Under Sections 159 to 166, a variety of rebates are available to certain ratepayers provided they meet eligibility requirements. The rebates can apply to land which is used for :

- Health services
- Religious purposes
- Royal Zoological Society of SA
- Community services
- Public cemeteries
- Educational purposes.

Two Sections are of particular relevance to CHO's :

- Section 161 which relates to community service organisations;
- Section 166 which relates to land being used to provide accommodation for the aged or disabled, or land being used by an organisation which in the opinion of the Council provides a benefit or service to the local community.

Under Section 161 certain conditions must be fulfilled. If they are, then the rates **must** be rebated at a rate of 75% and **can** be rebated at a higher rate at the discretion of the Council. The conditions which must be fulfilled are :

- The land must be used predominantly for service delivery and administration
- The community service organisation (CSO) must be incorporated on a not-for-profit basis for the benefit of the public
- The CSO must provide services without charge or for a charge that is below the cost to the body of providing the services (a body that receives funds from the State or Commonwealth Governments in order to subsidise its costs or charges will be taken to satisfy the requirements of this provision)
- The CSO must not restrict its services to persons who are members of the body.

The Section then states that any of the following are CSO's :

- (a) the provision of emergency accommodation;
- (b) the provision of food or clothing for disadvantaged persons;
- (c) the provision of supported accommodation;
- (d) the provision of essential services, or employment support, for persons with mental health disabilities, or with intellectual or physical disabilities;
- (e) the provision of legal services for disadvantaged persons;
- (f) the provision of drug or alcohol rehabilitation services;
- (g) the conduct of research into, or the provision of community education about, diseases or illnesses, or the provision of palliative care to persons who suffer from diseases or illnesses.

The Act also provides some definitions :

- **“Disadvantaged persons”** are persons who are disadvantaged by reason of poverty, illness, frailty, or mental, intellectual or physical disability.
- **“Supported accommodation”** means--
 - (a) Residential care facilities that are approved for Commonwealth funding under the *Aged Care Act 1997* (Cwlth); or

- (b) Accommodation for persons with mental health difficulties, intellectual or physical difficulties, or other difficulties, who require support in order to live an independent life.

Some Councils have an explicit policy of not granting more than 75%. Others go beyond this.

Section 166 provides a broader discretionary power for Councils to provide rebates on rates. The value of the rebate can range up to 100%. There are no definitions provided for the key terms “accommodation for the aged or disabled”, or providing “a benefit or service to the local community”. CHO’s should approach applications under Section 166 with caution. The level of rebate is entirely discretionary. In one Council area, for example, a rebate under this Section is only sufficient to reduce the amount owing down to the level of minimum rates. This amount could be more than the amount owing if the group claims the pensioner concession under the RRA. In another area the rebate for accommodation for the aged or disabled is 25%. As well as granting rebates, a Council may chose to provide a Community Grant as a way of assisting community organisations. For example, in one case, the full rates are charged but a grant equal to the value of the rates is provided instead.

The requirement of Section 161 that the organisation must not restrict its services to members would appear to disqualify co-operatives. However, discussions with the Office of Local Government have indicated some uncertainty around this. The issue is still to be resolved. This provision was intended to disqualify organisations which are for people with restrictive characteristics such as ethnic community organisations. The SA Co-operative and Community Housing Act requires housing co-operatives to act on the principles of co-operation, one of which is that :

Membership of the association must be voluntary and available without artificial restriction or any discrimination based on sex, sexuality, marital status, pregnancy, race, physical or intellectual impairment, age or political opinion to all who can make use of its services and are willing to accept the responsibilities of membership;

The Act also states that :

An association will not, for the purposes of this Act, be regarded as not complying with the [principles of co-operation](#) by virtue only of the fact that membership of the association is limited, on a genuine and reasonable basis, to--

- (a) *persons of one sex; or*
- (b) *persons of a particular marital status; or*
- (c) *persons who have a particular disability or impairment; or*
- (d) *persons of a particular age group.*

Hence co-operatives operate on open principles – services are restricted to members but membership is open to people who meet government eligibility criteria and the requirements of the group. It is difficult to see why co-operatives should be excluded from the operations of Section 161 on the grounds that services are restricted to members. Of course they must still meet all other criteria such as providing supported accommodation.

In introducing the new Local Government Act in 1999, the Minister for Local Government stated in regard to rebate provisions :

“A new basis is set out for the rebate of rates for land used by eligible community services organisations. These provisions too aim to provide flexibility for councils to respond to the needs of their local communities, **but at the same time seek to achieve a measure of consistency across all council areas, especially for those charitable organisations operating on land in more than one council area.** Councils will also continue to have discretionary powers to grant rate rebates in certain circumstances, including where it is considered there would be a benefit to the community, or where the rebate secures proper development of the area, or is related to preserving sites or items of historic significance.” (Emphasis added).

Each Council is responsible for administering these provisions. To assist Councils in implementing the new provisions of the 1999 Act, the South Australian Local Government Financial Management Group commissioned a paper on rate rebate policies from Norman Waterhouse Solicitors in 2001. The Local Government Association developed a Model Policy and a Model Application Form on rate rebates in 2001.

There is another provision in the Local Government Act which does not create a rebate as such but which is of potential interest to some CHO's. Section 158 deals with minimum rates and provides that

- “(a) a minimum amount cannot be imposed against land that constitutes less than the whole of a single allotment; and
- (b) a minimum amount cannot be imposed against each supported accommodation unit or independent living unit within a group or complex of units; and
- (c) if two or more pieces of contiguous rateable land are owned by the same owner and occupied by the same occupier, a minimum amount may only be imposed against the whole of the land and not against individual pieces of it”.

An allotment is defined as the “whole of the land comprised in a certificate of title”.

An independent unit is defined as

- “(a) units in a complex of residential units that are primarily occupied by retired persons and their spouses; or
- (b) units in a retirement village under the *Retirement Villages Act 1987* where a note of the use of the land as a retirement village is endorsed on the relevant certificates of title.”

An independent unit must have its own kitchen and bathroom and enable the occupier to live totally "independently". This is defined by the Valuer-General's land use code number 1765.

This provision is of particular interest to CHO's which own “independent units” in groups of two or more, for example, units for older people. Instead of each unit being charged minimum rates of say, \$500 per annum, each unit would be charged on capital value, and each unit could attract the standard pensioner concession of 60% for eligible tenants. This approach is followed in the City of Prospect, for example, where at least one housing co-operative is rated under this method.

The following example, using City of Prospect figures, illustrate how this works :

Unit value \$65,000.

Minimum rate for 2003/04 = \$567.

If rated at general rate of .003716 in the dollar, rates = \$241.54.

Pensioner concession 60% = \$144.92

Rates payable = \$96.62

Saving = \$470.38 or 82%.

Difficulty may arise around the interpretation of the “primarily occupied”.

The provision may also be of interest to groups providing supported accommodation. There may be difficulty in interpreting the term “supported accommodation”, as there can be with Section 161.

The provisions of Section 158 also apply to “the whole of [land](#) subject to a separate [lease](#) or licence, other than a [lease](#) or licence of a prescribed class (if any).”

For example - where three units are on one title and they are leased, they are deemed to be three allotments and subject to three minimums. If one of the units was vacant (no lease or licence) then it would be "less than a whole allotment" and therefore not subject to the minimum. This mainly applies to non-residential properties.

Some CHO's do have leased land eg from the Housing Trust or from SACHA. CHO's should check to make sure minimum rating is not being applied to such leased property when a vacancy occurs. The pensioner concession, however, would not be available.

f. Water and Sewerage Rates

This section of the paper is based, in part, on correspondence with SA Water.

For most South Australians, water rates are imposed under the Waterworks Act 1932 while sewerage rates are imposed under the Sewerage Act 1929. Under some circumstances, water and/or sewerage services may be supplied by local government, which then becomes the rating authority.

Water rates have two components : a fixed charge per supplied property and a variable charge related to water consumption. The supply charge is currently \$135 per annum for a residential property. The consumption charge is 42 cents per kilolitre for the first 125 kilolitres then 100 cents per kilolitre thereafter.

Sewerage rates for domestic purposes consist of a supply charge valued at 47.25 cents per \$1000 of the rateable value of the property. Due to rapid changes in property values in recent years it appears this rate is adjusted annually, usually downwards.

Minimum rates apply so that a property valued at less than \$132,000 will still pay the minimum.

As mentioned above, a concession is available to certain categories of ratepayer in respect of water and sewerage rates.

There is also a provision in the Waterworks Act and the Sewerage Act for exemptions from rates for charitable groups.

Section 88 of the Waterworks Act states :

88. (1) Subject to this section, land that has been acquired or is used--

- (a) exclusively for charitable purposes; or
- (b) exclusively for public worship; or
- (c) for the purposes of a State school,

shall be exempt from water rates.

(4) Notwithstanding that land is exempt from water rates under this section or under the provisions of any other Act, the Minister may, after consultation with the Corporation, require the owner or occupier of the land to pay charges for--

- (a) the supply of water to the land; or
- (b) other services related to the supply of water.

(6) In the exercise of powers under subsection (4) the Minister may, after consultation with the Corporation, impose--

- (a) a charge determined according to the volume of water supplied; or
- (b) a fixed charge or a fixed minimum charge; or
- (c) a charge determined on any other basis; or
- (d) a combination of two or more of the foregoing charges.

The Sewerage Act contains a very similar provision in respect of exemptions.

The impact of this provision is that in reality charitable land is still expected to pay for the supply and consumption of water and the provision of sewerage. SA Water provides a “charitable exemption rate” for approved charities.

SA Water has advised as follows :

“In order to gain exemption on the properties, [CHO’s should provide SA Water with]
:

- Confirmation of current charitable status, (evidence of income tax exemption from the Australian Tax Office will be acceptable.)
- Certification that the property is being used exclusively for charitable purposes. (This must be provided.)”

It would appear that a list of properties must be provided with appropriate certification for each regarding charitable use.

The following table compares the pricing of water and sewerage for land at various rates of consumption, assuming in the one case that the charitable exemption is used and in the other case the standard pensioner concession rate for owner-occupiers. As the average value of a co-operative property is currently \$126,500 and the average for an association property is \$106,100, minimum rates will apply, based on a property value of \$132,000.

The table suggests that at these values, the exemption rate is about 56-68% of the standard rate, while the concession rate is about 56-85%, depending on water consumption.

Water Rates Comparison		
Property value	\$ 132,000	
All annual figures.		
	Base rate	Higher rate
Standard property	\$ 0.420	\$ 1.000
Exemption property	\$ 0.315	\$ 0.750
Concession property	\$ 0.420	\$ 1.000

Consumption (Kilolitres)	40	225	300	400	500	1,000
Standard property	Cost	Cost	Cost	Cost	Cost	Cost
Water Supply Charge	\$ 135.00	\$ 135.00	\$ 135.00	\$ 135.00	\$ 135.00	\$ 135.00
Sewer Supply Charge	\$ 251.00	\$ 251.00	\$ 251.00	\$ 251.00	\$ 251.00	\$ 251.00
Water Use	\$ 16.80	\$ 152.50	\$ 227.50	\$ 327.50	\$ 427.50	\$ 927.50
Total	\$ 402.80	\$ 538.50	\$ 613.50	\$ 713.50	\$ 813.50	\$ 1,313.50
Exemption property	Cost	Cost	Cost	Cost	Cost	Cost
Water Supply Charge	\$ 135.00	\$ 135.00	\$ 135.00	\$ 135.00	\$ 135.00	\$ 135.00
Sewer Supply Charge	\$ 70.00	\$ 70.00	\$ 70.00	\$ 70.00	\$ 70.00	\$ 70.00
Water Use	\$ 12.60	\$ 114.38	\$ 170.63	\$ 245.63	\$ 320.63	\$ 695.63
Total	\$ 217.60	\$ 319.38	\$ 375.63	\$ 450.63	\$ 525.63	\$ 900.63
Concession property	Cost	Cost	Cost	Cost	Cost	Cost
Water Supply Charge	\$ 45.00	\$ 45.00	\$ 45.00	\$ 45.00	\$ 45.00	\$ 45.00
Sewer Supply Charge	\$ 156.00	\$ 156.00	\$ 156.00	\$ 156.00	\$ 156.00	\$ 156.00
Water use	\$ 16.80	\$ 152.50	\$ 227.50	\$ 327.50	\$ 427.50	\$ 927.50
Total	\$ 217.80	\$ 353.50	\$ 428.50	\$ 528.50	\$ 628.50	\$ 1,128.50
Exemption/Standard %	54.0	59.3	61.2	63.2	64.6	68.6
Concession/Standard %	54.1	65.6	69.8	74.1	77.3	85.9

(Notes :

- 1) It is assumed property has only one water closet and is connected to the water supply.
- 2) This example has been verified with SA Water. The amounts shown may not be precise due to rounding, but are broadly correct).

Another scenario concerns properties where there is more than one dwelling, but the dwellings share a common water meter. As will be seen later in this paper, many CHO's expressed concern at their inability to obtain concessions for such properties even when tenants individually would appear to be eligible. SA Water have advised that each dwelling must be separately assessed in order for concessions to be granted. In practice this means that each dwelling must have its own Valuer General (VG) number (which is the same as the SA Water account number). This requires the CHO to approach the Valuer General for separate assessments.

By way of example, imagine a block of land with three separate independent units on it, occupied by tenants in receipt of Disability Support Pensions. There are three options :

1. Do not seek separate assessments and do not seek charitable status ie pay the full amount
2. Seek charitable status and pay the charitable exemption rate
3. Obtain separate VG numbers and claim individual pensioner concession.

The following table shows the effects of these different approaches :

Water rates comparison - Shared meter versus 3 single assessments

All annual figures.

No. of units sharing a common meter		3	
Property value per unit	\$	132,000	
Property value whole property	\$	396,000	
		Base rate	Higher rate
Standard property	\$	0.420	\$ 1.000
Exemption property	\$	0.315	\$ 0.750
Concession property	\$	0.420	\$ 1.000

Consumption for whole property (Kilolitres)	200	1,000
Whole property - standard cost	Cost	Cost
Water Supply Charge	\$ 135.00	\$ 135.00
Sewer Supply Charge	\$ 748.44	\$ 748.44
Water Use	\$ 127.50	\$ 927.50
Total	\$ 1,010.94	\$ 1,810.94
Exemption property	Cost	Cost
Water Supply Charge	\$ 135.00	\$ 135.00
Sewer Supply Charge	\$ 70.00	\$ 70.00
Water Use	\$ 95.63	\$ 695.63
Total	\$ 300.63	\$ 900.63
Consumption per unit	66.67	333.33
Concession property	Cost	Cost
Water Supply Charge	\$ 45.00	\$ 45.00
Sewer Supply Charge	\$ 156.00	\$ 156.00
Water use	\$ 28.00	\$ 260.83
Total	\$ 229.00	\$ 461.83
For all units	\$ 687.00	\$ 1,385.50

(Notes :

- 1) It is assumed property has only one water closet and is connected to the water supply.
- 2) It is assumed that all 3 tenants are eligible for a concession.
- 2) This example has been verified with SA Water. The amounts shown may not be precise due to rounding, but are broadly correct).

This table suggests that the best option is to seek the charitable exemption rate. If this cannot be obtained, then the alternative is to seek 3 separate VG numbers and obtain individual pensioner concessions. However the matter may be much more complex than it seems.

For example if only 1 or 2 of the three tenants are eligible for a concession, then the overall cost to the CHO may not be less due to the impact of paying minimum rates. Applying for separate VG numbers would also mean that separate Council rates would be issued and this too could be more expensive especially if minimum rates are charged. *Hence every situation needs to be assessed individually for its impact before a decision could be made.*

This has been recognised by SA Water. In correspondence with a CHO dated 9th April 2003, SA Water noted :

“Separate assessments may result in a change to the way the property is being rated. This could possibly result in you paying more for water rates, sewerage rates, council rates and Land Tax. This could offset any advantage that you may get from receiving concession”.

The situation regarding properties which are leased is complex. From discussions with SA Water it appears that where the property is leased from an organisation which would be eligible for concessions, the lessee will also attract concessions. For example, if a CHO leases properties from another CHO, then concessions should apply. Where the CHO leases from the Housing Trust, they will not apply.

g. ESL

[**Note** : Information in this section is subject to verification with Revenue SA. This is currently being sought].

The Emergency Services Levy (ESL) is collected under the authority of the Emergency Services Funding Act of 1998. The levy is charged in respect of land, vehicles and vessels. Land is classified according to its land use factor based on its land use classification as determined by the Valuer General : commercial, industrial, residential, rural, and ‘other’. The levy consists of a fixed charge and a variable charge, from which can be deducted remissions and concessions allowed under the legislation. The variable charge is affected by the land use classification, area factor, capital value, and levy rate. Hence the variable charge is equal to capital value multiplied by the area factor multiplied by the land use factor multiplied by the levy rate, minus remissions and concessions.

Under Section 33 of the Emergency Services Funding Act, there is provision for a remission of the levy for :

- (a) Persons who are entitled to pensions, benefits, allowances or other payments under the *Social Security Act 1991* of the Commonwealth; or
- (b) Charitable organisations; or
- (c) Persons who are suffering financial hardship; or
- (d) Other persons or bodies of a class prescribed by the regulations.

The Emergency Services Funding Regulations of 2000 prescribe a range of persons who are entitled to a \$40 residential land remission consequent on sub-section (a) of Section 33. This is essentially a pensioner and beneficiary concession which applies when the person is responsible for payment of the levy in regard to his or her principal place of residence, ie home owners. Unlike Council rates and water and sewerage rates, this provision has not been extended to incorporate registered housing co-operatives or housing associations. To make it apply would require an amendment to either the SA Co-operative and Community Housing Act or the Emergency Services Funding Act or the RRA. Under the Emergency Services Funding Regulations, the ESL for both the Housing Trust and the Aboriginal Housing Authority is waived.

There is a provision for remissions to charitable organisations but it is unclear if this has been operationalised. There is also a provision for a concessional rate to land classified as 'Special Community Use'. There is some uncertainty about the capacity of CHO's to access this classification, although at least one CHO is known to have such land.

The schedule to the regulations provides a list of land uses to which the land use category Special Community Use applies. A different Effective Land Use Factor and Effective Levy Rate apply to land under this category. Together these result in a lower levy for land with this classification. To obtain this classification the owner would have to approach the Valuer General for a reclassification.

The following is a list of the land uses to which the Special Community Use classification applies :

- Institutional Residential
- Orphan's Accommodation
- Religious Quarters-Monasteries
- Retired And Aged Accommodation
- Old Folk's Homes
- Public Utilities Not Elsewhere Included
- Social Welfare
- Social Services And Welfare Provision
- YMCA And YWCA Facilities
- Charitable Organisations
- Missions For Aborigines
- Social Welfare Not Elsewhere Included
- Places Of Assembly
- Sanatoria, Nursing Homes, Convalescent And Rest Homes And Health Centres
- Public Halls
- Girl Guides
- Boy Scouts
- Youth Centres
- Medical & Health
- Hospital
- Private Hospital
- Community Hospital
- Mental Hospital
- Churches, Seminaries
- MBHA Clinics
- Cemeteries
- Public Conveniences
- Institutional Residential Accommodation Not Elsewhere Included

The following table illustrates the effect of this land use classification for a property worth \$100,000 :

ESL Comparison - Residential Vs Special Community Use

	Residential	Special Community Use
Property value =	\$ 100,000	\$ 100,000
Regional Area =	4	4
Effective Area factor =	1.0	1.0
Effective Land Use factor =	0.50	0.10
Effective Levy Rate =	0.000260	0.000425

Calculation of Levy

Fixed Charge	\$ 50.00	\$ 20.00
Variable charge	\$ 13.00	\$ 4.25
Gross levy	\$ 63.00	\$ 24.25
Less Pensioner Concession	\$ -	\$ -
Levy Payable	\$ 63.00	\$ 24.25

[Note : The above example has been verified with Revenue SA].

This suggests a saving of \$38.75.

The downside to this remission is that because the land is no longer classified as residential, it appears that any pensioner concessions on Council and water and sewerage rates would be lost. Hence this classification would only be of value if the pensioner concessions cannot be claimed or if the CHO can take advantage of the group rebate under the Local Government Act and the charitable exemption rate under the Water and Sewerage legislation.

Special remissions apply to properties in Regional Areas 2 and 3. Under some circumstances a further reduction is available to farmers.

The other significant reduction which may apply to CHO's is the Contiguous Land reduction. Revenue SA provides the following information about Contiguous Land :

“Contiguous land is land that adjoins one another where:

- The owner or occupier of the land concerned is the same;
- The land is used for the same purpose as defined by the Office of the Valuer-General; and
- All the land is contained in the same Emergency Services Area (eg Regional Area 1).

For the purposes of the Act, pieces of land will be taken to be contiguous if they abut one another at any point or if they are separated only by intervening land being a street, road, lane, footway, court, railway, thoroughfare, travelling stock route, a reserve or other similar open space dedicated for public purposes.

Pieces of land will be considered contiguous where a line projected at right angles from any point on the boundary of one of the pieces of land, across the intervening land, intersects the boundary of the other piece of land.”

On application and approval by Revenue SA, the fixed component of the levy will be charged only once in respect of the several pieces of contiguous land. Variable charges still apply to all the pieces of land. For example, if there are five units abutting each other, the fixed charge will be \$50 not \$250.

h. The Save the River Murray Levy

The Save the River Murray Levy (SRML) is a new levy introduced in the 2003 SA Budget and effective from 1st October 2003. It is understood the levy will not apply to land in parts of the State which do not draw on River Murray water. This could include the South East for example.

Legislation has now been passed by the SA Parliament which amends the Waterworks Act 1932 by introducing a Save the River Murray Levy. The legislation was assented to on 24th July 2003.

Under the legislation, an indexed levy of \$30 will be payable annually on all residential land. The Minister responsible for the levy has the power to exempt specified land or land of a specified class, and can also declare that specified persons or persons of a specified class are entitled to a remission or partial remission of the levy. The Minister's powers can be exercised by a notice in the Government Gazette or by instrument in writing.

The Act specifically states that under Section 4(6)(c):

“A registered housing co-operative entitled to a remission of water rates in respect of premises or a part of premises under section 104 of the South Australian Co-operative and Community Housing Act 1991 is exempt from the levy to the extent that it would (apart from this paragraph) apply to the relevant premises or the relevant part of the premises”.

SA Water has advised SACHA that this provision will also extend to housing associations.

Information from SA Water is that those properties which are currently entitled to remissions for water and sewerage rates will automatically receive the remission for the Save the River Murray levy also. However where the remission on water and sewerage rates has yet to be granted, or where the applicant must re-apply each quarter it will be necessary to apply via SA Water, FAYS or a Council, as appropriate.

The implication of the wording in Section 4(6)(c) is that the co-operative must first establish an entitlement to a remission of water rates in respect of a particular piece of land. If this happens, then it will be exempt for the River Murray levy. If it cannot establish an entitlement to a remission of water rates then it will be liable to pay the full levy.

The Community Housing Council has proposed to SACHA that CHO's be given a blanket exemption from the Levy, however SACHA believe that this proposal would be unlikely to be accepted at this time.

Both the Housing Trust and the Aboriginal Housing Authority are exempt from this levy, and will not need to establish eligibility on a per property or per tenant basis.

i. How CHO's can obtain rebates and concessions

Individual Concessions Via Rates Remissions Act

The remission system is essentially based on eligibility according to income level. However rather than directly assessing income, it by and large uses proxy measures or second order measures. These can take the form of one of the Cards issued by Centrelink and DVA, or by other forms of evidence issued by Centrelink such as Austudy letters. If the applicant possesses the correct status as verified by this evidence, he or she is eligible for remissions. This is presumably designed to reduce the effort required in granting remissions – it is piggybacking on the work already done by Centrelink. If no such evidence is available, for example in the case of working people on very low income, other evidence of status is required and applied against a set of income standards to determine eligibility.

There are different requirements for people who are in receipt of different forms of income, as summarised in the following table :

Income source	Form	Lodgement
Pensions	SA Water Form 1307A	By post or in person at Council, SA Water office or FAYS office
Benefits & Allowances	FAYS Form 693/10	In person at FAYS office
Wages/self-employed	FAYS Form 693/10	In person at FAYS office
Austudy/Abstudy	FAYS Form 693/10	In person at FAYS office
Other	FAYS Form 693/10	In person at FAYS office

Different documentation is also required for different classes of applicant as shown below :

Income source	Evidence
Pensions	Current pensioner concession card; original account or account number
Benefits & Allowances	Centrelink 'Income Statement' showing payment between account's Date of Issue and Due Date of account
Wages/self-employed	Tax Assessment Notice for the period of the account or 4 consecutive weeks pay slips
Austudy/Abstudy	Centrelink Letter for the current calendar year
Other	Centrelink 'Income Statement' showing payment between account's Date of Issue and Due Date of account

For FAYS applications the original account must be presented. Some FAYS offices provide a list of the documentation required eg Adelaide and Enfield offices.

The requirement for people on benefits is actually unclear. The FAYS application form states

- Application for continuation of Newstart form or letter stating Parenting Allowance from Centrelink
- If receiving a Centrelink Sickness Allowance – Health Care card
- Copy of Austudy, Abstudy letter for current calendar year
- Evidence of low income (pay advice/envelope for 4 weeks prior to bill) or if self employed, latest Taxation Assessment Notice)

The information sheet from one FAYS office states : “Centrelink ‘Income Statement’ showing payment between account’s date of issue and due date”, in respect of people on benefits and allowances, and low income earners and Austudy or Abstudy recipients, with the low income earners required to present a Tax Assessment Notice or 4 consecutive pay slips. There is room for clarification.

For all except pensioners, each account must be separately presented to FAYS on a quarterly basis.

The SA Water form seems to work reasonably well for CHO’s, as a form, although there are complaints about the complexity and time required to obtain verification of eligibility, particularly where the tenant cannot attend a FAYS office or other office.

One flaw in the form (as a form) is that under the question “Name of housing co-op/housing association”, no space is left to write the answer. It would be worth exploring with SA Water the provision of a special form for CHO’s which could allow the CHO to write its name at the top, followed by a list of tenants applying for concessions on this form.

The FAYS form is more complicated and less satisfactory. CHO’s are not mentioned on this form and it is focused exclusively on individuals. FAYS staff have in some instances taken the initiative to assist CHO’s to adapt the form to their own circumstances. For example, there is a question in Section B which asks “Do you own your own home?”. FAYS staff have encouraged tenants of CHO’s to answer Yes to this question even though this is technically not correct. The next question in this Section is “Is the property shown above registered in your name only?”. FAYS staff have encouraged tenants of CHO’s to answer No and then put the name of the co-op in as co-owner.

In effect, because the form is focused on home owners, the tenant applicant is forced to go through convolutions to obtain the concession. It would be better if a special form were made available for tenants of CHO's.

Another problem with the FAYS process is that because it is focused on the individual not the group it requires the premises to be occupied at the time of application. The premises must be the 'Principal Place of Residence'. Yet the CHO will be responsible for the account even if the premises are not occupied. It is unclear if the concession can be made retrospective if the subsequent tenant is eligible.

Rebates under the Local Government Act

The application process varies from Council to Council. Some councils provide forms, others do not. In some cases, the form is available over the Internet. The form provides details of the evidence required. In the case of Section 161 applications this includes :

- evidence that the land is being used for service delivery and/or administration;
- a copy of the organisation's Constitution and/or other documentation establishing that it is incorporated on a not-for-profit basis;
- a copy of the organisation's latest Annual Report;
- evidence that the organisation provides services free of charge or below cost;
- evidence that the organisation provides services to persons other than members.

In the case of Section 166 applications it includes :

- evidence that the land is being used for the purpose for which the rebate is being sought;
- information as to whether, and if so to what extent, the organisation will be providing a service within the Council area;
- whether the organisation has made or intends to make an application to another council;
- the extent of financial assistance (if any) being provided by Commonwealth or State agencies;
- whether the organisation is in receipt of a community grant;
- any other information that the organisation believes is relevant in support of this Application.

Exemptions under the Water and Sewerage Acts

There is no set form – applicants write a letter with relevant details and evidence.

Emergency Services Levy

There is a prescribed form in respect of recognition of contiguous land. In regard to a change of land use classification, the applicant writes to the Valuer-General with the particulars, seeking a reclassification.

j. Comparison with other exemption systems

Throughout the consultations there was a sense of frustration that rebates and concessions on Council rates, water and sewerage rates and the ESL, are not as simple to obtain as other exemptions. In particular, exemptions from GST and Land Tax, and granting of PBI and ITEC status by the Australian Tax Office were seen as models of relative simplicity for CHO's. CHO's questioned why, if they are universally accepted as Income Tax Exempt Charities by the Australian Tax Office they cannot be similarly treated by rating authorities.

Housing co-operatives are accepted as charities by the Australian Tax Office and the Land Tax authority yet Local Government Legislation seems to disbar them from group rebates under Section 161.

A comparison can be made with the Land Tax Act 1936. Section 4 of that Act imposes land tax on all land in the State with a number of exceptions. Among those exceptions is land

- (i) owned by an association whose objects are or include the supplying to necessitous or helpless persons of living accommodation, food, clothing, medical treatment, nursing, pre-maternity or maternity care, or other help, either without cost to such persons or in return for payments or services the amount or value of which is in the Commissioner's opinion substantially less than the value of the accommodation, food, clothing, treatment, nursing, care or help supplied; and
- (ii) solely or mainly used for all or any such purposes.

Although this has not been checked with Revenue SA, it appears to be the source of authority by which CHO's are universally exempt from land tax. It is a simple, omnibus provision which is easy to administer and easy to apply under.

The use of a remission system which relies on establishing individual eligibility could also be questioned in an environment where the group is accepted as a charity.

It is also relevant to note that in 2000 the South Australian government introduced new "government eligibility criteria" for social housing. These apply to all forms of social housing. The SACHA Information Guide states that there are three tests to be met by an applicant for social housing : a Basic Eligibility Test, an Income and Assets Test and a Needs Test. If applicants are accepted they are assigned to one of three categories according to priority. The categories are :

Category 1	Applicants (and current tenants wishing to transfer) who due to their needs: <ul style="list-style-type: none"> • cannot remain in their current housing in the short term; and • have no other appropriate housing options available.
Category 2	Applicants (and current tenants wishing to transfer) who due to their needs: <ul style="list-style-type: none"> • cannot remain in their current housing in the medium term; and • have no other appropriate housing options available.
Category 3	Applicants (and current tenants wishing to transfer) who have no needs issues, but who pass other eligibility requirements.

The reality is that community housing in South Australia overwhelmingly houses people whose needs cannot be adequately met in other markets. For example according to the annual survey of community housing by SACHA :

“Community housing organisations generally house low income households with a high reliance on government payments as the major source of adult income. At 30 June 2002, the average household income was \$341.86 per week and the average rent paid was \$82.77 per week.”

73% of tenants rely on a government pension or benefit as the major income source and disability pensioners comprise the single largest group of tenants classified by income source. Almost exactly half of the applicants on the current waiting are classified as Category One, being the category in most urgent need of assistance, and only 15% were Category Three, the least urgent category.

The following table shows the proportion of Category 1 and Category 2 applicants housed by housing associations and housing co-operatives for the last three years, and the proportion on the waiting list in those two Categories :

Year	Newly Housed		On Waiting List	
	Associations	Co-operatives	Associations	Co-operatives
2000/01	90.8	78.0	76.4	62.5
2001/02	96.8	85.5	88.5	69.4
2002/03	93.7	82.7	80.3	51.8

The table shows that CHO's – especially associations – are overwhelmingly housing people in high need.

(We are currently in a transitional period where a proportion of tenants were accepted under the old rules. It is estimated that at least half of all current tenants were admitted under the new rules. However before the introduction of these rules, housing associations in particular accepted tenants on the basis of need and probably a majority of them would have fitted today's criteria).

The implications of these arguments are explored in Section 8 Streamlining the Current System.

k. The Double Dipping Issue

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 CHO's can claim both the rebate under Section 161 of the Local Government Act and the concession on Council rates under the RRA. CHO's 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 CHO's are eligible for only one source of rebate on Council rates, including recommendations for the appropriate legislative amendments."

It has since come to light that SA Water have taken steps to prevent CHO's 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 have so far come to light.

The critical issues are :

- 1) SA Water does not know when a CHO is receiving a Local Government Act rebate.
- 2) Lack of a legal basis for the rating authorities to provide one form of rebate but not the other.

This issues are addressed in Section 8 below.

1. Conclusion

In conclusion it can be seen that the existing system is complex. In effect there are two systems of gaining reductions on Council rates and water and sewerage rates. One system, under the RRA, is focused on individuals. The other, under the LGA and Water and Sewerage Acts, is focused on organisations. The two systems are not harmonised and have different outcomes. The organisational system can be worth a lot more to the beneficiary than the individual system. To make matters more complicated, the organisational system in regard to local government is actually two sub-systems, one of which is mandatory provided the applicant complies with eligibility criteria while the other is discretionary. Although there appears to be reasonable consistency, there are differences of application which affect outcomes considerably.

5. Results of Consulting Housing Co-Operatives

a. Introduction

Housing co-operatives were contacted as follows :

- A postal survey
- Attendance at regional forums of housing co-operatives
- Personal interview (two cases)
- Follow up telephone calls to clarify particular points or seek additional information

The purpose of the consultation was to gather information on current practices and experiences in regard to concessions and to seek suggestions for improving the system.

The postal survey was sent to all registered housing co-operatives in South Australia. As at 20th November, 41 co-operatives (out of 78) have returned their surveys, a return rate of 53%.

b. The Postal Survey

It should be noted that the following tables exclude cases where no information was provided. The totals will therefore differ from table to table.

The first set of questions sought information regarding the individual concessions for Council rates and Water and Sewerage rates available under the RRA.

Co-ops were asked if they are aware that members can apply for these concessions, and if so, do they usually apply for them. The table shows that in almost all cases, members apply for concessions. In two cases, it appears that some members do, and some members don't. This depends on perceptions of eligibility.

		Do tenants usually apply ?		
Are you aware ?	Yes	Some do, some don't	No	Grand Total
Yes	38	2	1	41

In most cases the individual member is responsible for lodging the application :

Who Lodges the application ?	Total
Individual	36
Group	2
Mixed	1
Grand Total	39

In many cases, co-operatives need only to lodge their applications once. This reflects that in those cases, responding co-ops have members on longer-term Centrelink benefits such as pensions rather than shorter term benefits such as Newstart Allowance. In other cases a quarterly application is required. In some cases, both processes are needed due to mixed tenant types :

How frequently do you apply ?	Total
Once only	24
Quarterly	7
Mixed	7
Grand Total	38

Lodgement in person was by far the most common method of submitting applications :

How were applications lodged ?	Total
In person	33
Both in person and by post	2
By Post Only	4
Grand Total	39

Applications can be lodged with either a Council, FAYS or SA Water. By far the most common place of lodgement is with a FAYS office. This emphasises the importance of FAYS in the remission process.

Where was application lodged	No.
A Council	11
FAYS office	32
SA Water	10

Note : Total will exceed 40 as multiple places of submission are possible

The amount of time required to process applications varied from co-op to co-op, from 15 minutes each up to 60 minutes each. Practices vary widely between co-ops. In roughly half the cases the co-op is quite involved, obtaining application forms and distributing them, or providing information to tenants. Sometimes the co-op fills in the form before distributing it. In other cases the process is left almost entirely to the tenants. Workloads vary according to how many eligible tenants a co-op has, and how many of those are not in receipt of longer term Centrelink payments, thus increasing the workload.

Co-ops were asked if their tenancy agreement stipulates that the tenant must apply for these concessions, and if this provision is enforced. About a quarter have this provision in the tenancy agreement.

Are tenants required to apply ?	Total
No	28
Yes	10
Grand Total	38

Surprisingly more co-ops claimed this provision is enforced than said the provision existed. Further exploration revealed that a similar provision sometimes exists in By-Laws instead.

Is this provision enforced ?	Total
N/A	23
Yes	13
No	5
Grand Total	41

Co-ops were asked to describe any difficulties with securing these individual concessions. The comments have been transcribed verbatim and can be obtained (minus identifying information) from the Project Officer. In summary, the process appears to be working adequately in most cases. This is particularly the case when the applicant is on a longer term Centrelink benefit such as the aged pension or disability support pension. It is where the applicant has to lodge the FAYS form due to being on a shorter term Centrelink benefit such as Newstart, that serious problems can arise. Situations involving shared water meters are discussed separately below.

In regard to the actual process of lodgement, thirty five out of the forty one co-ops reported no substantial difficulties. Difficulties reported included :

- Inconsistency and lack of knowledge of the concessions among FAYS staff (3 co-ops)
- Difficulties obtaining the right Centrelink evidence (2 co-ops)
- Confusion around which Centrelink evidence is required by FAYS – Income Declaration or Payment Summary Screen (2 co-ops)
- Delays in processing thus requiring the co-op to pay up-front and obtain a credit later (1 co-op)
- Failure of FAYS to return originals of accounts (1 co-op)

Another problem concerns the structure of the system. Tenants on longer term Centrelink benefits are only required to lodge an application once and then receive the concession continually until they notify a change in circumstances. Tenants on shorter term Centrelink benefits must renew the application every quarter. This means that as well as a trip to FAYS they must obtain a current certificate of eligibility from Centrelink (a current Statement of Income showing payment between the dates on the accounts).

Six co-operatives reported difficulties where the tenant is required to re-submit an application on a quarterly basis, because of the effort required to negotiate the FAYS and Centrelink systems. One of these co-ops has given up even trying in the case of tenants on Newstart, and two others noted ‘disillusionment’ among tenants on Newstart. Seven co-ops mentioned difficulties in persuading tenants to apply, as there is no direct financial benefit to the tenant. For one co-op immobility due to the age of members was an issue and for another arranging baby-sitting was a problem.

Co-ops were also asked about any difficulties in regard to strata titles, community titles, and shared meters or multiple dwellings on a single title. This area seems to be causing considerable difficulties for some CHO's. (Discussion with SA Water indicates that concessions cannot be granted unless separate Valuer General numbers apply to each dwelling on the meter).

Response	Strata/Community titles	Shared meters/Multiple dwellings
Not applied	1	1
Not applicable/no answer	30	27
No difficulties/ concession granted	4	6
Concessions denied	5	5
Other difficulties	1	2
Total	41	41

Note : In some cases, strata titles could involve "shared meters" or "multiple dwellings". However strata titles have been treated separately and not double-counted.

Hence it can be seen that with both strata titles and shared meters there has been a mixed experience. It is probable that with help the issues could be sorted out for those co-ops with difficulties. However as noted elsewhere obtaining concessions may not always be to the advantage of the ratepayer.

The second set of questions sought information regarding access to group rebates available under the Local Government Act and the Water and Sewerage Acts. In regard to the Local Government Act, it would appear that the potential exists for a Council to grant a rebate under Section 166 but not Section 161 as this specifically precludes groups which restrict services to members of the group as is the case in a co-operative.

Applied to Council(s)	Response from Council(s)				Grand Total
	Accepted	Not Applicable	Rejected	Mixed	
No	0	32	0	0	32
Yes	1	0	6	1	8
Grand Total	1	32	6	1	40

Of the 8 co-ops who have applied for the group rebate, two had been accepted. One of these was accepted by one Council and rejected by another. From comments written on survey forms, it is apparent that most co-ops were not aware of this provision in the Local Government Act.

In regard to group remissions under Water and Sewerage legislation, only 1 co-op had applied and this application was rejected. Presumably SA Water did not regard this group as charitable.

Applied to SA Water ?	Response from SA Water		Grand Total
	N/A	Rejected	
No	39	0	39
Yes	0	1	1
Grand Total	39	1	40

The next set of questions explored the experience of co-operatives with the Emergency Services Levy.

Co-ops were asked if they have applied to Revenue SA for a remission of the ESL. Eighteen of the co-ops have applied and 3 of these stated that they had been accepted, with one waiting.

It appears that in the early days of the ESL, a small number of CHO's may have been incorrectly granted concessions.

Applied to Revenue SA ?	Response from Revenue SA				Grand Total
	N/A	Rejected	Accepted	Waiting	
No	19	0	0	0	19
Yes	0	13	3	1	17
In process	1	0	0	0	1
Grand Total	20	13	3	1	37

As was discussed above, the land classification Special Community Use attracts a different rate of ESL from residential use. In only 1 case did the respondents state that land was classified as Special Community Use. None of the co-ops had applied for reclassification and in the one case where land was so classified, it appears that this step was taken by the Valuer General.

Is any land classified as SCU ?	No.
Don't Know	14
No	24
Yes	1
Grand Total	39

Co-ops were also asked if there are aware of the reduction on the fixed component of the ESL when holding contiguous land.

Aware of contiguity provision ?	No.
Aware	13
No Answer	7
Not Aware	21
Grand Total	41

Thirteen were aware, twenty one were not aware and seven did not respond to this question. Nine respondents have applied for such a reduction.

Applied for contiguity reduction ?	No.
No	17
No Answer	12
Yes	9
Grand Total	38

Co-ops were asked to describe their status in regard to the following categories :

- Public Benevolent Institution approved by the Australian Tax Office
- Charity with Revenue SA (Charitable Collections Act)
- An Income Tax Exempt Charity approved by the Australian Tax Office

Status	No.
Public Benevolent Institution approved by the Australian Tax Office	10
Charity with Revenue SA (Charitable Collections Act)	5
An Income Tax Exempt Charity approved by the Australian Tax Office	38

While almost all co-ops are ITEC's, a small number stated they are PBI's or have charitable status with Revenue SA.

c. Personal Interviews

Two co-operatives were interviewed in person. This allowed a much more detailed exploration of the issues involved. One interview was initiated by the co-op, the other by the Project Officer.

In one case, it appeared the co-op has struggled to access concessions because of its complex property profile and tenant make-up. This co-op has 24 properties. The interview established that 13 of the tenants ought to qualify for a concession; however 6 tenants are not getting the concession who should qualify. In three cases this is because they are new to the co-op and yet to claim. Three have been rejected due to living in properties with shared meters. This co-op has given up applying for concessions for tenants on Newstart Allowance due to the time-consuming and complicated nature of the process. In this co-op there are 7 tenants on pensions but only one received a concession.

In this co-op it appears that the intersection of shared water meters with many tenants on Newstart Allowance or ineligible due to working has acted as a powerful deterrent to obtaining concessions.

The other co-op has been more successful in negotiating the system, though it too has experienced difficulties in regard to properties with shared meters. All but three eligible tenants in this co-op had been successful.

Reasons for not applying included :

- Mental health disability – tenant unable to complete process
- Dyslexia – tenant needs help to apply – this has yet to be arranged
- Disaffected member.

d. Forums

Feedback from Forums reinforced the evidence gathered by the survey and interviews. In many cases the application process is working well. Where the co-op has members on Newstart Allowance or another shorter-term benefit, difficulties can arise which may be so severe as to discourage people from applying.

e. Suggestions from Housing Co-Operatives

Housing co-operatives were asked for their suggestions as to how the current system could be improved.

Suggestions can be summarised as follows :

- A specific form for CHO's to fill in
- Make it possible for the co-op to apply rather than the tenant
- Introduce a single point of application eg a single government body
- A fact sheet endorsed by FAYS explaining how to apply
- Reduction in the frequency of claims from quarterly to biannually or annually
- Single bulk application form for CHO's
- Capacity to apply at a Post Office to improve local accessibility
- Automatic exemptions notified by SACHA to appropriate rating authority (centralised system)
- Training for FAYS staff to ensure consistency
- An Information Kit from CHCSA

- Centrelink could notify rating authority electronically of eligible people
- Let Newstart beneficiaries use State Concession Card as evidence rather than needing Centrelink evidence
- SA Water should list all accounts on a single form to assist processing and to allow co-ops to check water usage and leaks.

There are many ideas in this list which are worthy of follow up and detailed exploration with the appropriate agency, and this will be done in Phase 2 of the project.

f. In Summary

In summary it appears that for the bulk of co-ops the system works adequately. The principal issues are :

- The amount of work required especially for tenants not on a longer term Centrelink payment
- Inadequacies in information and knowledge both for staff and co-ops
- Difficulties and complexities with strata-titled properties and other properties with shared water meters

The repetitious workload is prompting calls for systemic change.

6. Results of Consulting Housing Associations

a. Introduction

Housing associations were contacted as follows :

- A postal survey
- Attendance at regional forums of housing associations
- Personal interview (ten cases)
- Follow up telephone calls to clarify particular points or seek additional information.

The purpose of the consultation was to gather information on current practices and experiences in regard to concessions and to seek suggestions for improving the system.

The postal survey was sent to all registered housing associations in South Australia, other than those who were interviewed in person. As at 12th November, 34 associations have returned their surveys, out of 40 distributed, a return rate of 85%.

It should be noted that in one case, a particular association also manages the administrative affairs of 7 other associations. One survey form was completed for all eight associations as administrative practice and experience was the same for all. However the returns were counted separately ie as 8 associations.

The survey used for associations was longer and more complex than the one used for co-operatives, as the issues are different in some respects.

The information was correct at the time of the survey, but is likely to have dated rapidly as awareness of the rebate provisions of the Local Government Act has grown and associations have lodged applications.

b. Survey and Interview Results

The first set of questions explored associations' experience with group rebates for Council rates under Sections 161 and 166 of the Local Government Act, and experience with individual concessions under the RRA.

The first table shows awareness and use of the Local Government Act provisions :

Factor	No.
Aware of S. 161/166	15
Has ever lodged an application under S. 161/166	15
Unaware/not using	19

About forty five percent of the Associations are aware of and have at some stage lodged an application under these provisions.

The attached table gives a list of Council areas in South Australia which are known to have community housing organisation properties in them. An identify number has been attached to respondents rather than showing their names.

The table shows that on average, in less than one third of cases have applications been lodged by CHO's for a rebate under the Local Government Act. The West Torrens area had the highest application numbers and in several cases the application rate was zero.

The following table summarises the findings. The table shows all possible situations where an application could have been lodged ie there were 191 cases where a housing association owned properties in different Council areas – if an association owned properties in 5 Council areas, that would count as 5 cases, and so on. Of the 60 applications, 7 had been rejected, an average rejection rate of about 12%. Both the application rate and the acceptance rate were higher in the metropolitan area than in the country. In most cases where the application was approved, the 75% rebate under Section 161 was granted. In 4 cases, a 100% rebate was granted.

Community Housing Associations - Applications for a Rate Rebate To Local Government Under S.161/166 of the LG Act.

Situation	Metrc	Country	Total
Accepted	40	12	52
Rejected	5	2	7
Pending	0	1	1
<i>Total Applications</i>	<i>45</i>	<i>15</i>	<i>60</i>
Not Applied	96	35	131
Total	141	50	191
Application rate	31.9	30.0	31.4
Acceptance rate	88.9	80.0	86.7
Rejection rate	11.1	13.3	11.7

(Note : Situation as at time of completion of survey).

Applications by housing associations to Local Government for Section 161/166 rebates

No.	Adelaide	Burnside	Campbelltown	Charles Sturt	Gawler	Holdfast Bay	Marion	Mitcham	N, P, St Peters	Onkaparinga	Playford	Pt Adelaide Enfield	Prospect	Salisbury	Tea Tree Gully	Unley	West Torrens	Totals/Averages
1				N	N						A	N		R	N		A	7
3				A	A	A	A	A	R	A	A	A		A	A	A	A	13
4			N	N		N	N	N		N				N	N	N	N	10
5			N						N		N	A	N	A	A			7
6						N	N	N	N	N	N	N		N	N	N		9
9			N	N			N		N	N	N	N		N	N	N		10
10	N			N	N					N	N	N	N	N	N		N	10
12			A	A			A	A	A	A	A	A	A	A	A		A	12
13	N		N	N	N	N	N	N	N	N	N	N		N	N		N	14
14				R			N				N	N	N	N	N		R	8
15	A	A	A						A			A		A		A	A	8
16							N			N								2
20					N			N		N	A	N		N	N			7
21						R						A						2
22							N	N		A		N	N	N		N	N	8
23							N			N						N	N	4
25	N												N			N	N	4
27											N			N				2
29						N	N	N										3
30								N										1
A	1	1	2	2	1	1	2	2	2	3	4	5	1	4	3	2	4	40
R	0	0	0	1	0	1	0	0	1	0	0	0	0	1	0	0	1	5
AP'S	1	1	2	3	1	2	2	2	3	3	4	5	1	5	3	2	5	45
N	3	0	4	5	4	4	9	7	4	8	7	8	5	9	8	5	6	96
Total	4	1	6	8	5	6	11	9	7	11	11	13	6	14	11	7	11	141
AR	25.0	100.0	33.3	37.5	20.0	33.3	18.2	22.2	42.9	27.3	36.4	38.5	16.7	35.7	27.3	28.6	45.5	31.9
AC.R.	100.0	100.0	100.0	66.7	100.0	50.0	100.0	100.0	66.7	100.0	100.0	100.0	100.0	80.0	100.0	100.0	80.0	88.9

KEY : A = Accepted; R = Rejected; P = Pending; AP's = Applications; N = Not Applied; AR = Application Rate; AC.R. = Acceptance Rate.

Applications by housing associations to Local Government for Section 161/166 rebates

No.	Adelaide Hills	Alexandrina	Barossa	Berri Barmera	Clare & Gilbert Valleys	Copper Coast	Goyder	Kangaroo Island	Light	Loxton Waikerie	Mid Murray	Mount Barker	Mount Gambier CP	Murray Bridge	Naracoorte & Lucindale	Port & Augusta	Port Lincoln	Port Pirie	Renmark Paringa	Victor Harbor	Whyalla	Yorke Peninsula	Totals Averages
1	N																						1
2				N						N		N	N	N					N				6
6	N				N		N			P							N						5
7																						R	1
8																		N					1
9	N			N						N		N				N			N		N		7
11					A																		1
12				A						A			R	A			A	A	A				7
17								A															1
18																		N					1
19	A											A											2
20														N									1
22			N	N								N	N							N			5
24											A												1
26						N																	1
27										N													1
28				N	N		N		N														4
31							N																1
32				N																			1
33	N																						1
34										A													1
A	1	0	0	1	1	0	0	1	0	2	1	1	0	1	0	0	1	1	1	0	0	0	12
R	0	0	0	0	0	0	0	0	0	0	0	0	1	0	0	0	0	0	0	0	0	0	2
P	0	0	0	0	0	0	0	0	0	1	0	0	0	0	0	0	0	0	0	0	0	0	1
AP'S	1	0	0	1	1	0	0	1	0	3	1	1	1	1	0	0	1	1	1	0	0	1	15
N.A.	4	1	3	2	2	1	3	0	1	3	0	1	3	2	1	1	1	2	2	1	1	0	35
T	5	1	3	3	3	1	3	1	1	6	1	2	4	3	1	1	2	3	3	1	1	1	50
AR	20.0	0.0	0.0	33.3	33.3	0.0	0.0	100.0	0.0	50.0	100.0	50.0	25.0	33.3	0.0	0.0	50.0	33.3	33.3	0.0	0.0	100.0	30.0
AC.R	100.0	N/A	N/A	100.0	100.0	N/A	N/A	100.0	N/A	66.7	100.0	100.0	0.0	100.0	N/A	N/A	100.0	100.0	100.0	N/A	N/A	0.0	80.0

KEY : A = Accepted; R = Rejected; P = Pending; AP's = Applications; NA = Not Applied; AR = Application Rate; AC.R. = Acceptance Rate.

This table suggests that even where awareness exists, this does not always translate into an application. However, when applications are made, there is likely to be a high rate of success.

Practices around renewing rebates seemed to vary, with some Councils requiring an annual renewal, others not.

Associations were asked how long a decision took. Only seven answers were obtained. This question was asked because there had been concern raised about the length of time required. Decision-making took various lengths of time ranging from weeks up to 'years'. However it should be recalled that the new Local Government Act was only passed in 1999, introducing a new rebate system. It is not unreasonable that a settling-in period was required. By now it can be anticipated that the process should have settled down and become routine.

Time taken for a decision
Six months
Years in some cases
Six weeks
Not long
4 weeks
2 months
2 months

Six of the twelve associations which provided information in response to the question about the process of application used the Council form and ten wrote supporting letters, with several doing both.

In contrast to Section 161, almost all the associations were aware of the existence of individual concessions under the RRA.

Aware of individual concessions	Total
Yes	27
No	3
Unclear or No Answer	4
Total	34

Forty two percent of respondents are using the RRA exclusively, while eight are using the Local Government Act exclusively, in regard to Council rates. Seven use both Acts depending on circumstances, for example if a particular Council has rejected an application. Three are using neither Act.

Factor	No.
Uses RRA exclusively	15
Uses Local Government Act exclusively	8
Uses both Acts	7
Uses neither Act	3
Unclear or No Answer	1
Total	34

The second set of questions explored the issue of water and sewerage rates.

Only eight of responding associations were aware of the existence of the charitable exemption rate under the Water and Sewerage legislation. Seven of these groups had applied to SA Water for the charitable rate and six had been successful. However in the unsuccessful cases it appears that the application was made verbally and it is more likely that a written application might have been successful.

In making application for individual concessions, whether for council remissions or water and sewerage remissions, ten of the associations appeared to be aware of, and using, the FAYS form, with the rest who have applied under the RRA using the SA Water form. This is in marked contrast to the experience of housing co-operatives and may reflect the prevalence of pensions as opposed to beneficiaries among associations.

The next set of questions explored the experience of associations with the ESL.

Only nine of the responding associations had applied for a reduction in the ESL, a much smaller proportion than among co-operatives. As would be expected none of these applications were successful except in one case where a Special Community Use of land classification had been approved.

Ten of the associations were aware of the provision in the ESL regulations concerning contiguous land, and nine of these had applied for the adjustment. In many cases responding associations do not own contiguous land.

Only two of the associations were aware of the provision concerning Special Community Use land classification. However in neither case was this being used.

Seven of the associations own strata titles properties – about a fifth of respondents. Five of these are receiving individual pensioner concessions for these properties. In one case it was unclear if the concession is being received.

Nineteen of the associations own properties with shared water meters – over half of total respondents. Eleven had been fully successful in applying for concessions. Three others had had partial success, and four had had no success. One had not applied.

Ten of the associations have a provision in their tenancy agreement requiring tenants to apply for pensioner concessions. Two of these normally enforce the provision while eight others selectively enforce it depending on the situation. Two do not enforce it.

Associations were asked to describe any problems experienced in obtaining rebates and concessions. In summary the following main problems were reported :

Problem	No.
The time and effort involved in ensuring tenants apply, due to complex process	8
Lack of clear guidelines; inconsistencies	5
Problems with FAYS eg inconsistency; lack of knowledge; no forms	3
Getting new properties included	1
Problems with non-matching addresses	1
Councils not willing to backdate concessions like SA Water do	1

(Note : a full transcription [minus identifying information] can be obtained from the Project Officer).

The major problem is the time and effort required to get tenants to apply, as there is no immediate and obvious benefit to the tenant. This appears to be a bigger problem in Associations than in co-operatives, perhaps because tenants in co-operatives are more closely involved in running the organisation and understand the financial benefit to the group of obtaining concessions.

The problem seems particularly serious when an Association has a large number of tenants on a shorter-term Centrelink benefit such as Newstart Allowance. One Association pointed out that this application must be lodged four times a year. The Association therefore needs 200-300 forms a year because they have 50-60 tenants in this category. Yet FAYS offices do not always have supplies of the form and depending on who is staffing the counter may not even be aware of the form. In some cases Associations have given up trying in respect of this category of tenant.

Associations were asked to describe the assistance they provide to tenants in obtaining rebates and concessions.

Assistance	No.
Fill in form on behalf of tenant	15
Provide information to tenant	9
Lodge forms on behalf of tenant	6
Provide blank forms to tenants	5

It can be seen that considerable effort goes in to ensuring the applications are completed – many Associations pre-complete the forms for tenants.

Associations face considerable costs in providing this assistance mainly with staff time, postage and stationery.

Costs	No.
Staff time	19
Postage	15
Stationery	10
Arranging witnessing	3
Follow up	3
Photocopying	2

During interviews Associations were asked if they could quantify the costs involved. However, this did not prove to be possible as specific records are not kept.

c. Forums

Information from Forums reinforced and extended the information obtained by interview and postal survey but did not generate different insights.

d. Suggestions from Housing Associations

Housing associations were asked for their suggestions as to how the current system could be improved.

Suggestions can be summarised as follows :

- Automatic exemptions notified by SACHA to appropriate rating authority (centralised system)
- Reduction in the number of forms
- Introduction of a single agency to handle rebates and concessions
- Councils to have clear, consistent guidelines
- Make information available and forms available via the Internet
- Introduction of an eligibility trigger eg PBI/I TEC status
- Authorise the Housing Association manager to verify eligibility, with the Auditor doing a spot check as part of annual audit
- Easier system for adding new properties
- See Council rebate as a Top-Up for State government concessions
- Get permission from tenant to access Centrelink information so that landlord can control the process
- An improved SA Water form with space to write name of association
- Better backdating process from Councils
- Allow Associations to simply supply a copy of the Concession card rather than using a JP
- Allow tenants to use income statement from previous rent review rather than having to get a fresh statement from Centrelink every three months
- Legislative change to simplify the process
- Training for CHO's
- Training for SA Water and FAYS
- Granting a rebate under Section 161 or 166 of the Local Government Act should trigger eligibility under Water & Sewerage Acts
- Put ESL under same umbrella as the rest
- Development of an IT solution linking rating authority to Centrelink
- Reduce the frequency of verification to once a year for all applicants
- Put SACHA's debenture list on the Internet for CHO's to access

These suggestions will be examined further in Section 8.

7. Results of Consulting Councils

a. Introduction

All Councils in South Australia were sent background information on the project and community housing, along with a survey and covering letter. Where the Council is known to have properties owned by CHO's within its boundaries, a list of the properties was provided (Councils already have this information – the list was provided to facilitate their response). Councils were asked a series of questions relating to administration of rebates under Sections 161 and 166 of the Local Government Act. The opportunity was also taken to request suggestions for improvements overall in regard to these rebates.

As of 24th November 2003, 42 Councils (12 metropolitan and 30 country) had responded to the survey, out of 68, a response rate of 62%. Four metropolitan Councils had yet to respond. Of the 42, 26 (13 metropolitan and 13 country) have CHO's providing housing in their area. However even where Councils do not have CHO properties within their boundaries, comments and information about rebates may have been provided, and these have been included in the results.

The following table uses information from SACHA to illustrate the distribution of community housing across Council areas in SA as at August 2003 :

Region	Associations	Co-operatives	Other	Total
Metro	2088	1200	78	3366
Country	257	199	56	512
Total	2345	1399	134	3878

(Note : "Other" includes non-subsidised co-ops, holding associations and properties owned by SACHA).

It can be seen that community housing is strongly concentrated into the metropolitan area, with 87% of the stock. Dwellings owned by Associations make up 60% of the total.

The following table shows the number of Councils with community housing in their areas compared to the total number of Councils :

Region	Councils with community housing	Total Councils	Percent with community housing	Response rate of those with community housing
Metro	17	18	94.4	76.5
Country	25	50	50.0	52.0
Total	42	68	61.8	59.5

It can be seen that almost all metropolitan Councils have community housing within their boundaries, while exactly half of country Councils have community housing.

The Project Officer also attended meetings of two local government forums :

- The Rate Administrators Institute of SA Inc
- The Local Government Financial Managers Group.

These meetings provided further valuable information which has been incorporated into the Paper.

Local government has a long tradition of supporting community housing in South Australia, providing research, material assistance, staff time and expertise, land, management and administrative services, financial assistance, and technical services.

b. Section 161

Twenty two of the forty two respondents stated that they have a policy regarding the granting of rebates under Section 161. From the samples attached to survey returns, it is apparent that Councils rely very heavily on the model policy developed by the LGA.

The following table shows how decisions are made in respect of Section 161 applications.

How decisions were made	No.
Legal opinion on a case by case basis	11
A general legal opinion regarding Section 161	11
A pre-existing internal definition or policy	12
Other means eg networking SAIRA manual; Act	9

(Note : Options not mutually exclusive, therefore will not sum to total of respondents).

It can be seen that there is considerable reliance on legal opinions in assessing applications, including many individual opinions. However there are also many pre-existing internal definitions and policies.

Respondents were asked to define what the terms ‘emergency accommodation’ and ‘supported accommodation’ mean to them. Twelve respondents provided definitions of emergency accommodation which all focused on crises requiring immediate but short term accommodation. Three respondents made reference to the Act. Three respondents stated it was a case by case assessment. Given that CHO’s do not normally provide emergency accommodation, this would appear to discount applications made on this ground by CHO’s.

Seventeen respondents defined supported accommodation by referring to the Act or repeated the Act. A few provided their own definitions :

- Accommodation where the resident(s) are provided some form of nursing support and their lifestyle is not regarded as independent. **Provision** of support is considered essential in order to qualify
- To meet needs of persons not able to fully care for themselves
- Longer term, financial assisted, sponsored accommodation
- Accommodation for people requiring support for particular needs not found in standard accommodation and generally a long term duration
- Hostel accommodation with support staff to assist residents.

It appears few Councils have gone beyond the interpretation offered in the Act.

Although Councils were asked to make available a copy of any legal advice used, none did so.

Councils were asked how many CHO’s have applied for a rebate and how many have been approved.

No. of CHO’s applying per area	Total Areas	Approved All	Approved Some	Pending	Rejected All	Not Applicable
0	20					20
1	5	3	0	1	1	0
2	5	4	1	0	0	0
3	3	1	2	1	0	0
4	2	2	0	2	0	0
6	2	0	1	1	0	0
10	1	1	0	0	0	0
18	1	0	1	0	0	0

(**Explanation** : ie – in five Council areas there was only one application, of which three were approved, one is pending, and one was rejected).

It is clear from this table that Councils by no means rubber stamp applications under Section 161 but in fact exercise their discretion. However approval ratings are high overall.

All of the applications except for two were approved at 75%, with the other being approved at 100%. Only five Councils provided reasons for refusal, as follows :

- Independent living units exempt from minimum and receiving pensioner concession applied as “supported” but not eligible. Organisations not approved by SACHA.
- One that met the requirements of Section 161 (no applications known to have been refused).

- Information supplied by housing co-op was not in line with Council's policy and/or the LG Act 1999. Occupants of houses under the care and control of the co-op receive pensioner concessions. The service is provided to members only – not general community.
- They didn't meet the requirements of section 161. Council only provide for the mandatory rebates.
- They did not meet the criteria of Sections 161 or 166, in particular, the definition of supported accommodation and emergency accommodation.

Seventeen of the respondents stated that applicants must complete a Council form with five requiring a letter, and one offering a choice. This suggests that the application process is becoming standardised across local government. Six respondents added that supporting documentation is required such as a Constitution, financial statements and evidence that the land is used for the stated purpose.

Twelve Councils reported no difficulties in administering Section 161, although some of these have not received applications from CHO's. Nine Councils noted a range of difficulties :

- Consistency between Local Government.
- Identification of eligibility
- Incomplete form, not enough documentation; lack of understanding of legislation by applicants; lack of understanding of legislation by Council; inconsistency across Councils/Govt departments.
- Require legal opinion in most cases for Section 161 applications.
- Sec 161(3) (c) does not restrict its services to persons who are members of the body; conflicts with some organisations constitutions which have reference to tenants being members of the body, although apparently there is no restriction to members.
- Site visits to confirm land use; applications for vacant land – cannot provide rebate until land is used for intended purpose; distinguishing owner and lessee – who is responsible for rates; organisations continuing to pay rates until decision is made.
- There have been problems with the interaction of the community services rebate in conjunction with other rebates. We also believe there is difficulty with interpreting the legislation and applying the eligibility criteria which leads to different Councils coming to different conclusions and inconsistency throughout the state.
- Obtaining correct details. Issue of not for profit organisations who think they have automatic entitlement.
- Determining eligibility under the Act as a community service organisation. Determining actual use of property and getting applicants to tick the correct boxes. Many applicants apply under multiple sections/criteria.

Only a small number of respondents offered suggestions for improving the administration of Section 161 :

- Use one form for all rebates so if they are not eligible for mandatory they don't have to re-apply; use pro-forma for analysis and equity when assessing; use consistent reporting documentation
- Application method already simple.
- Possibly a central point of determining eligibility so as to assist with consistency.
- Council uses a standard form provided by the Local Government Association, but we are simplifying the application form for 2004/2005.
- We would like to see a state wide standard and a single assessor organisation (perhaps the Local Government Association). Council's should also consider grant support rather than rebates.

- The process is easier now that it has been in progress for several years, therefore we don't believe that any adjustments need to be made at this time.
- Gazetting of organisations who should be provided a rebate by State Govt; centralisation of application – currently organisations have to apply to numerous Councils.
- A list of organisations that comply so that no decision making/interpretation was necessary. Then they could automatically get it on rates notice. Benefit to organisation and Council.
- Options : 1) clearer definitions in the Act; 2) State Govt issuing list of eligible organisations and properties, or list issued thru OLG for all mandatory rebates. Interpreting legal eligibility status should not be the responsibility of each Council under the mandatory sections of the Act; 3) Education of the applicants.

The most common suggestion is for some form of centralised assessment of eligibility.

Councils were asked to provide details of rebates granted to CHO's for the financial years 2001/02, 2003/03 and 2003/04. Unfortunately little data was provided except for 2003/04.

For 2003/04, rebates granted totalled \$131,258, covering 245 properties, an average of \$536 per property. However not all Councils providing rebates supplied information, so this figure is incomplete.

c. Section 166

A similar range of questions was asked in respect of Section 166, covering discretionary rebates.

Councils were asked how decisions are made in regard to applications under Section 166 :

How decisions were made	No.
Legal opinion on a case by case basis	9
A general legal opinion regarding Section 161	9
A pre-existing internal definition or policy	14
Other means	10

Again legal opinions were quite common.

The next question asked for the Councils' definition of the expression “provided a benefit or service to the local community”. Twenty respondents provided answers :

- Not principally for administration; service is predominantly for residents of the City; is the benefit or service meeting a community need ?
- Case by case. Some existing 166(j) rebates are granted for sporting bodies, service organisations, volunteer coastguard, museums and historical societies. Must generally be not-for-profit.
- Allowing the general community benefits in common with a high number of other ratepayers eg recreation use, community facilities.
- Refer section 6.2 of Council Rate rebate policy
- Social benefit as well as economic
- Judgement call. Examples – Birthline, RSL clubs
- As written
- Any not for profit organisation, usually incorporated but not necessarily. At present, granted to service clubs, community and sporting bodies.

- Not applicable – but this would be determined by Council by consensus after seeking advice from the CEO.
- City currently provide for rebates under sect. 166 for properties that are owned by Council and occupier/leased by sporting organisations. Therefore this section of the Act is not referred to in relation to community housing groups.
- Neither service or community are defined in the Local Government Act 1999, so the interpretation is difficult to write policy around. Councils’ normal practice is to assess applications on a case by case basis.
- We refer to the Local Government Financial Managers Report
- Not defined, this is determined on a case by case basis depending on the supporting information provided by the applicant.
- Council takes into account:
 - The nature & extent of Council Services to the land compared with elsewhere in the area
 - The community need that is being met,
 - & the extent that the activities being carried out on the land provides assistance or relief to disadvantaged persons.
- A community based organisation or group which provided a community benefit or service to the local community of this Council area, not to members of nearby communities.
- Have not provided rebates of this nature.
- Assists disadvantaged members of the community.
- That ratepayers or residents of the council gain a direct advantage or benefit: or, an indirect benefit through the Council or local businesses gaining an advantage.
- Each one would be assessed against this section to ascertain the benefit or service to the community.
- Case by case basis
- Not specifically defined but viewed as the whole City community or all of the more localised community.

It can be seen that there is considerable variation in the interpretation of this expression. It is less consistent than for Section 161, which is inevitable given the lack of definitions in the Act. There is a sense that Councils are feeling their way and judging each case on its merits, particularly in regard to how much applicants assist disadvantaged people.

Councils were also asked for their interpretations of the expression “accommodation for the aged or disabled”. Sixteen respondents provided answers :

- Aged (people over 60 [women] or 65 [men]) reside in the premises; disabled (people who suffer illness [mental or physical] or a disability [mental or physical] reside in the premises. NB To be considered for a rebate the organisation must also meet the criteria specified in the LG Act ie not every aged person living in the City can apply.
- Case by case. Two properties currently being granted a discretionary rebate of 25%.
- Refer section 6.2 of Council Rate rebate policy
- Nursing homes
- As written
- Have not had to apply Section 166(h) to any applications yet.
- Aged : Retirement Villages, Nursing Homes and Hostels. Disabled: Persons with Physical and Mental disabilities that need assistance to lead a normal life.
- Neither aged or disabled are defined in the Local Government Act 1999, so the interpretation is difficult to write policy around. Councils’ normal practice is to assess

applications on a case by case basis. Section 166 is very broad, providing few fundamentals for policy direction and formulation.

- We refer to the Local Government Financial Managers Report
- Not defined, this is determined on a case by case basis depending on the supporting information provided by the applicant.
- Council takes into account:
 - The nature & extent of Council Services to the land compared with elsewhere in the area
 - The community need that is being met,
 - & the extent that the activities being carried out on the land provides assistance or relief to disadvantaged persons.
- Assisted/subsidised housing for special needs people or frail aged.
- Accommodation for the aged and disabled where the accommodation is not for life-style or retirement village type facilities.
- Accommodation provided for the aged or disabled within the community.
- An organisation (not individual) providing service
- As it reads. Aged accommodation generally applied to purpose built accommodation (ie retirement villages) but does not preclude individual properties or applicants.
- Community “not for profit” organisations providing rental accommodation to aged or disabled persons.

It can be seen that the answers are quite diverse, with some Councils having elaborate interpretations while others rely on the Act or the Local Government Financial Managers Report. Again there is a sense that this is a case by case assessment with insufficient guidance provided to the assessors by the Act.

Twenty one of the respondents stated that they have a policy in regard to Section 166. However only eight Councils reported ever having received an application under Section 166 from a CHO. As can be seen from the following table, approvals rates were very low :

No. of CHO's applying per area	Total Areas	Approved All	Approved Some	Pending	Rejected All	Not Applicable
0	30					30
1	2	0	0	0	1	0
2	3	2	0	0	1	0
3	1	1	0	0	0	0
6	1	0	0	0	1	0
12	1	0	1	0	0	0

Three applications were approved at the 100% level, three were approved at the 75% level, two were approved at the 50% level, and two were approved at the 25% level. Unfortunately Councils were not able to provide any financial data in regard to Section 166. The application process is similar to the Section 161 process ie a Council form is usually supplied.

Reasons for refusal were stated in only a few cases :

- Decision of Council, so can be in line with my recommendations or sometimes not. My recommendation is usually to refuse for budget reasons, equity and consistency
- The Council does not keep records based upon CHO's
- Do not meet guidelines under existing Council policy
- Do not comply with legislative criteria

- Not providing a community service under the Section 166 of the Act ie not providing community service, and not accommodation for aged or disabled.
- If any applications were refused, it would have been because the applicant didn't meet the eligibility criteria as set out in the Rating Policy.

Eleven Councils commented when asked if difficulties had been encountered in administering Section 166 :

- We have difficulty in giving a rebate to organisations who receive a return on their asset with tenants avoiding contribution to the community.
- Consistency between Local Government.
- No problems have yet been encountered as no applications have yet been received by housing organisations under Sec 166.
- We haven't received any applications under Section 166 but we can foresee problems if we do because a number of community housing association properties already receive rate rebates and pensioner concessions.
- Nil
- None
- None
- Perhaps not significant difficulty experienced in relation to S166 applications as the Community Housing type applications are in the main qualifying under S161 for a mandatory rebate.
- Getting them to advise when eligibility ceases.
- Working out if they are eligible.
- None.

d. Overall

Councils were asked :

Are there any changes you would like to see to Sections 161 and 166 in order to assist :

- Their coverage ?
- Their interpretation ?
- Their administration ?

Thirteen Councils commented :

- No, we have just come to understand it. Section 166 was amended in February 2003
- Non-discretionary rebates should be subject to a maximum amount in dollar terms.
- The problems could all be addressed by organisations being registered as eligible on a state government register. Legislation could then be amended to grant registered organisations a rebate.
- We have not had much trouble with applications as we granted rebates under the 1934 Act which were then applied under the 1999 Act, via Council policy and resolution and none of the existing rebate beneficiaries had to make an application.
- A central administrator could be used to assess all applications to provide equity across the State.
- Both sections require more clarity and criteria put in place (eg occupier must be eligible for a disability pension etc) so that determinations may be placed on the occupier of the land. Councils Rate Review Committee will be examining Sec 161 & 166 of the Local Government Act 1999, to determine whether a rebate policy should be formulated.

- Rate rebates are not the most appropriate way to provide assistance to community groups. Grants administered by Council would be more appropriate because they can be tailor made to fit each organisation and can be reported on back to Council. There is the potential for Council's throughout the State to interpret the rate rebate legislation differently leading to an inconsistent approach to granting rebates throughout the State. An alternative may be to set up an assessment board through the Local Government Association to assess applications for rate rebates on a state-wide basis.
- For mandatory rebates, I believe a review needs to occur to assess the impact that the provision of these rebates has/will have on Councils. For many Councils, the rebates have been very significant. Is the rebate % too high a burden on the ratepayers of the area ? Maybe rebate % needs to be lowered. Mandatory rebate recipients could be 'gazetted' eliminating the need for each Council to undertake its own site visits etc (centrally administered).
- The Council has a policy in which it makes annual donation to the [CHO] for an amount equal to the difference between the rebate and rates charged, so that the [CHO], in effect, does not have to pay Council Rates. This system works well for both the Council and the [CHO] .
- Where does actual "support" begin ? A listing of eligible community housing organisations should be registered with government (State or federal); some criteria to indicate what constitutes "support".
- As with other Sections within the Act the wording could be clearer as to the intent. Clear and precise guidelines are not provided, therefore interpretation at times is difficult.
- A central list of eligible organisations.
- As stated previously clear definitions and interpretation. A proclamation or listing of mandatory organisations and properties issued by OLG each year.

It can be seen that some Councils are concerned about the cost of rebates and want this issue addressed. This is a legitimate concern especially as the volume of community housing grows. Several Councils recommended the establishment of a central register or assessment committee to make the decision regarding eligibility. Some respondents have also expressed a desire for greater clarity in the legislation.

e. Meeting with SAIRA

Participants at this meeting consisted of staff who administer rate accounts within Councils. In summary they made the following points :

- Consistency across Councils is important
- Councils are sensitive to budgetary implications
- Council Rate Administrators lack knowledge of CHO's particularly in regard to their support role
- Rate rebates may not be best way to go. Better to use community grants because rebates are less valued by recipients; have no transparency; and can't measure outcomes for community. Grants would encourage transparency, demonstrate support role to community, allow Council to measure outcomes in terms of support role – what community is getting for its money
- Section 161 is preferred by administrators because applications don't have to go to Council
- Introduce a standardised application form asking pertinent information and questions eg what level of support do you offer

- State Guidelines would be useful
- Rate administrators may not always have authority to make decisions
- Negative perceptions of housing co-ops in small communities eg the BMW in the driveway; the tenant who owns a business in the town
- It would be better if the community services people made the decision not rate administrators as they know the groups
- Councils want better information on groups eg what winding up clauses; what government grants; what type of housing; whether house members only
- Noted that applications for discretionary rebates have to be lodged by 1st May each year so it would be good if some resolution could be reached in time for next year's round
- Councils should have a Community Support Policy and this could be used to measure applications against
- Would be happy to participate further eg involvement in an information seminar for CHO's

f. Conclusion

In conclusion it can be seen that the operations of Section 161 and 166 in regard to CHO's are not causing serious difficulties. Approval rates appear to be fairly high. There is however concern about likely cost impacts. Some Councils are open to a centralised system of assessing eligibility. Clarity of the legislation could be improved to assist Councils, either by changes to the Act or through better guidance. There is a degree of inconsistency in interpretation. Some Councils may be tougher than others and have more stringent requirements.

The responses from Local Government broadly reflect the responses from housing associations which suggested high rates of approval for Section 161 applications.

8. Options for Streamlining the Current System

a. Introduction

This section of the paper draws on all the ideas and suggestions which have been put forward by various stakeholders. The first section looks at reform at the big picture level, particularly exploring the concept of sector-wide and automatic remissions. The second section focuses on incremental change aimed at fine-tuning the system without radical alteration.

As the large scale reform issues may be different for housing association and housing co-operatives, they are discussed separately.

The intention is that these proposals will be forwarded to the relevant authority and that the Community Housing Council will then seek to discuss them with the appropriate staff in each authority.

b. Large Scale Blanket Reform

i. Introduction

Several CHO's and a number of Councils suggested that it should be possible to reform the existing system to provide blanket approval for CHO's for rebates and concessions. The aim of this would be to simplify and stream-line the process for all stakeholders concerned. In a sense approval would become automatic.

There are difficulties with blanket schemes. All the current means of granting rebates and concessions depend on the concept of eligibility. Depending on the scheme, eligibility can revolve around :

- Income
- Charitable status
- Community service status
- Service provision status.

In all cases somebody ultimately has to decide that CHO's are eligible according to these various criteria. Because of the variability between CHO's this may not be an easy matter. Another difficulty is that in some situations there are options and if any of the parameters vary then which option is the best can vary. This is particularly true in regard to water and sewerage rates.

Some schemes are focused on individuals and their status eg as a low income person or a disadvantaged person. This is true of the RRA, for example, which provides what is essentially a means-tested entitlement. Other schemes are focused on properties and the use to which the property is put. This is true of the Local Government Act and the charitable exemption provisions of the Waterworks and Sewerage Acts, for example. In all cases, a determination under existing rules has to be made on the facts in regard to a particular person or a particular piece of property. The concept of exempting an organisation in its own right is alien to the current system.

Hence there are some fundamental dilemmas in trying to design a satisfactory blanket scheme.

ii. Housing Associations

Council Rates (Sections 161 and 166 of Local Government Act)

The Need for a Blanket Solution

It is possible that the Rebates and Concessions Project has to a large degree rendered the need for a blanket system redundant. The Project Officer has provided information to virtually all Housing Associations in SA on the operations of Sections 161 and 166, and as result, it is known that many have lodged applications for a rebate. Feedback to date suggests that while not all applications have been successful, there will be many positive outcomes. Previous experience also shows that where applications have been lodged the success rate has been around 88%. It is possible that further negotiation could result in more of the rejected applications being accepted. Consideration is being given to reassessing the number of successful applications in February 2004. This will demonstrate whether the recent educative process has lead to any changes. The situation 'on the ground' could render the effort of creating a blanket system more trouble than it's worth. If Councils have already rejected a number of applications then they are unlikely to accede to a blanket system if it means losing the discretion to reject applications in future.

Another issue is that very few new Housing Associations are being established. In fact the number of registered Associations declined from 46 to 43 between June 2001 and June 2002, although it has since increased to 44 according to the list on SACHA's website. This suggests little urgency to introduce a blanket system. With only small movements in the number of associations, new groups could readily be educated by SACHA or CHCSA.

A case for a blanket system could be made in regard to the need for annual renewal. Of the ten cases where Housing Associations had secured rebates at the time of the survey, 5 are required to renew annually, 4 are not required to renew, and one has to renew on changes in tenancy.

Hence a blanket system conducted on an annual basis would assist a number of Associations and Councils. It would save time and effort for CHO's and Councils, and would also ensure the currency of eligibility, and provide a general review mechanism.

Assuming that there is still a need for a blanket approach, a number of approaches could be envisaged. There are various issues associated with these approaches.

Some General Issues

The issues associated with the introduction of a sector-wide automatic remission system using Section 161 or Section 166 are :

- Defining eligibility criteria
- Ensuring consistent application between Councils
- Verification of eligibility
- Administrative simplicity
- Avoidance of “lowest common denominator” approaches
- Loss of entitlements by CHO's already receiving rebates
- Fairness (social equity).

A well designed blanket system would ensure that all these issues are adequately addressed.

A Triggers Approach(The Preferred Option)

One approach would be to consider “triggers”. If a CHO possesses a certain trigger, then it would be entitled to Section 161 recognition. Possible triggers could include :

- Housing predominantly people who meet government eligibility criteria for social housing (either for all Categories or for Categories 1 and 2)
- Having a Funding Agreement with SACHA
- Possession of Income Tax Exempt Charitable Status with the Australia Taxation Office
- Compliance with proposed Commonwealth legislation defining charities
- GST exemption status.

Possibly it could be a requirement that a number of these conditions would have to be met. As an example, one could set a tight parameter that if 90% of tenants currently fit Category 1 or 2 then the CHO is eligible. If the proportion drops below that figure, the CHO would be obliged to advise the Council. (The Categories are discussed in more detail in Section 4j above). The data presented in Section 4j showed that on average over the last three years, 94% of applicants newly housed by housing associations and 82% of applicants newly housed by housing co-operatives were in Categories 1 or 2.

In this model, the CHO would advise SACHA of the proportion of new tenants housed who fit each category. SACHA in turn would issue a bulletin to Councils with community housing in its area, advising the status of each CHO. All the Council has to do is match the CHO name to properties and apply the rebate to those CHO's which qualify. This would be an annual process.

The advantage of this approach is that it is factual and does not require the exercise of judgement by SACHA or Councils. In this case no further evidence would be required of the CHO. Additionally the CHO would obviously have to have a Funding Agreement with SACHA and would need to possess ITEC status with the ATO. SA Water accepts the ATO's ITEC certificate as evidence of charitable status for the purposes of granting its charitable exemption rate, so there is a precedent.

How would this approach sit with the requirements of Section 161, in particular requirements around emergency accommodation and supported accommodation ?

People who met the Needs Test for eligibility for community housing undergo an “individual needs assessment”. Relevant circumstances for meeting this test include :

- A life-threatening situation in current accommodation
- Serious long-term health issues
- Serious long-term disability
- Domestic/family violence
- People who are homeless
- Victims of a major crime
- People in the Witness Protection program
- People subject to persistent harassment
- People who have characteristics which would constitute a high level of discrimination by property owners and/or land agents and therefore are unable to access private rental accommodation; those for whom the private rental market is inappropriate due to social and cultural factors; those with a lack of social/financial skills or resources to negotiate and/or maintain private rental accommodation
- Natural disaster
- People who are in transitional or crisis accommodation
- People on TPI pensions
- Refugees who arrived in Australia in the previous two years
- People on DSP
- People exiting institutional care
- Other exceptional circumstances
- People in Housing Trust Direct lease and Short term tenancy programs and Aboriginal Youth at Risk program
- Tenants who have been asked to move by their social housing provider, other than for an eviction.

“Emergency accommodation” is not defined in the Local Government Act but as mentioned Councils have focused on situations of an crisis nature requiring an urgent response but for a short duration. This would appear not to be relevant to community housing providers which, although they may respond to urgent situations, tend to offer longer term housing.

“Supported accommodation” is defined in the Act as (in part) “Accommodation for persons with mental health difficulties, intellectual or physical difficulties, or other difficulties, who require support in order to live an independent life”.

This appears to fit quite comfortably with the above definitions around Categories 1 and 2 and in particularly the definition of “need”.

It is suggested therefore that provided the CHO is preponderantly housing applicants in Categories 1 and 2, this approach would be adequate to establish eligibility.

This approach would be relatively simple, once agreement was reached on the appropriate trigger or triggers. It would involve little work for either Councils or CHO’s. This would be a discretionary system that Councils could choose to participate in.

Definitional Approaches

From research undertaken to date, “eligibility” under Section 161 seems to turn on how the concepts of “emergency accommodation” and “supported accommodation” are defined. Some Councils appear to have a more open interpretation of the expression “supported”. There is nothing in the Act that requires support to actually be provided, or provided by the CHO, only that the people housed are in need of support in order to live independent lives. Does “independent lives” have a different meaning to “independently” ?

In some cases it appears that Councils decide on the basis of the characteristics of the tenants. If the CHO predominantly houses people with mental health, intellectual or physical difficulties, then the rebate is approved. Some Councils seem to require that support is actually being provided by the CHO to such tenants, some don't.

The grey area is the catch-all phrase “other difficulties”. Interpretation of this phrase may vary considerably. Do we mean short term or long term difficulties ? Isn't one of the advantages of community housing the capacity to help a person with difficulties ‘turn around’ their life and become independent again ? Is a person whose difficulty is a lack of stable housing which has hampered pursuit of education eligible, for example ?

How should “Support” be defined ? One must ask what support housing associations provide to their tenants. This can be summarised as :

- Accommodation
- Affordable rents
- Moral support and encouragement
- Supportive networks of workers, volunteers and Board members, with frequent ongoing interaction
- Advice and information
- Referral and linkage to other support services
- Connection to a sponsoring organisation which is usually a support agency in its own right.

On these criteria, it could be that all Housing Associations should be eligible. However research for this project has shown that some Councils are reluctant to approve a rebate where the tenants of the Association do not have defined or clearly identifiable disabilities but are simply on a low income and have poor social skills which inhibit their functionality in the job market and in positive social functioning. For example, Frederick Ozanam Housing Association fits this category and was recently rejected by one Council, while the same Council in the same week approved an application by Roofs Housing Association, which houses people with a mental illness. This implies that low income does not qualify as an “other difficulty” under the Local Government Act. It could be argued that low income earners are already covered by the RRA. However Councils have the power to grant rebates under Section 161 to community service organisations providing food or clothing to disadvantaged persons or legal services to disadvantaged persons, and in both cases poverty is defined as a disadvantage. It is unclear why this should not extend to other community service organisations providing supported or emergency accommodation. As was mentioned before, CHO's overwhelmingly house people with few other housing options.

One possibility for moving this forward is to workshop the issue with the participants being representatives of the CHCSA, local government, the LGA, SACHA and the OLG.

If a suitable definition could be found this would reduce the concern shown in the survey of Councils around inconsistency and the difficulties of interpreting the Act.

Once agreed, the Local Government Association could issue policy guidelines defining “supported accommodation”.

This would be a discretionary scheme. However if it was based on broad consensus, it would be persuasive and authoritative.

Regulatory Approaches

As was noted previously, the rebate provisions of the Local Government Act were designed to provide both consistency and flexibility. This could be considered an impossibility. Either one has consistency or one has flexibility, but not both at the same time. The only ways to achieve consistency are either to secure complete agreement among all Councils, or to remove the discretion available. A non-discretionary approach would involve a Regulation under Section 303 of the Local Government Act. While this would remove discretion from local government it would provide certainty and administrative ease.

Another regulatory approach to a blanket system would be to change the Local Government Act to provide for declaration of eligibility for certain organisations or types of organisation, either through regulations or gazettal. For example, a regulation could declare that particular registered housing associations are approved organisations for the purposes of Section 161. This is the approach adopted in the Save the River Murray legislation. This approach would certainly satisfy the hopes of many CHO’s who were consulted for this project. But someone would still have to decide on eligibility against a set of criteria.

Another legislative approach would be to amend the definition of “supported accommodation” in Section 4 of the Local Government Act. If it were amended to read “accommodation for disadvantaged persons who need support in order to live an independent life” it would be less prescriptive and more inclusive. The Act defines “disadvantaged” to include “persons disadvantaged by reason of poverty, illness, frailty, or mental, intellectual or physical disability”.

The problem with all these regulatory approaches is that they are non-discretionary and remove local flexibility. They could have budgetary implications. This may not be acceptable to some Councils. On the other hand, they would reduce Councils’ workloads as applications could be processed without investigation.

It is understood that the Minister for Local Government would be reluctant to amend legislation without strong support from the local government sector.

Certification

Another approach would be certification by SACHA that the CHO meets eligibility criteria under Section 161. The main advantage to CHO’s would be once-only application covering all Council areas. The main advantage to Councils would that they would be relieved of the need to make decisions and process applications. This approach assumes that certain classes of people are eligible rather than individuals. Each year SACHA would certify that particular CHO’s meet agreed eligibility criteria. It could be useful to cross-check this list with Councils, as Councils may have valuable local knowledge which could add to the picture.

Up to 17 of the 42 registered housing associations on the SACHA Internet list appear to meet unequivocally the criteria of housing people in need of support to live independent lives. That leaves 25 who have a less specific focus but on knowledge of these organisations it is certain that many would qualify. Some have indeed already obtained Section 1616 rebates. The SACHA Internet list of housing associations provides role descriptions such as :

- “Disadvantaged groups such as the aged, students, aboriginals, single parent families and families in need of emergency accommodation”
- “Housing for people on low incomes, the elderly, students, single parent families, families in need, people from culturally diverse backgrounds, and anyone in genuine need.”
- “Families and low income earners who are in immediate financial need.”

In some of these cases rebates have been granted although it is not clear under which section of the Local Government Act. As mentioned, some Councils may be loath to grant Section 161 rebates on the basis of low income alone, since the RRA provides for this, but will want evidence of some additional disadvantage such as a disability.

It would appear necessary under this approach for the group to establish that it meets the requirements of Section 161 with SACHA, unless SACHA believes it has sufficient knowledge of the group to issue a certificate. Such knowledge may be available though the annual data return which all CHO's lodge with SACHA.

This approach could be modified to allow for partial rebating according to the characteristics of the CHO's tenants, for example, if 50% of the tenants have a defined disability and 50% are low income earners without any other difficulties, then a 50% rebate could apply ie if the Association has 20 houses, then 10 would attract the 75% rebate and 10 would not. This would be administratively cumbersome and subject to controversy and possibly appeal.

SACHA could provide an anonymous copy of the annual data return to Councils as evidence of the socio-demographic characteristics of each CHO, provided privacy concerns re addressed. CHO's would probably need to give their consent for the information to be released.

If SACHA does not believe that it has such knowledge, then a suitable application form would need to be designed for CHO's to complete.

One of the key challenges in designing such a system is that if there was an error or fraud by a CHO, would SACHA be liable for reimbursement of any rebates incorrectly granted ?

Another issue is the amount of work which would be required for SACHA in order to make this approach work. SACHA did some work on this approach in 2001. The officer concerned noted in correspondence :

‘I have been working on trying to match VG property data files with our CHO and property data files to incorporate household data (ie household type hence disability type hence ‘automatic’ eligibility for rate rebate) with VG valuation number and have discovered no easy path to do so’.

Hence this system could only work administratively if it relied on broadly profiling groups and adopting an averaging approach, rather than trying to identify every single individual and assign an eligibility rating.

A variation on this approach would be to give the certification power to the Community Housing Council of SA. While the CHC is well acquainted with the characteristics of the CHO's, it could be problematic to ask the CHC to pass judgement on its own members.

A further variation would be for the LGA to set up an assessment committee to examine applications on a Statewide basis each year. Councils would presumably agree to voluntarily surrender their discretion to this committee and would abide by its findings. With over forty organisations to assess the workload would be substantial.

One advantage of the certification approach is that it could be made voluntary for local government to participate. If a Council did not want to participate it would retain its ability to assess applications on their merits according to Council policy.

In summary a certification approach involving SACHA as the certifier could entail :

- Voluntary participation by Councils and CHO's
- Certification that a certain percentage of the tenants in properties in a particular Council area appear to match the broad eligibility criteria of Section 161
- Packaging of all the accounts for a given CHO into one statement
- Deduction from statement of 75% of the nominated percentage of eligible tenants

For example, if the certifier advised that 80% of the tenants of a particular CHO in a particular area appeared to match the criteria, and the total rate bill was \$5500, then the rebate would be equal to 75% of 80% of \$5500 ie \$3300. Given the way the situation 'on the ground' has emerged, with a success rate of 88% among applicants for a 75% rebate, this system may not only be redundant it may be a backward step as far as CHO's are concerned.

Another difficulty is that this approach relies on judgement, which is certain to err on the side of caution. Such judgements could well be appealable, involving time and cost for SACHA and CHO's.

Summary

The issues surrounding these various approaches can be summarised as follows :

Approach	Issue						
	Eligibility	Consistency	Verification	Simplicity	LCD	Loss	Fairness
OLG Guidance	Simple	Good	Simple	High	No issue	No issue	Good
Regulation	Simple	Good	Simple	High	No issue	No issue	Good
Act changes	Simple	Good	Easy	High	No issue	No issue	Blunt
Triggers	Simple	Good	Easy	High	No issue	No issue	Good
Certification	Complex	?	Easy	Complex	Possibly	Possibly	Good

In conclusion it can be seen that there are many issues to be worked through in designing a blanket approach to rebates under the Local Government Act.

It is suggested that no definite action be taken until a re-assessment of the situation 'on the ground' in February 2004.

Council Rates (Rates and Land Tax Remission Act)

Concessions on Council rates are closely linked to concessions on water and sewerage rates. Some proposals in regard to water and sewerage rates are discussed in the next section.

Water and Sewerage

At present a concession on water and sewerage rates can possibly be obtained either by the CHO lodging an application for the charitable exemption rate or by individual tenants applying for the pensioner concession rate. Which rate is most advantageous to the CHO depends on various factors including the level of water consumption, whether all residents are eligible for RRA concessions, and whether the property has individual Valuer General numbers. If water consumption is very low, the pensioner concession rate is marginally cheaper assuming all tenants are eligible. For consumption above a low level, the charitable consumption rate is cheaper. The problem would be predicting consumption patterns eg in one year, the pensioner concession rate might be better, in the next year the charitable exemption rate might be cheaper. Swapping backwards and forwards might not be allowed by SA Water and would be in any case involve considerable work.

A blanket system using the pensioner concessions under the RRA could apply to both council rates and water and sewerage rates, so these can be discussed together.

Reimbursement Scheme (Preferred Option)

In this scheme CHO's would first calculate the number of tenants eligible for a concession under the RRA. Tenants can only claim a reduced rent by producing periodic information validating their income. For the majority this would consist of a Centrelink letter, produced at six monthly intervals. It is up to the CHO's Treasurer, Rent Officer or other approved person to accept the validity of the claim.

The CHO would then calculate the value of this concession using the current values. This amount would be deducted from the capital allowance paid to SACHA each month. SA Water would then pay the same amount to SACHA as compensation. SA Water would not have to adjust accounts and would send one cheque (or electronic payment) to SACHA say on a monthly basis. SA Water would not need a list of the affected properties.

The CHO would then pay SA Water (and Councils) the full value of the rates. This system would have the advantage that properties with shared water meters would receive the concession for any eligible tenants.

Appropriate records would have to be kept eg a list of eligible tenants, the form of evidence provided and the date it was sighted. Verification of amounts claimed would be undertaken by the CHO's auditor. At present the auditor checks a sample of the claims for reduced rent, so this approach is really making use of the existing procedure. The CHO provides audited financial statements to SACHA annually.

If at present we trust an approved person within a CHO to validate claims for reduced rents, why not trust the same person to validate applications for concessions on rates ? This system has long been accepted by the Auditor-General. At present tenants are obliged to notify variations in income immediately, so variations to eligibility for concession would be picked up at the same time.

One complication might be that in some CHO's the amount of capital allowance could be lower than the concessions, in which the balance would have to be paid to the CHO by SACHA.

This approach should ensure reasonable accuracy and would much reduce the workload for all parties, except perhaps SACHA which would be responsible for making a claim on SA Water each month.

Certification Approach

This blanket system would need an eligibility certifier – some authority which certifies that the CHO meets the agreed criteria. This could be problematic because not all tenants would qualify if they lodged individual applications - a small number may have incomes which are too high due to employment, for example. This could be addressed, if the certifier were SACHA, by using the annual data return from CHO's to specify a “qualifying rate”, for example, that 95% of a particular CHO's tenants qualified by virtue of income source.

According to the latest available report, only 12.6% of housing association tenants overall derived their income from wages. The vast majority rely on government pensions and benefits.

It is possible that introduction of such a blanket system would require changes to existing regulations. The advantage of such a system would be to save both CHO's and SA Water considerable work. However there would be implications for SACHA. For example, SACHA would have to calculate periodically the eligibility entitlement for each housing association. A list of eligible properties would have to be supplied and possibly this might have to be tied to eligible households.

As an alternative, to save work, SA Water could allocate a pro-rata concession across the properties. If SA Water could provide a single account for all properties owned by an association, this would be even easier – the concession would appear as a single credit towards the foot of the account.

This option would not provide the scientific accuracy of other approaches. However it would be broadly accurate and the trade is administrative ease which creates cost savings for all parties.

Charitable Exemption Rate

There would also be challenges with introducing a blanket system for the charitable exemption rate under the Waterworks and Sewerage Acts.

The charitable exemption rate is granted for a property not for an organisation. It is possible for the same organisation to have a mix of properties – some could be receiving the charitable exemption, others could attract individual pensioner concession, and others may be paying the full rate. As mentioned a CHO might want to apply for different rating approaches for different properties. The blanket approach assumes that the CHO is willing to accept the charitable rate across all properties.

If this blanket approach involving certification of organisations with automatic exemption of all properties owned by that organisation were to be adopted, the administrative issues would still be complex. This is because of SA Water's requirements for establishing eligibility. As noted the applicant must produce confirmation of current charitable status and certification that the property is being used exclusively for charitable purposes. SA Water would have to agree to waive the requirement for per property certification otherwise the certifying authority would have a great deal of work to do.

However as far as has been ascertained all housing associations have obtained Income Tax Exempt Charity Status so the first step in the process has been attained. Under proposed Commonwealth legislation for charities, “charitable purpose” is defined as :

- “(a) the advancement of health;
- (b) the advancement of education;
- (c) the advancement of social or community welfare;
- (d) the advancement of religion;
- (e) the advancement of culture;
- (f) the advancement of the natural environment;
- (g) any other purpose that is beneficial to the community.”

The “advancement of social or community welfare” would appear broad enough to encompass housing associations and should ensure they continue to receive charitable status. Hence it would seem appropriate for SACHA to issue a certificate regarding the eligibility of housing associations, should SA Water accept this approach.

Linking the Local Government Act with the Waterworks and Sewerage Acts

It was suggested that granting of a rebate under the Local Government Act should act as a trigger for SA Water concessions, either the individual concessions or the charitable rate. At the present time concessions under the RRA for Council and SA Water are linked ie obtain one and you obtain both. There is no such explicit linking though the Water and Sewerage Acts and the Local Government Act. The Water and Sewerage Acts use the concept of charitable purposes while the Local Government Act uses the concept of a community services organisation and then lists what it means by this. So the two sets of eligibility criteria are not currently synonymous and simply qualifying under one is no guarantee of qualifying under the other. Whether the terminology used should be harmonised between these different sets of legislation is beyond the scope of this project, and would require legislative change.

ESL

At the present time there is no entitlement to a concession on the ESL for community organisations as such. The decision to exempt CHO’s on a blanket basis is a matter of government policy, but the government is unlikely to approve this because there is a concession available through the land use classification system, on a property by property basis.

If such a policy decision were to be taken, there would then be two options – to either grant complete exemption from the ESL as the Housing Trust is, or to allow access to the income-based concessions available to householders. Exemption could be provided via regulation, as this is provided for in the ESL Act. A blanket scheme for the second possibility could be designed along the lines suggested for Council rates and water and sewerage rates.

As noted before the main problem with the SCU land classification is that a change of land use classification could jeopardise concessions under the RRA, and is of little value unless the group is not asking for RRA concessions. A blanket approach of changing land use classifications of CHO properties would not work therefore. Another approach might be to bring the ESL under the RRA, but this would require considerable legislative change.

Save the River Murray Levy

A blanket scheme for the Save the River Murray Levy would follow on from a blanket scheme in connection with water and sewerage concessions.

iii. Housing Co-operatives

Council Rates

There appears little prospect of obtaining a blanket approval process for housing co-operatives in regard to the Local Government Act even if it is agreed that the provision in Section 161 regarding provision of services to members only is agreed not to be relevant.

As mentioned six out of eight co-operatives which have applied for a group rebate have been rejected. It is unclear under which Section these two co-ops were accepted.

The following table shows the source of income of the person who completed SACHA's data collection form for 2001/2002 :

Source of Income	No.	%
Wages / Self Employed	358	29.2
Aged Pension	204	16.6
Parenting Payment	192	15.7
Disability Support Pension	174	14.2
Newstart	161	13.1
Other / Unknown	53	4.3
Government Allowance not disclosed	43	3.5
Austudy	22	1.8
Overseas Pension	7	0.6
Carers Payment	4	0.3
Youth Allowance	4	0.3
Retirement Funds / Investments	4	0.3
Total	1226	100.0

(Note : refers only to first adult in household).

Approximately 80% of co-op households have household income less than 50% of Average Weekly Male Full Time Earnings. However about 35% of co-operative households include a wage earner or self-employed person, according to SACHA's annual data collection (2002 figures). This makes it harder for them to be seen as in need of substantial and blanket assistance from local government. It could be difficult to justify to a local community why organisations housing such a large proportion of working people should receive a benefit which the general community cannot. It could be argued that adequate provision is already made for those in poverty through the RRA, including people on low wages.

Of course there may be specific co-operatives which house people not only on low incomes but also with disabilities or special needs. Such groups might have a stronger claim to a group rebate but this would be assessed on a case by case basis.

In the longer term, as the new government eligibility criteria have a bigger impact, it may be that more housing co-ops would qualify. A benchmark figure of 90% of new tenants falling into Category 1 or Category 2 could be used to assess eligibility. It is possible that a growing number of co-ops could meet this requirement.

Averaging Approach

In regard to individual concessions under the RRA, a blanket system could be designed for administrative simplicity similar to the ones described above for housing associations. However rather than repeat what was described for housing associations the following outlines a slightly different approach. This system would require acceptance of averaging. Under such a system, a certifying agency such as SACHA would advise SA Water of the proportion of tenants in each co-operative whose incomes fall below an agreed qualifying level, based on data collection from CHO's.

This would be done on a six-monthly basis. This information would be passed along to Councils, and the Council would issue one account for the co-operative, with a calculated concession applied to the whole account. Income information is normally provided to co-operatives by members on a six-monthly basis, at the time of rent review, unless the tenant experiences a change of circumstances. The income figures must be evidenced, for example by a Centrelink statement. The information is audited annually. This information is not currently passed to SACHA, so it would require a change in the system. As with the system described above for Associations, this approach would obviate the need for tenants to apply directly to SA Water and would be especially beneficial to tenants who currently have to apply to FAYS on a quarterly basis. The outcome in terms of expenditure would be almost identical to the current system but the workload overall should be less.

Centrelink Approach

A more advanced process would be to make use of modern technology. For example, judging by SACHA's annual data collection, the overwhelming majority of applicants for a concession are in receipt of a Centrelink benefit. Perhaps Centrelink could electronically transfer to SA Water or FAYS the names of persons living in CHO properties each quarter verifying that the person is eligible for a concession. As an alternative, perhaps the CHO could obtain the verifications en masse from Centrelink.

Centrelink currently issues a letter called a Confirmation of Continuous Concession Eligibility (Q053) – what is needed is essentially a bulk electronic version of this.

In this regard it is of interest to note that the Housing Trust now has in place a system of income verification with Centrelink for the purposes of assessing rents. Every quarter Centrelink sends a list of tenant incomes to the Trust and these are electronically inserted into the Trust's tenant database so that rents can be calculated. Centrelink charges for this service. A similar system involving Centrelink and SA Water seems conceptually feasible, although no doubt there would be numerous technical issues to resolve. SACHA might have to reimburse SA Water the cost of this service but the cost would be recouped by savings on administration and through better take up of concessions by CHO's.

This system would require that each tenant sign the appropriate Centrelink release (Authority for a Nominated Person), although the Trusty used "passive consent" rather than active consent. The CHO would notify Centrelink each quarter of the persons and SA Water account numbers involved. This would however still be less work than the current system for CHO's and would probably not require significant effort by Centrelink, once established. It would also be more accurate than the averaging system discussed above. Anyone not in receipt of a Centrelink payment who believes they are eligible for a concession would have to apply using the existing system. There appear to be few DVA pensioners living in community housing, but this needs clarifying.

One complication for these approaches is that in many cases properties are sharing water meters and the CHO may or may not be obtaining concessions according to whether separate account numbers exist. The Centrelink system might show that a particular person is eligible for concessions yet SA Water might not approve that concession because of the shared meter situation. How this would be overcome is not clear.

Water and Sewerage Rates

A blanket approach to individual concessions on water and sewerage rates under the RRA would follow directly on from the above approach to Council rates, and could be combined with it. It would probably require that SA Water bundle all the accounts for one co-operative together and then apply the remission to the total.

c. Micro Reform

i. Introduction

Suggestions for micro reform are similar across both housing associations and housing co-operatives, and therefore the suggestions are looked at together.

ii. Council Rates and Water and Sewerage Rates

Most of the reforms suggested by CHO's focused on the process of application for a concession under the RRA. This can be sub-divided into a number of discrete areas : education and training for government officers responsible for administering concessions, education and training for CHO's, application forms, application process and evidencing requirements, frequency of application, and provision of information to applicants.

There have also been concerns about administration of the concession scheme particularly in regard to names and addresses, and reviews.

Education and Training for Government Officers

Both FAYS, SA Water and some Councils were criticised by CHO's for not always being fully informed about eligibility requirements and procedures in regard to rebates and concessions. It is essential that staff be appropriately trained and kept up to date with requirements. It could not be said that this was a widespread problem but it definitely exists and should be addressed, particularly by FAYS as the principal avenue of application.

Education and Training for CHO's

One of the issues which came to light in researching this Discussion Paper is the widespread ignorance of rebate and concession systems and processes among CHO's. There was a widespread lack of knowledge of the Local Government Act rebates, the charitable exemption provisions under the Waterworks Act and Sewerage Act, and the finer points of the RRA such as shared water meters. Acquired knowledge is not being passed on in a systematic way from office holder to office holder or staff member to staff member.

Although there is now much wider and deeper knowledge, it would still be desirable to assist CHO's by producing a Rebates and Concessions Handbook, and by conducting education seminars where CHO's could hear firsthand from government officers knowledgeable in these areas. The CHCSA through the Rebates and Concessions Project could sponsor the first such seminar and they could be repeated from time to time for the benefit of new staff and office holders in CHO's.

Information regarding rebates and concessions for CHO's could also be placed on relevant websites by the responsible agencies, along with application forms.

Application Forms

Current forms are primarily geared towards individual owner-occupiers. In the case of SA Water, the form has been modified slightly to cater for CHO's but a re-design would assist the application process by making it easier to fill out and easier to process. A special form would alert staff to the differences. As mentioned previously there is insufficient room on the current form for the name of the CHO to be inserted.

The current FAYS form is unsuitable for CHO's. As noted above, FAYS staff have themselves recognised this and suggested that the responses to the questions be manipulated to give the 'correct' answer. What is needed is a separate form for CHO's which recognises their special status under the RRA. This could be an individual form or a group form allowing for several applications at once. However a group form would only work if evidencing requirements were changed as suggested below.

Section A of the current FAYS form could be modified to provide for the name of the CHO as well as the name of the tenant. Section B could then be dropped.

Another possible approach to application forms is to have one consolidated form which covers both applications lodged with SA Water, Councils and FAYS, in respect of CHO's.

It was suggested at the meeting with SAIRA that a better form for Section 161 could be designed. This would assist both applicants and Councils by specifying more precisely the required information.

Application Process and Evidencing Requirements

A frequent concern raised by CHO's was the complexity of the current evidencing processes for individual concessions on Council rates and Water and Sewerage rates.

The Community Housing Council in its letter to SA Water pointed out that :

“Under Section 104 of the SA Community Housing Act it states that the registered co-operative (or association) is entitled to claim the remission. However I am advised that it is in fact the tenant who is required to claim not the organisation. This does not appear to fit with the legislation. Can you please clarify why the organisation cannot make the claim as stated in the legislation, rather than the tenant ?”

In its response SA Water stated that :

“Section 104 of the SA Cooperative and Community Housing Act 1991 shows that it is the tenant who must 'claim'. Ordinarily, an eligible pensioner fills out SA Water's application as owner/part owner of a property or by the conditions outlined in the 1990 Regulations. When a tenant from a Housing Co-operative fills out the form they are not the registered owner of the property, so in order to receive the concession Section 104 shows that:

- if they qualify for concession in all other areas except ownership, then
- they are eligible to receive the concession entitlements despite this. This is special status for residents of registered Housing Co-ops.

The resident must apply for the concession, which is allocated to their assessment/account number and which will reduce the bill for which the housing co-operative is responsible.”

The obvious difficulty is that the legislation is primarily targeted towards individuals not organisations, and the provision regarding CHO’s has in effect been ‘squeezed in’ to an existing framework. Yet it is the organisation which is the ratepayer and which receives the concession, provided it satisfies certain conditions as specified in legislation. The conditions are that the occupiers of dwellings owned by the group fulfil eligibility criteria as specified in the Act and regulations. If SA Water and FAYS gave recognition to the fact that it is the group not the individual who is the applicant, with individual status only a trigger for group eligibility, then a different approach would become possible.

This leads to consideration of evidencing requirements, under the Rate Remission Regulations. The regulations focus on an **eligible person**, required to pay rates for his/her **principal place of residence**, on a **specified date**.

At present the applicant for a concession must produce evidence of entitlement, usually in the form of a Commonwealth or State concession card or a Centrelink Income Statement. The evidence must be produced to a specified person – a Council officer, SA Water officer, FAYS officer, police officer, JP, or proclaimed bank manager. Another option might be to give authority to managers of Post Offices or postal agencies. Although the SA Water form indicates that a person with a State Concession card can access concessions, it does not appear that this is accepted by FAYS – instead the applicant needs the correct statement from Centrelink demonstrating approved status and matching the date on the account with the date on the Centrelink income statement.

It should be possible for recognised officers of CHO’s to be proclaimed as authorised persons as well, perhaps under the Oaths Act if required. This would provide a much smoother and simpler process. Co-operatives meet regularly, so the Treasurer, for example, could sign the required paperwork. Most Associations have offices and staff who are accessible to tenants. Guarantees in regard to accuracy and honesty could be given through the external audit process which all CHO’s are subject to on an annual basis. Then the CHO could, as applicant for and beneficiary of the concession, lodge a single bulk application.

This approach could be combined with a new form catering specifically for CHO’s. The form could have provision for a number of tenants to be included at the one time. It would then be unnecessary for the tenant to visit FAYS. The CHO could lodge the form direct to SA Water. Such a form and a procedure would combine applications in respect of both pensioners and beneficiaries.

If necessary a special Regulation under the RRA catering specifically for CHO’s could be introduced. The Regulations already specifically recognise certain special situations such as bodies corporate and retirement villages.

This could also be a way of addressing the problem that if a property happens to be vacant on the ‘specified date’ there is no one to apply for the concession, leaving the CHO to pay the full amount until the premises are occupied.

There were also calls for application forms and information to be made available via the Internet. A check of the SA Water website shows that the application form is not available. On the website it states that the form can be obtained from a Council office or SA Water.

It does not mention that the forms are also available at FAYS. A check of the FAYS website also shows the their application is not available on-line. It would appear a relatively straight forward matter for both organisations to make their forms available on-line as this is a common practice these days.

Frequency of Application

One of the most frequent complaints from CHO's was the necessity for certain tenants to re-apply for concessions on a quarterly basis. This particularly applies to people in receipt of Centrelink benefits such as Newstart Allowance, Special Benefit, Youth Allowance, Partners Allowance and Sickness Allowance, or those on Austudy and Abstudy. This requirement stems from the speed with which the status of the applicant could change, compared to people on longer term payments such as Aged Pension or Disability Support Pension.

There is a responsibility on government authorities to ensure continuing eligibility for taxpayer funded concessions. Hence a review system is appropriate. However it would be interesting to know if the current system has ever been reviewed to see if a quarterly review is really necessary. Perhaps a study of the actual pattern of concessions might show little change in eligibility over say 6 or even 12 months. In that case a reduction in the frequency could be possible, combined with a requirement on applicants to report changes and a spot-check audit system.

As an alternative would it be possible for SA Water and Councils to issue accounts every six months, timed to coincide with CHO income reviews ?

Administration of the Current Scheme

There were a number of comments from CHO's about administration of the scheme.

Apparently Councils, unlike SA Water will not back date applications for concessions on Council rates. It is unclear why this should be so. This needs to be explored with Councils.

Another issue concerns the audit system used by SA Water to verify that concessions are appropriately directed. It is accepted that a verification system is appropriate to safeguard taxpayers funds. However the process should take account of practicalities. CHO's house some of the most disadvantaged people in the community. In some instances guardians (including parents) or administrators may look after the affairs of the tenant. In such cases, the address of the property receiving the concession may not match the postal address of the beneficiary because correspondence goes to the guardian. Instances were cited where legitimate concessions were denied or terminated because of this mismatch. Others cited instances where concessions were removed with no apparent reason, following an audit. If such accounts were in some way tagged as involving a CHO, then SA Water could take steps to contact the CHO before taking action.

9. The Double Dipping Issue

As mentioned the critical issues regarding double dipping are :

- 1) SA Water does not know when a CHO is receiving a Local Government Act rebate.
- 2) 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 of the details each time a rebate was granted, SA Water could then remove the RRA concession as it does the water concession. This could be the subject of a Memorandum of Understanding between SA Water and Councils.

In regard to the second issue, it is possible that an amendment to the Rates and Remissions Act Regulations could be sufficient. A new regulation could specify that the CHO is entitled to a remission under the RRA in respect of a property if the tenant of the property meets the specified eligibility criteria but that the remission will be reduced by the value of any rebate being received by the organisation of which he or she is a tenant through another legislative provision. This would then cover rebates under the Local Government Act and also exemptions under the Waterworks and Sewerage Acts. Hence if the CHO were receiving a 75% rebate under Section 161 of the Local Government Act then the remission under the RRA would be zero. This regulation could also impose a duty on a Council to notify the relevant Minister of such rebates. Penalties could attach to community organisations which breach this regulation.

10. Next Steps

The way forward is :

- To circulate this Discussion Paper to stakeholders
- To seek feedback on the findings and proposals
- To reach agreement on workable approaches.

The views of SACHA, FAYS, SA Water, Centrelink and Revenue SA are needed to assess which of the possible solutions will attract support.

Feedback from CHO's is also important along with feedback from the local government sector.