

2016

**THE LEGISLATIVE ASSEMBLY FOR THE
AUSTRALIAN CAPITAL TERRITORY**

**Rates (Pensioner Rebate) Amendment Bill
2016**

EXPLANATORY STATEMENT

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RATES (PENSIONER REBATE) AMENDMENT BILL 2016

Summary

The *Rates (Pensioner Rebate) Amendment Bill 2016* amends the *Rates Act 2004* (Rates Act).

Overview

Under the Rates Act eligible pensioners can receive a rebate of general rates, and the Fire and Emergency Services Levy (FESL), on their principal place of residence.

Pensioners in receipt of a general rates rebate prior to 1 July 1997 have previously received a rebate of 50 per cent of their rates, with no maximum or limit imposed. These pensioners continue to receive this uncapped rebate until they cease to be an eligible pensioner (the *uncapped rebate*). There are approximately 3,000 households in the ACT currently accessing the uncapped rebate.

Pensioners entering the general rates rebate scheme on or after 1 July 1997 are not eligible for the uncapped rebate, and instead receive a *capped rebate*. The rebate cap is determined annually by disallowable instrument, and for 2015–16 was \$700 per property. There are approximately 12,000 households currently accessing the capped rebate scheme.

Additionally, all pensioners eligible for a rebate under either scheme (capped or uncapped) receive a 50 per cent rebate for the FESL. The FESL for residential land in 2015–16 was a fixed charge of \$196, resulting in a 50 per cent rebate of \$98.

As part of the 2016–17 Budget, changes are being made to the ACT's Concessions Program to improve equity and to ensure future growth is financially sustainable, while maintaining support for members of the community most in need of assistance.

Accordingly, this Bill will amend the uncapped rebate scheme to improve the equity between the uncapped and capped rebate programs.

The uncapped rebate scheme will be amended to become the lesser of: the amount the person received as a rebate in the previous year; or, 50 per cent of their rates liability.

Households under the capped rebate scheme will continue to receive a 50 per cent rebate on their general rates, up to the determined rebate cap for 2016–17.

If a person was eligible for the uncapped rebate prior to the 2016–17 Budget and the resulting rebate under the new provisions is less than or equal to the determined capped rebate amount, that person can transition to the capped rebate scheme. This ensures that the rebate is appropriately applied to all eligible pensioners, and no pensioner will have their rebate frozen at an amount lower than the rebate cap.

The Bill provides that the FESL rebate will be determined by disallowable instrument in future, rather than an automatic 50 per cent rebate. This allows the FESL to better align with the general rates rebate, which is also subject to a cap set by disallowable instrument.

These amendments, when taken as a whole, improve the equity of the concessions provided by the rebates by improving sustainability and reducing the gap between the uncapped and capped rebate schemes over time. The amendments to the rebates minimise the impact of the change on households under the uncapped rebate scheme by maintaining the level of concession currently available to them.

Human rights

This Bill is not considered to have any human rights implications.

Commencement

The amendments will commence on the day after notification.

Details of the Rates (Pensioner Rebate) Amendment Bill 2016

Clause 1 Name of Act

This clause provides the name of the Act is the *Rates (Pensioner Rebate) Amendment Act 2016*.

Clause 2 Commencement

This clause provides the Act commences on the day after its notification day.

Clause 3 Legislation amended

This clause provides the Act amends the *Rates Act 2004* (Rates Act).

Clause 4 Section 63, heading

This clause updates the heading for section 63 of the Rates Act to better reflect the provisions of the section once amended. It removes a reference to an ‘uncapped’ rebate, as this concept no longer applies.

Clause 5 Section 63 (5)

This clause amends section 63 (5) of the Rates Act to provide for the calculation of the general rates rebate based on the uncapped rebate amount received by an eligible pensioner in the previous year.

The rebate in 2016–17 and over future years will therefore be the lesser of:

- the amount that the person received as a rebate in the previous year (the ‘frozen amount’); and
- the amount under the formula provided at section 63 (5) (b), which provides a 50 per cent rebate on the total general rates liability.

The formula at section 63 (5) (b) remains unchanged with this amendment Act, and continues to provide for a 50 per cent rebate on an eligible pensioners’ rates, at an amount no greater than the rebate in the previous year.

Section 60 of the Rates Act, which provides how an owner’s ‘liability for rates’ is worked out (for example, for joint owners) is unchanged by this Bill.

Eligible pensioners under the capped scheme will continue to receive a 50 per cent rebate on their general rates up to the rebate cap.

Clause 6 Rebates of rates – capped
Section 64 (1)

This clause amends subsection (1) to provide if a person is eligible for section 63 (they were in receipt of a rebate before 1 July 1997) but the frozen amount is less than or equal to the determined rates rebate amount for that person, then the person becomes eligible for the capped rates rebate scheme instead of the uncapped scheme.

This amendment primarily ensures eligible pensioners can transition from the old rebate scheme to the capped scheme under section 64 in the event the rebate cap is increased in the future.

This ensures equity in access to, and benefits from, the rebates scheme. Otherwise pensioners may be disadvantaged if they are left on the previous uncapped scheme with a frozen amount less than the determined rebate cap.

This amendment is subject to the existing section 63 (4) which provides the rebate cap is proportional to a person's interest in land if the person is a tenant in common or joint tenant.

Therefore if the person is a joint owner, the frozen amount must be less than the *proportion* of the rebate cap to which he or she is entitled before they transition onto the capped scheme.

Clause 7 Application of further provisions – fire and emergency services levy
Schedule 1, section 2.1A (1) (c)

This is a technical amendment to reflect the change of terminology to the section 63 heading, as provided for in clause 4.

Clause 8 Rebate of levy
Schedule 1, section 3.2 (3)

If a pensioner is eligible for a rates rebate, then they have been eligible for an uncapped 50 per cent rebate on their Fire and Emergency Services Levy (FESL). This clause amends the FESL rebate by allowing the rebate amount to be determined via disallowable instrument similarly to the existing rates rebate cap in section 64 of the Rates Act. The FES rebate (fire and emergency services rebate) amount will in future be fixed by disallowable instrument.

The formula to determine the rebate amount is amended to accommodate eligible people who are liable for only a portion of the FESL, for consistency with the formulas for the general rates rebate.

As with the general rates rebate, the FES rebate will apply in proportion to the share of the FESL for which a joint owner is liable.

Clause 9 Schedule 1, section 3.2 (5), new definition of *FES rebate*

This clause inserts a new definition of ***FES rebate*** (fire and emergency services rebate) as a consequence of clause 8 above. The new definition works in conjunction with the amendments in clause 8 and provides the rebate amount will be determined under section 139 of the *Taxation Administration Act 1999* (Determination of amounts payable under tax laws).