

## **Consumer Council Response to the Department of Finance and Personnel's consultation on Rates Deferment Scheme for Home Owning Pensioners**



Our reference: PD 20080/182  
September 2008

The Consumer Council welcomes the opportunity to respond to the Department of Finance and Personnel's (the Department) consultation on rates deferment for home owning pensioners. This response should be read in conjunction with our overall August 2007 response, a copy of which is attached for your ease of reference.

In our response to the NI Executive's review of domestic rating reform, August 2007, the Consumer Council outlined concerns regarding the option of a deferral scheme for pensioners.

We also urged further consultation on this proposal ahead of any decision to proceed. We note, with disappointment that the NI Executive, in November 2007, agreed as part of the overall review of rating that a deferment scheme should be introduced for pensioners who own their own homes. The Department is currently only consulting on how this scheme should be implemented, rather than on whether it should be implemented. Having weighed up the evidence presented to us, we still have outstanding concerns regarding the scheme as outlined in our August 2007 response.

Consumers find themselves in an extraordinary time with the credit crunch affecting everyone, albeit to perhaps different degrees. Our analysis suggests that during this time of rising costs of living the vulnerable will become more vulnerable, and many who are just about coping to make ends meet will be tipped over the edge. During such times it is absolutely necessary to ensure that any choices made by ratepayers is done with full information and understanding of the long as well as short term implications of deferment schemes.

With few options available, older people may feel forced into a system that they don't fully understand. We have particularly noted that any costs and fees related to the scheme can be rolled up as an additional charge along with the rates on the property, this may also include the cost of accessing advice. We are worried about the potential amount of debt that an older person could accumulate against his or her property.

Furthermore, the availability of a deferment scheme may set a precedent with the threat of charges other than rates and the associated costs being made against the property. Short-term expediency may be stronger for some than the longer term implications.

Due to the complexity, implications and consequences of such a deferment scheme the Consumer Council seeks full assurance from the Department that the appropriate systems will be in place so that people will have full understanding of the deal they are entering into.

In our response in August 2007 we pointed out that we believe that there may be a number of legal and logistic implications that would need further consideration before such a scheme could be considered or implemented. While we recognise that some of these concerns are currently being consulted on, the scheme itself is a fait accompli and we do not believe that a sufficient cost-benefit analysis has been conducted. There has been no information presented on the funding required by the Department to administer this scheme, nor where this revenue will come, will there be a cost attributable to all tax payers?

In conclusion, upon assessment of additional information available to the Consumer Council we continue to have concerns regarding this deferment scheme.

The Consumer Council recommends that the Government look further at the implications and information and support systems that would need to be in place before the introduction of this proposed scheme. We would ask for other options to be assessed to provide help and assistance for this group in society who are quite often classified as asset rich and income poor.